

**BANCA CARIGE**

**Cassa di Risparmio di Genova e Imperia**

*Deutsche Bank Italian Conference*

**Milan**

*30 May 2008*

Carige Group Overview

Strategic Plan 2008-2010 and FY 2007 Results

Strategic Plan Execution

1Q08 results

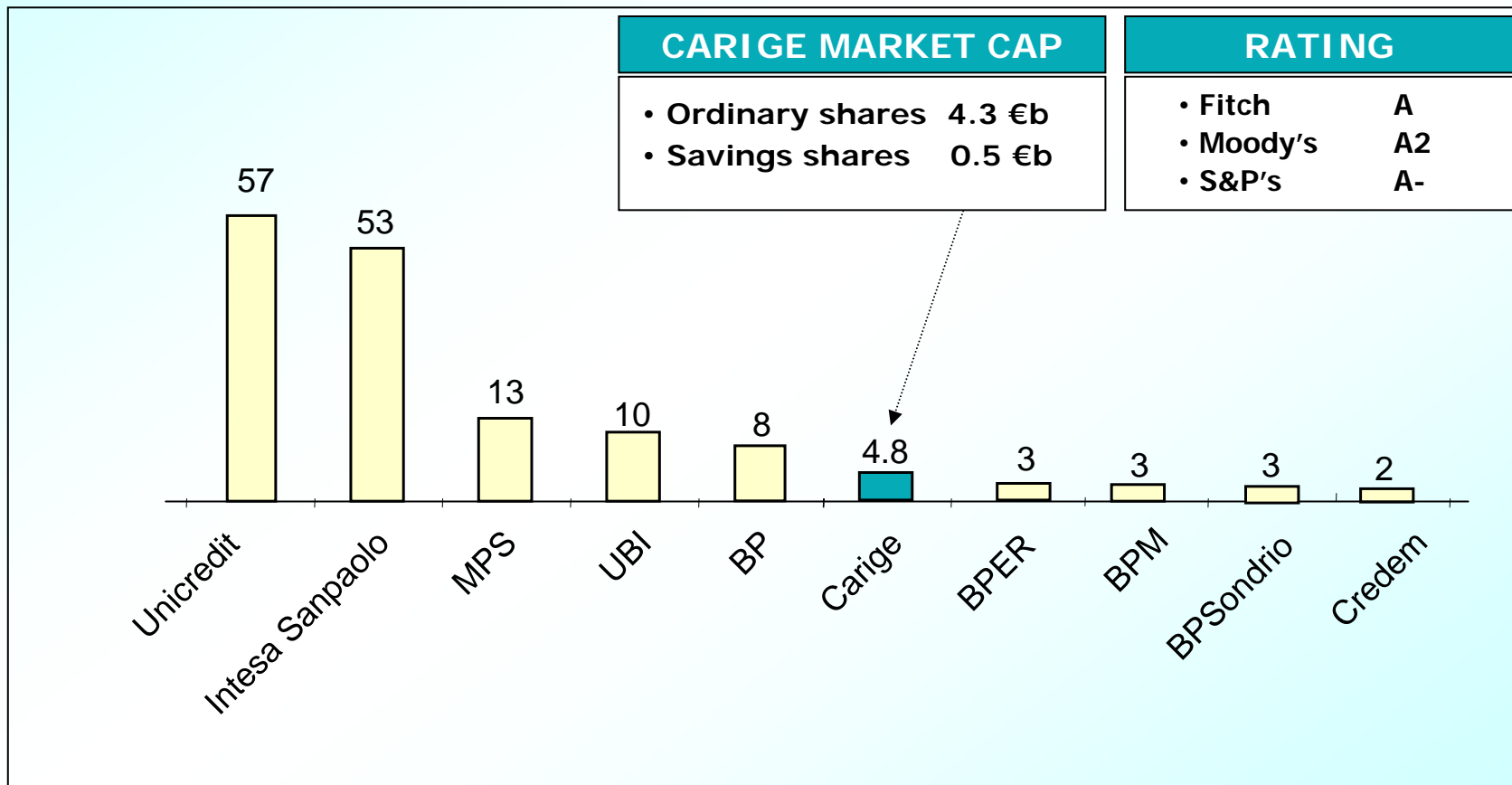
Annexes



# A medium-sized Group

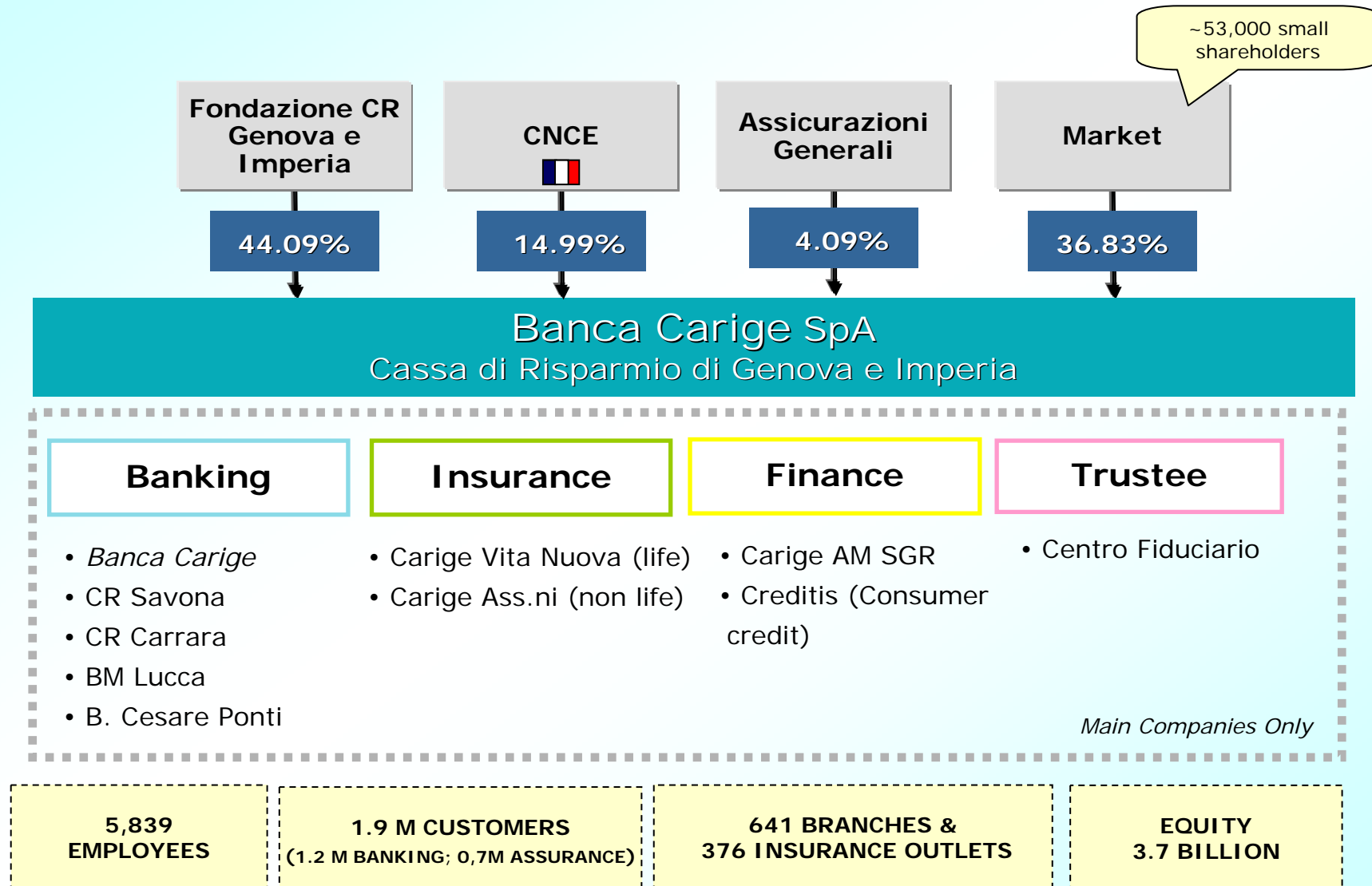
## MARKET CAP

€b, data at 21 May 08 - Source: Bloomberg





# Banca Carige Group today

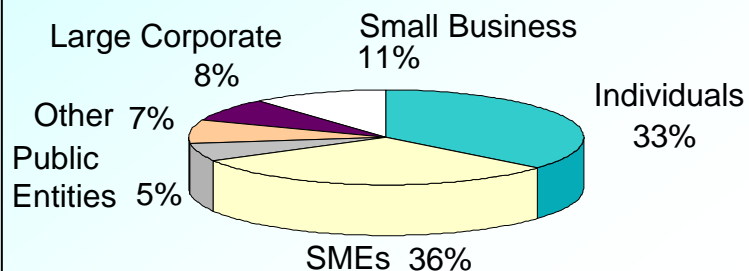




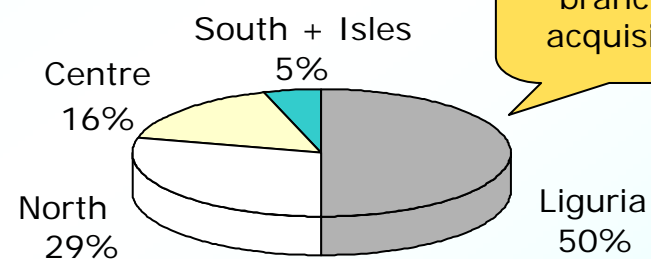
# Focus on retail

## LOANS

### by segment



### by area

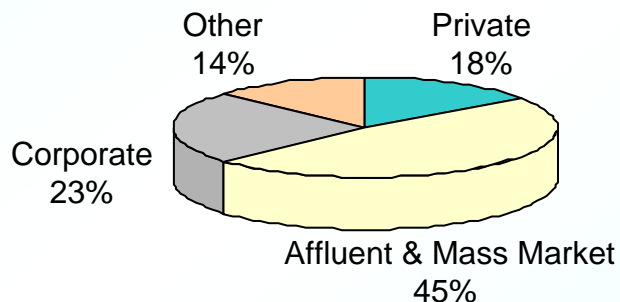


46% after branches acquisition

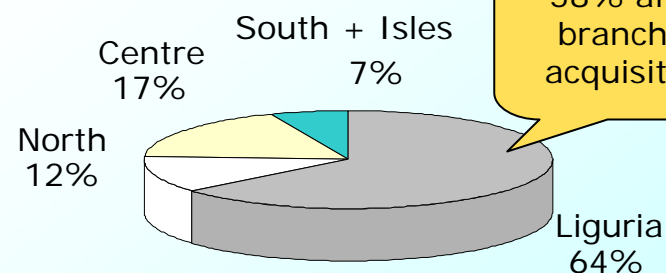
LOANS TO CUSTOMERS 2007 : 17.5 €b

## DEPOSITS

### by segment (ex debt securities)



### by area



58% after branches acquisition

DIRECT DEPOSITS 2007 : 17.4 €b

Small business = turnover < 1.5m ; SMEs = < 100m€ ; Large Corporate = > 100m€  
 Mass Market = deposits < 50k€ ; Affluent > 50k€ ; Private = > 250k€



## Growth through a long season of acquisitions

Year	CAPITAL COLLECTED	€ m	Year	ACQUISITIONS	€ m
1994-95	IPO	105	1993 - 99	Cassa di Risparmio di Savona	228
1996-97	Bond conversion into new shares	61	1991-06	Insurance companies	317
1997	Capital increase underwritten by La Basilese	46	1999-02-06	Banca del Monte di Lucca	74
1998	Capital increase underwritten by institutional investors	116	2000	21 branches from Banco di Sicilia	60
1999	Capital increase underwritten by CNCEP, CDC, WestLB	236	2001	61 branches from Intesa	277
2001	Issue of a subordinated loan	400	2002	42 branches from Capitalia	127
2003-06	Capital increases and issue of subordinated convertible bonds	521	2003	Cassa di Risparmio di Carrara	174
2008	Capital increase	957	2004-06	Banca Cesare Ponti	50
			2008	79 branches from Intesa Sanpaolo	~ 860 (*)
			2008	38 branches from Unicredit	140 (*)
<b>Total 2,442</b>			<b>Total 2,307</b>		

(\*) Amount subject to price adjustment

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## Independence through growth

1990 - 1998

Capital base strengthening and opening to new shareholders

1999 - 2004

Expansion and diversification

2005 - 2007

Rationalization and profitability enhancement

2008 - 2010

Profitable integration of the branches acquired & IT innovation for profitability strengthening





## 2008-2010 Strategic Plan: our mission

Carige Group aims at being a **national** financial **conglomerate** equipped to provide banking, financial, insurance and pension solutions, focused on retail, pursuant the development of resources and structures and the enhancement of an **integrated multi-channel** distribution system

### Conglomerate

- Complete offer of banking, financial and insurance products and services
- Aggregation point for smaller banks

### National

- Widespread presence in Italy especially in certain areas and stronghold in Liguria
- attention to the relationship with local communities

### Retail

- Focus on families, SMEs and local public entities
- Widespread and intensive use of technology

### Quality of resources and structures

- Specialization of distribution and production structures
- Unitary management of the Group's key-expertises
- Professional development of human resources
- IT system in line with best practice

### Multi-channel

- Distribution system based on branches, mobile and remote channel





## Core priorities of 2008 – 2010 Strategic Plan

Enhancement of productivity, efficiency and profitability

Growth of volumes and maintenance of consistent equity levels

Risk management

### PRODUCTION

- Profitability enhancement of each business area (lending, wealth management, payment system, insurance)
- Integration between Insurance and Banking Business

### DISTRIBUTION

- Increase of volumes per employee:
  - cross-selling, up-selling and retention in Liguria
  - rising of market share outside Liguria
- Growth of intermediation, above all in areas outside Liguria where the presence is already significant
- Integration of the 79 ex ISP branches and 38 ex Unicredit
- Increase of income from subsidiaries

### ADMINISTRATION

Human Resources:

- Maintenance of a standard consistent with the group's needs
- Development of skills and management of talents

### GOVERNANCE AND CONTROL

- Process innovation through investments in technology
- Control of the economic impact of all kinds of risk
- Capital management





## 2007 results

**On 28 March 2008 the Board of Directors approved the 2007 Annual report that highlights the following results:**

Achievement of ever **growing income**, as well as **positive financial and equity results**, meeting the targets of the strategic plan.

Compared to the previous financial year, net income of the Parent Company increased by 33.9% (from 156.9 to 210 million) and consolidated net income by 48.6% (from 137.9 to 204.8 million)

The consolidated income statement results stem from an expansion in intermediation activities, both in loans to customers ( up 8.8%, to 17.5 billion) and in total deposits (up 5.1, to 37.6 billion). Turning to products, mortgages, personal loans, leasing and bank-assurance products recorded particularly positive results.

Cost/income ratio decreased by over 4 p.p. to 53.2%.

Capital ratios remained high (Tier I 7.8%).

**The Board of Directors also proposed :**

the **increase of the dividend per share:**

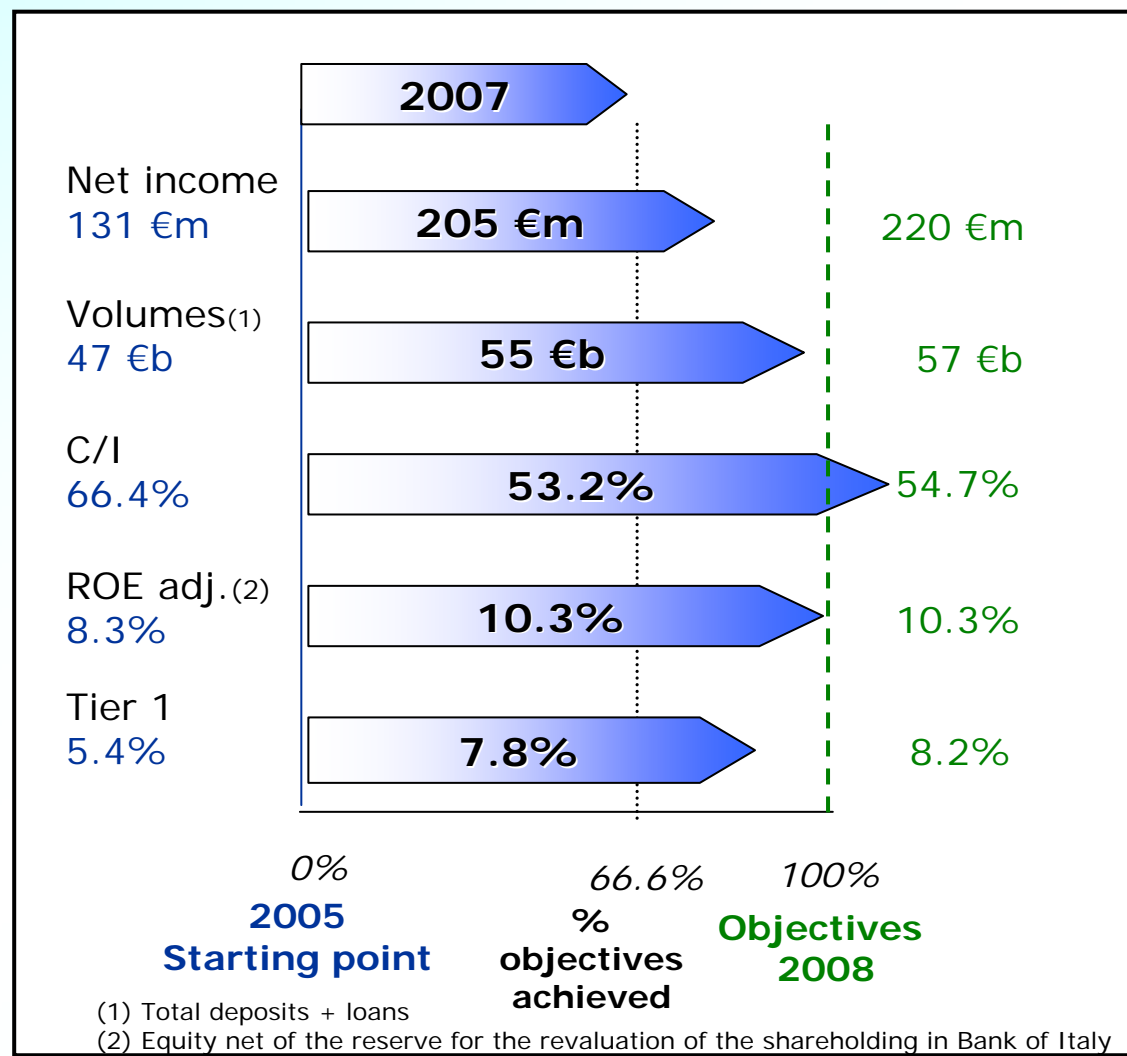
from 0.075 euro to 0.080 for ordinary shares and from 0.095 to 0.1 for savings shares.

The total dividend will be 146.7 million (up 36.2% from 107.7 in 2006, with a pay out ratio of 69.8%).





# 2007 results exceed all '06-'08 Strategic Plan targets





## 2010 Group's targets

### CARIGE GROUP

2006

2007

2007  
PF (\*)

2010E

CAGR  
07 PF (\*)-10E

Total Deposits (€b)	35.8	37.6	42.6	59.1	11.5%
Loans to customers (€b)	16.1	17.5	18.9	27.4	13.3%
Net Profit (€m)	138	205	238	350	13.7%
Shareholders' Equity (€b)	2.6	2.6	3.6	4.4	6.4%
Cost Income	57.6%	53.2%	52.6%	49.9%	-2.7 pp
ROE	5.4%	7.8%	6.3%	8.2%	+1.9 pp
ROE adj (**)	7.1%	10.3%	7.6%	9.8%	+2.2 pp
ROAE adj (**)	7.8%	10.4%	9.4%	10.0%	+0.6 pp
Tier 1	8.3%	7.8%	8.0%	8.4%	

Ratios are net of minority interests

(\*) 2007 PF data include the 79 ex ISP branches and the capital increase

(\*\*) Equity net of the reserve for the revaluation of the shareholding in Bank of Italy

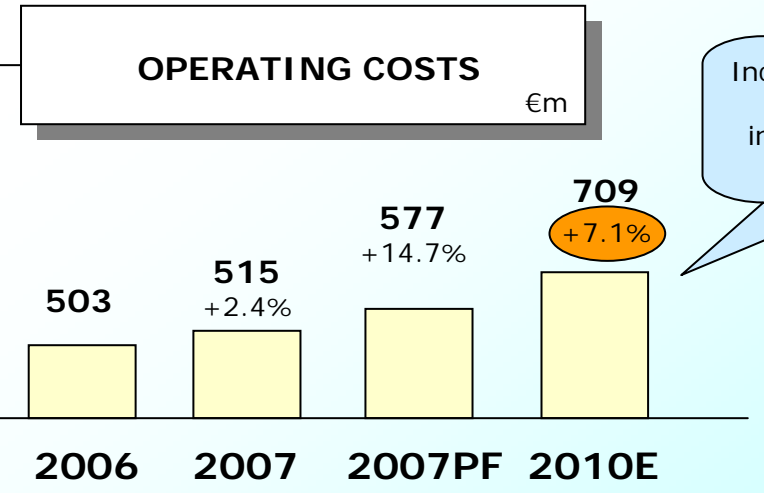
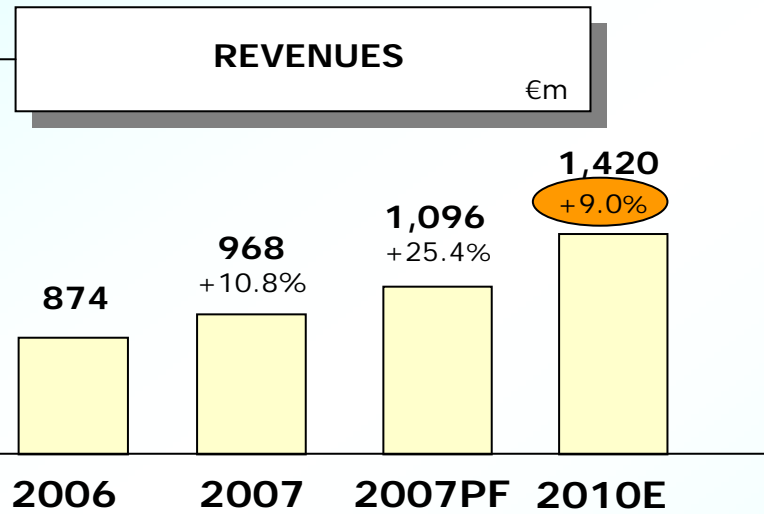
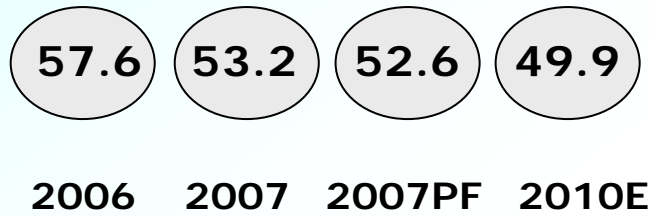




## Cost income below 50%

Cagr  
2007pf-2010E

**COST INCOME %**



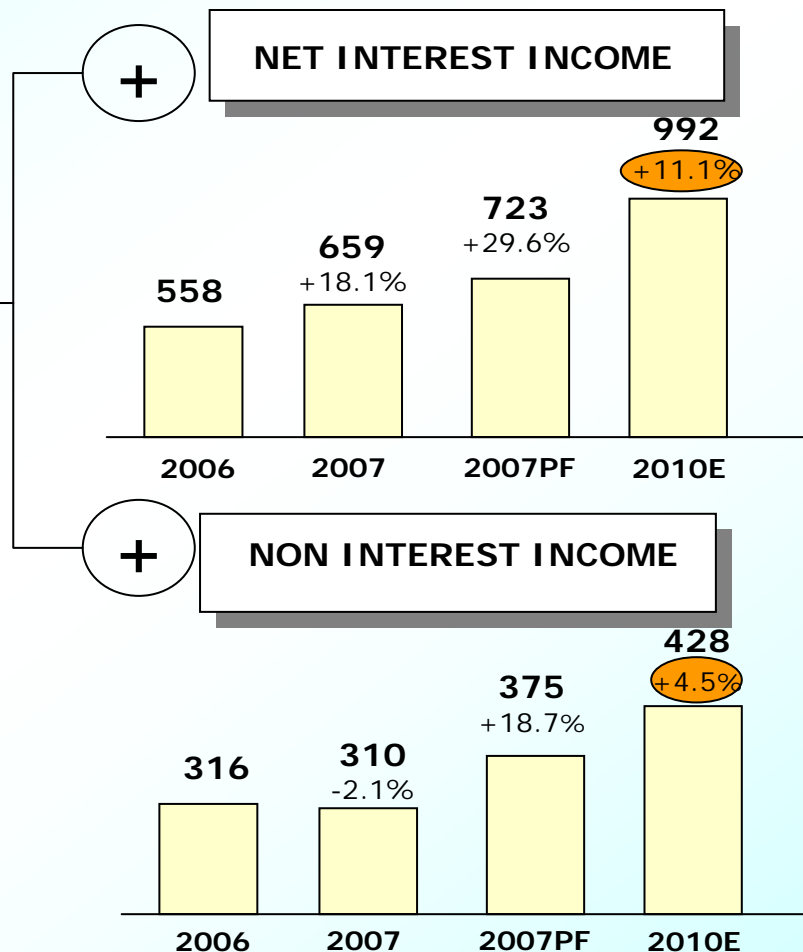
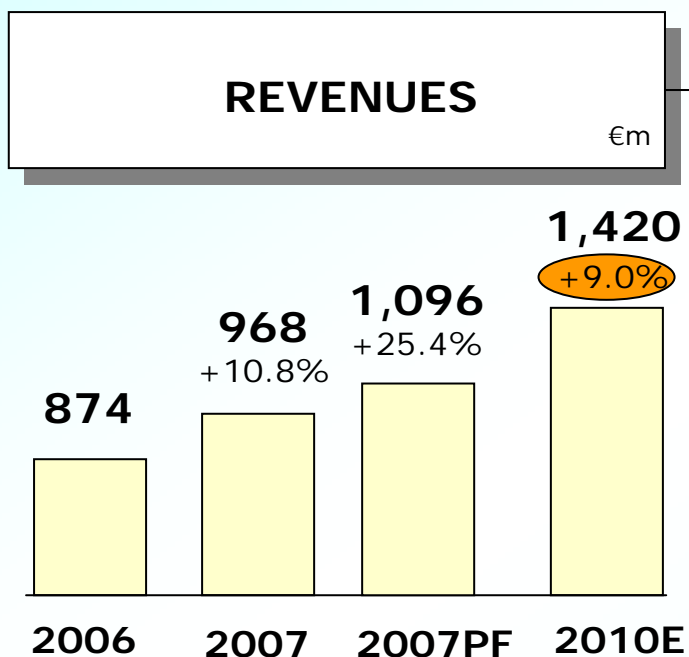
Includes the impact of investments in IT for 150 million in 3 years

2007PF data include the effects connected to the 79 ex ISP branches and capital increase



# Revenues growth is expected mainly from net interest income

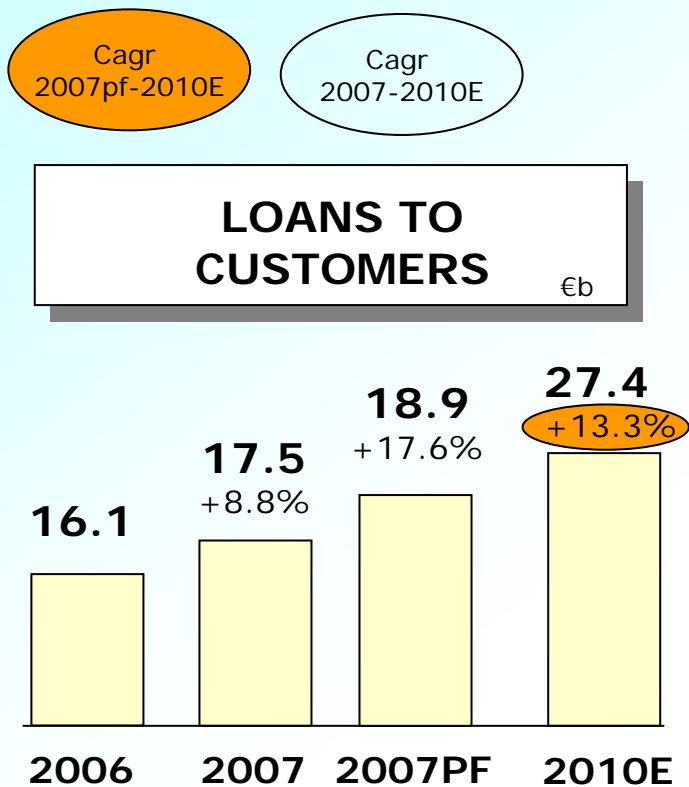
Cagr  
2007pf-2010E



2007PF data include the effects connected to the 79 ex ISP branches and capital increase

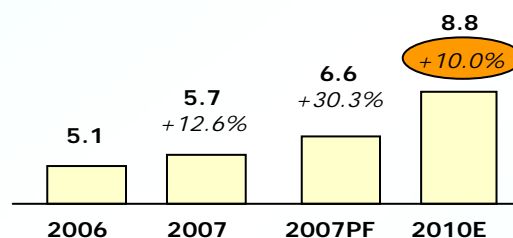


# We expect a double digit growth of loans

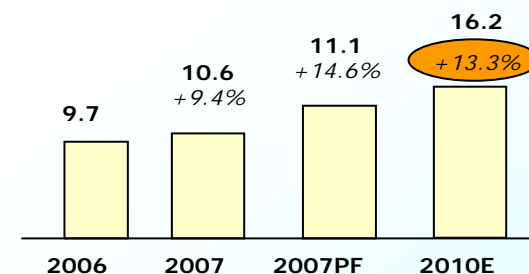


of which:

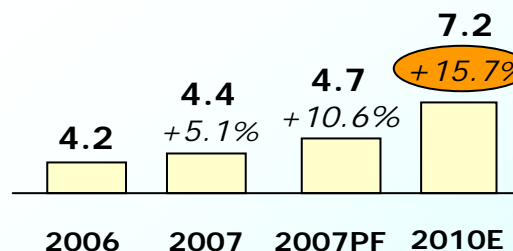
### INDIVIDUALS



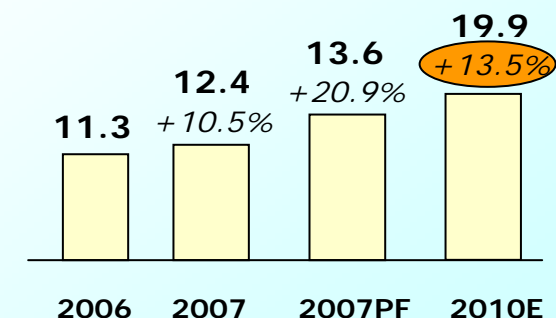
### CORPORATES



### SHORT TERM



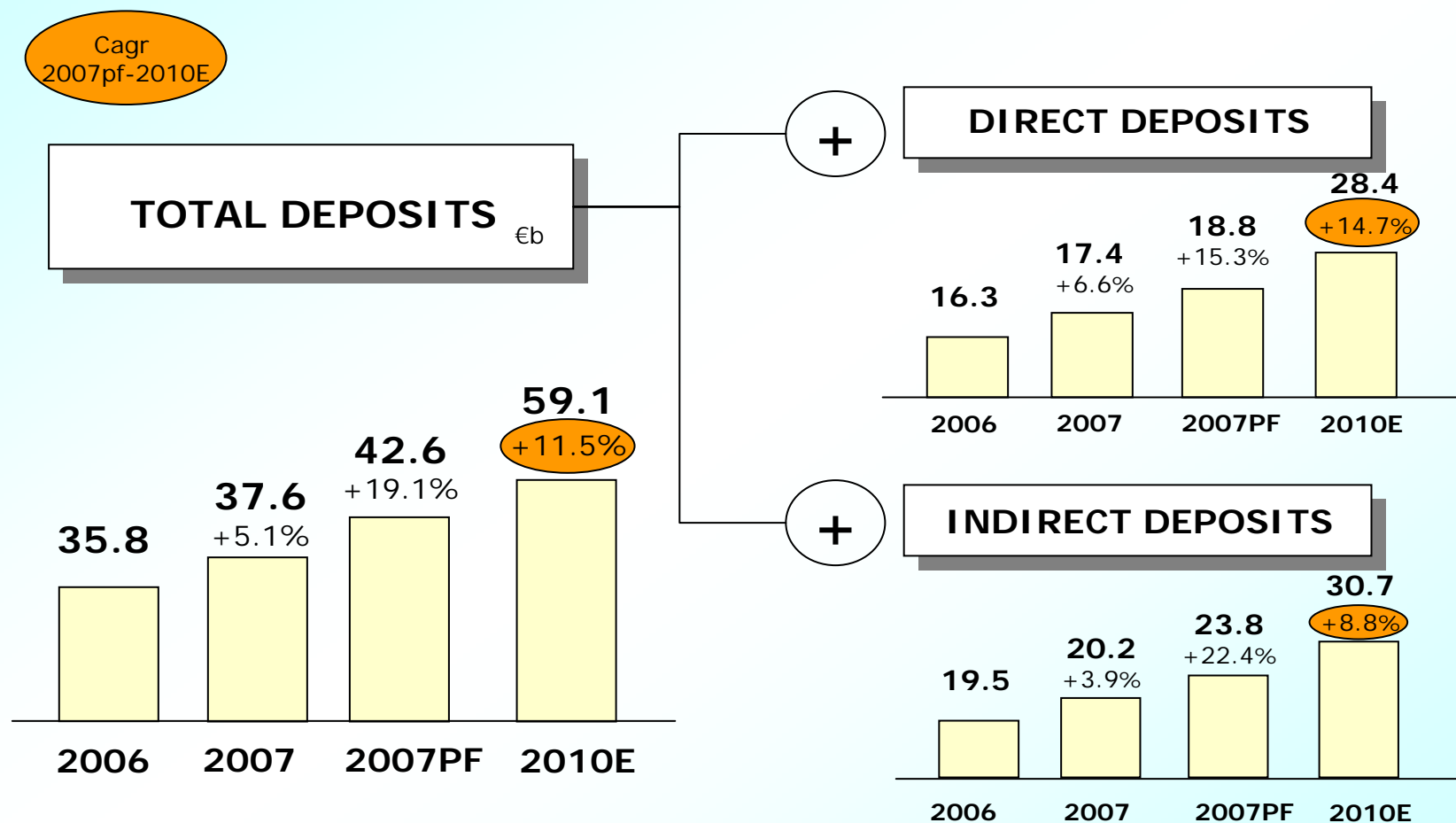
### M/L TERM



2007PF data include the effects connected to the 79 ex ISP branches and capital increase



# Both direct and indirect deposits are expected to grow to grow



2007PF data include the effects connected to the 79 ex ISP branches and capital increase

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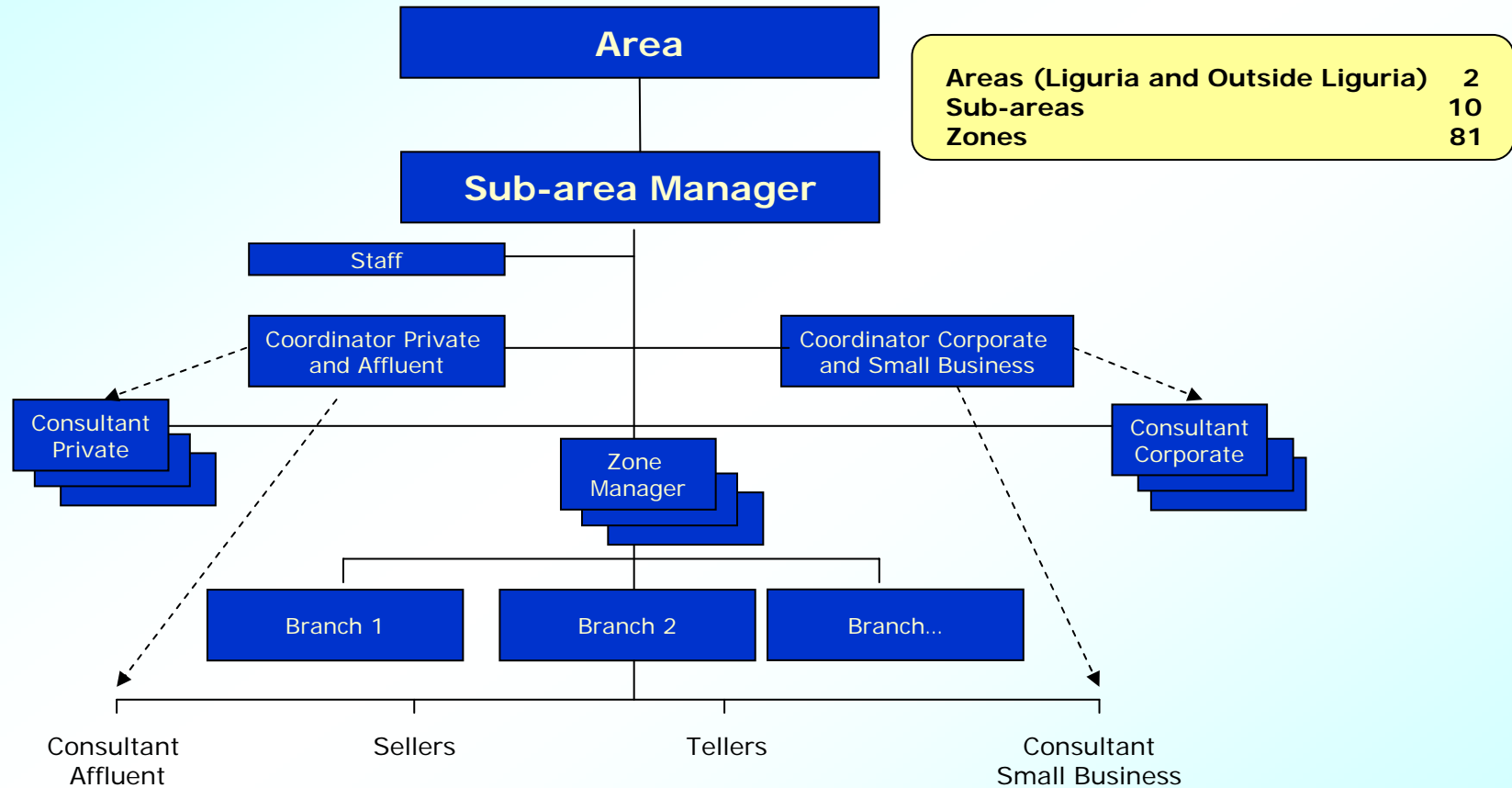
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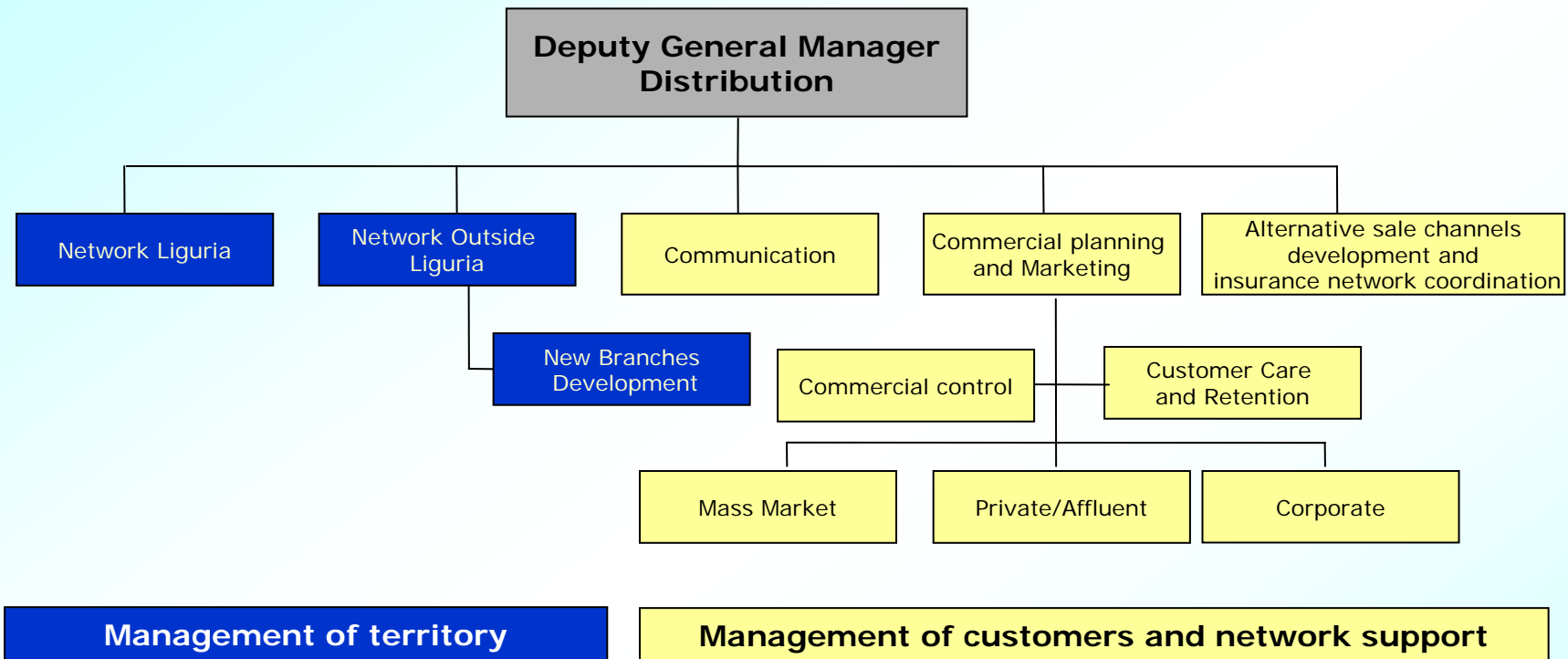
# New organisation of distribution network/1



- Strengthening of overall control of the territory by unitary management of neighbouring branches
- Improvement of branches management : Zone managers are charged with optimising the HR management within their province



## New organisation of distribution network/2

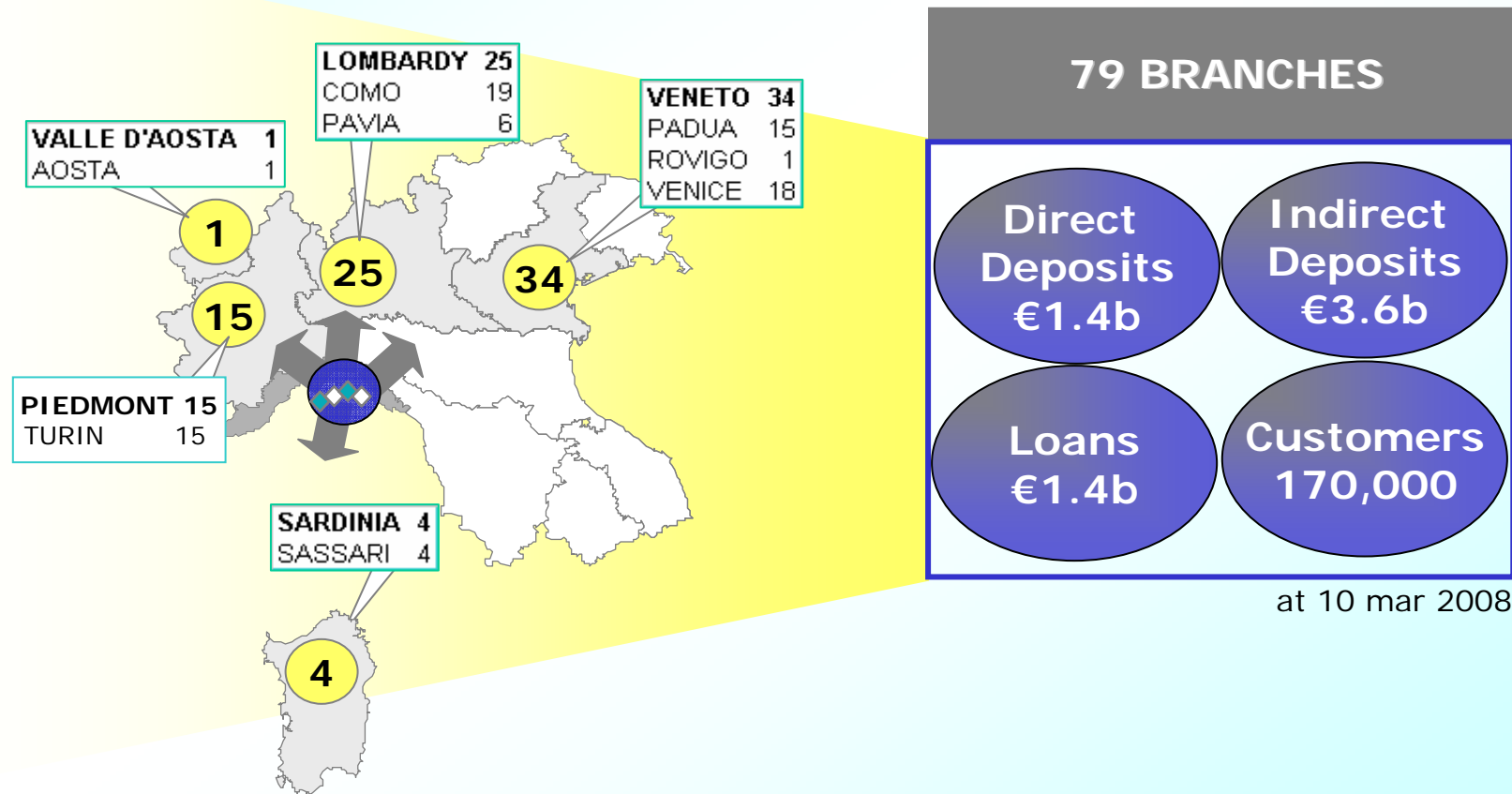


### Central structures

- New units aimed to new branches development and to commercial development through segment coordinators.
- Ongoing processes of specialisation in customer segmentation.



# Carige purchased 79 branches from Intesa Sanpaolo





## ... achieving an improving market share in wealthy provinces

	Turin	Pavia	Como	Venice	Padua	Rovigo	Aosta	Sassari
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### Carige - ante

<i>Branches n.</i>	10	5	3	0	3	0	0	3
<i>Market share</i>	0.9%	1.6%	0.9%	0.0%	0.5%	0.0%	0.0%	1.4%

### Carige - post

<i>Branches n.</i>	24	11	22	18	18	1	1	7
<i>Market share</i>	2.2%	3.4%	6.3%	3.6%	2.9%	0.6%	1.0%	3.3%

### The 8 provinces make:

10.8% of Italian GDP(\*)

8.2% of Italian loans (\*\*)

9.7% of Italian deposits (\*\*)

(\*) Source: Unioncamere; data at 31 Dec 2006. (\*\*) Source: Bank of Italy; data at 31 Dec 2007.



## The 79 ISP branches are more worth than the previous ones

	79 ISP branches (operating data at 31/12/06)	21 BDS branches (2000)	61 Intesa branches (2001)	42 Capitalia branches (2002)
<b>Number of branches</b>	79	21	61	42
North	75	-	36	2
Centre and South	4	21	25	40
<b>Loans (€m)</b>	1,406	50	619	630
<b>Total deposits (€m)</b>	5,020	406	1,399	1,491
<b>Intermediation (€m)</b>	6,426	456	2,018	2,120
<b>Employees</b>	554	86	334	397
<b>Employees/branches</b>	7	4.1	5.5	9.5
<b>Loans/branches (€m)</b>	17.8	2.4	10.1	15.0
<b>Total deposits/branches</b>	63.5	19.3	22.9	35.5
<b>Loans/employees (€m)</b>	2.5	0.6	1.9	1.6
<b>Deposits/employees (€m)</b>	9.1	4.7	4.2	3.8
<b>Goodwill/Total deposits</b>	17,1%	14.8%	19.5%	8.4%

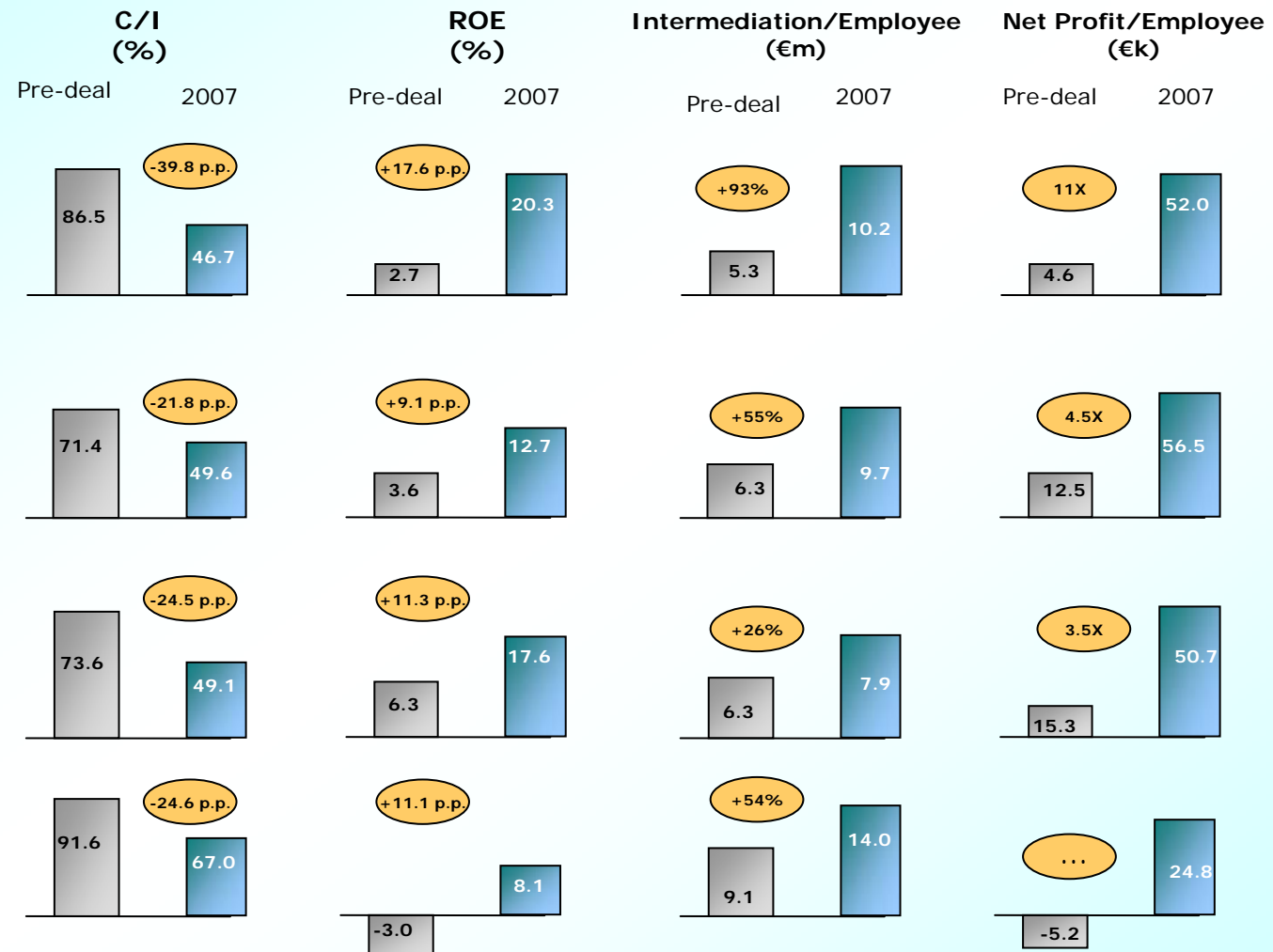
21%  
for north  
branches





# Growing results from the banks purchased in the past

## BANKS



"Pre-deal" data refer to the last Annual report before the acquisition.

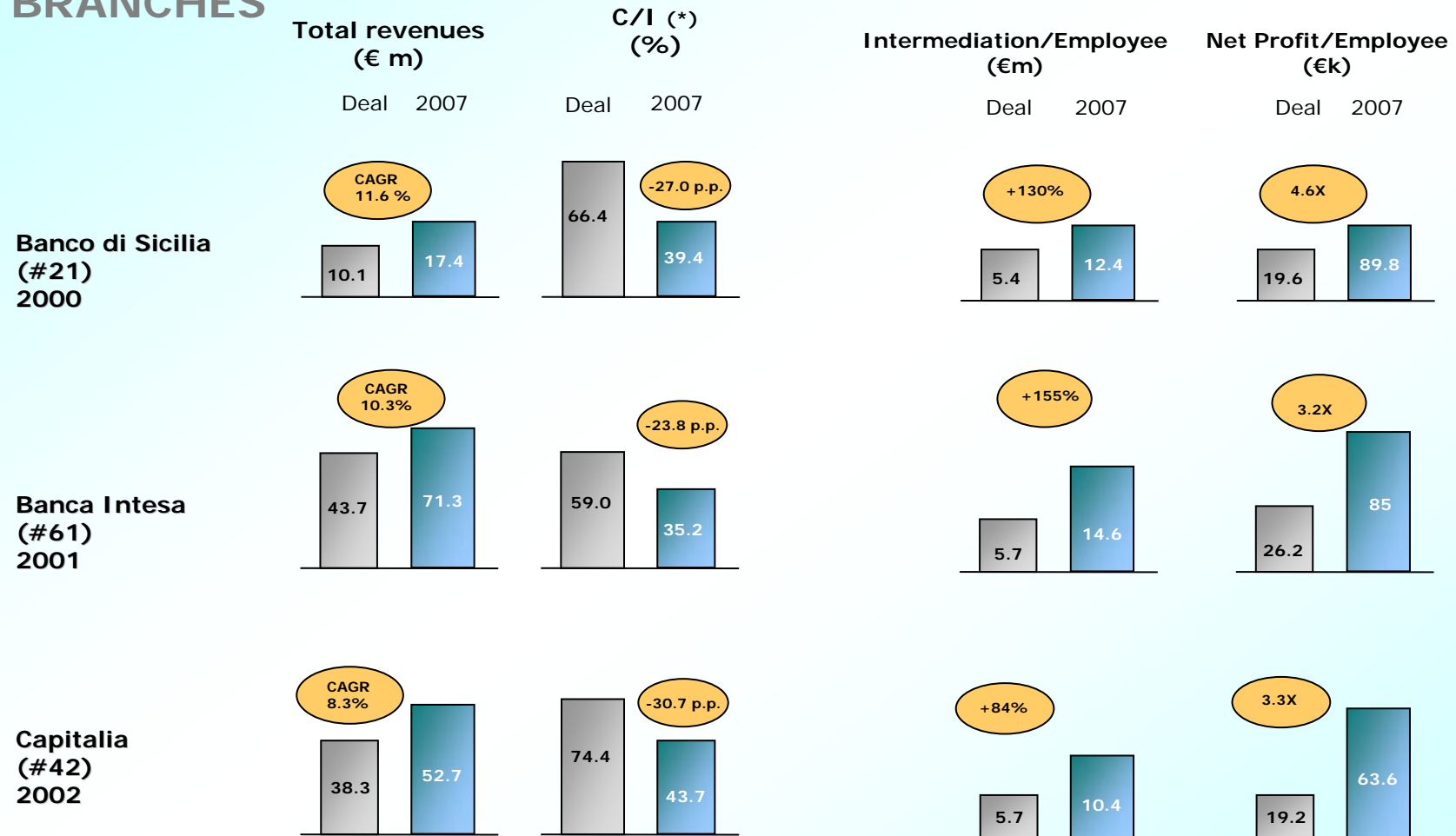
"Pre-deal" data of Banca Cesare Ponti refer to 2004 Annual report.

# = number of branches





## BRANCHES



(\*): direct costs only

# = number of branches





## The capital strengthening funds the purchase and development of the ISP branches

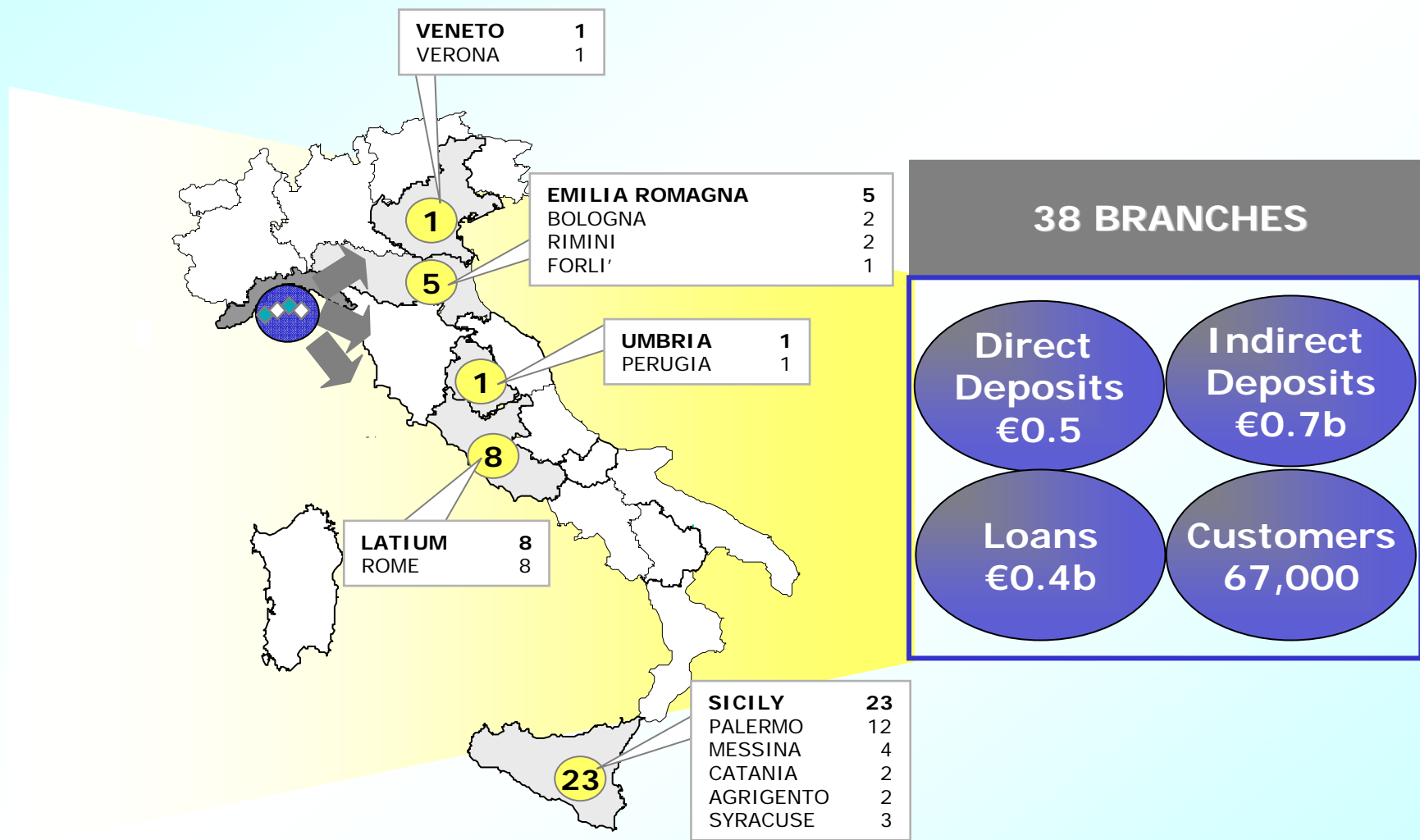
Capital increase	~ 957 €m
Other capital instruments	~460 €m

with no impact on capital ratios

	2007		2008E	2010E
Tier I	7,8%	<i>branches acquisition</i>	> 8%	> 8%
TCR	9,2%		<i>capital increase and other capital instruments</i>	> 10%

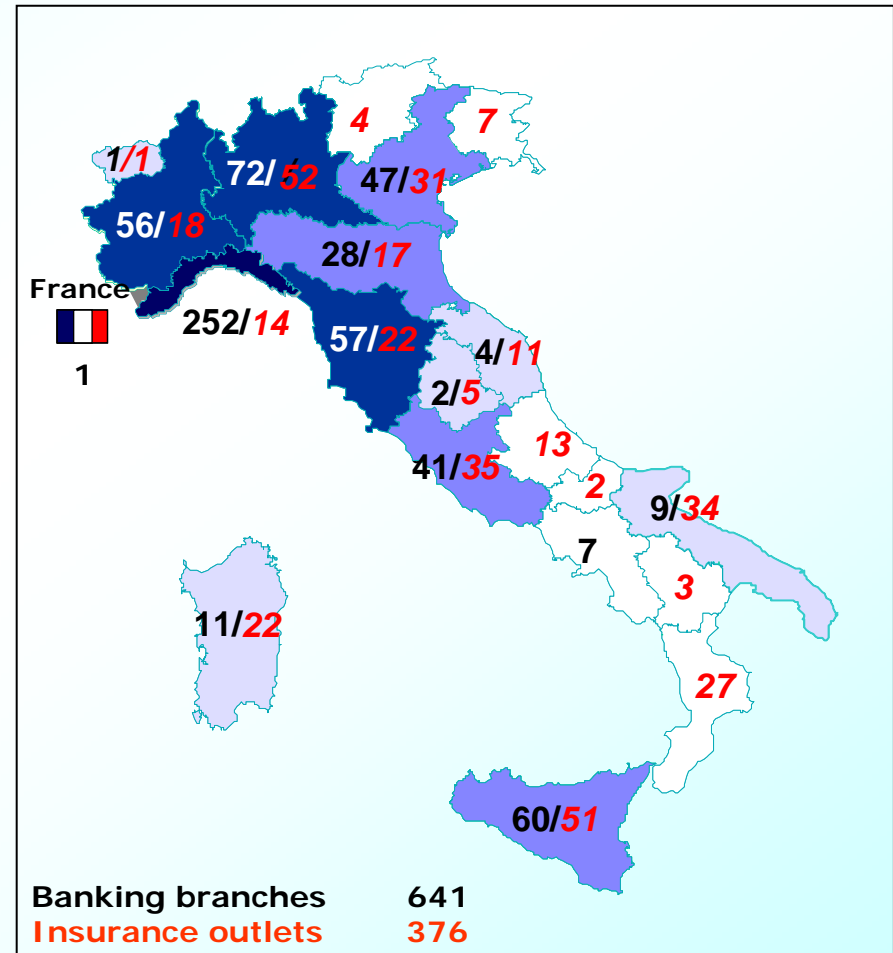
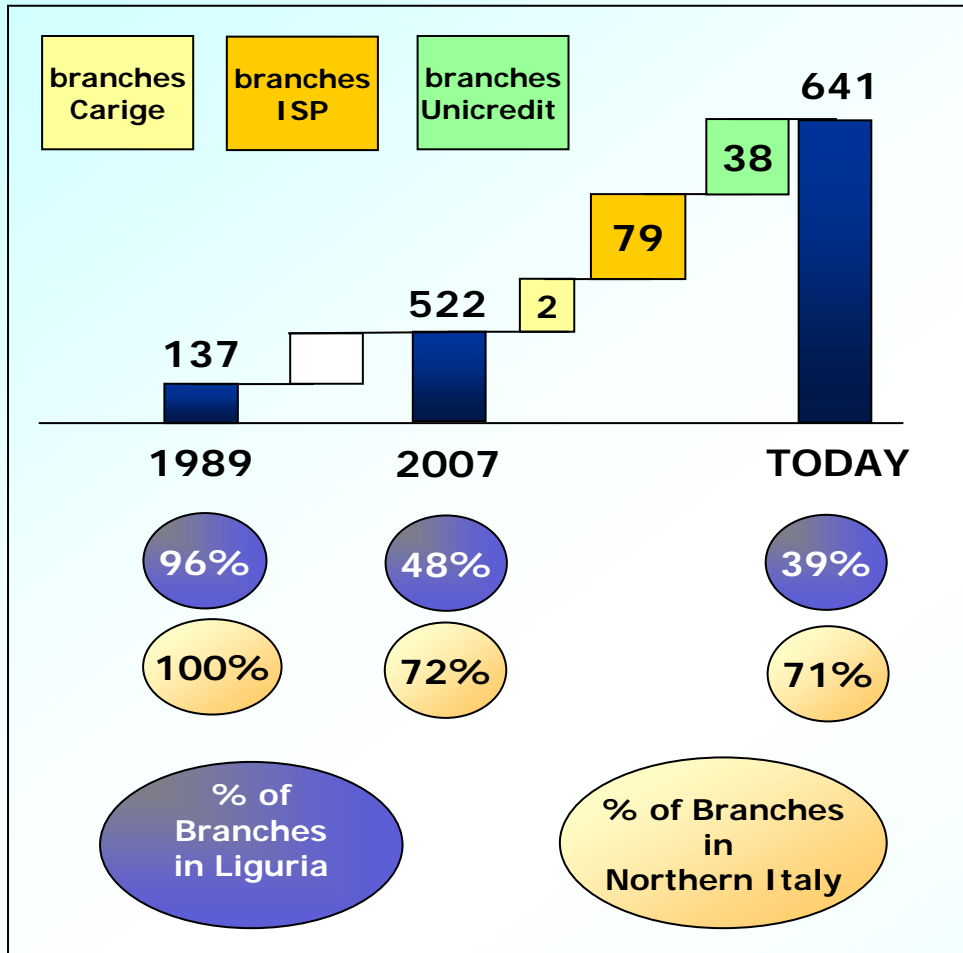


# The acquisition of branches from UniCredit





# The network after the last two acquisitions





## A new plan of internal growth

Carige has drawn up a new plan of openings between 2008 and 2010. Most of them will take place in the regions next to Liguria (Lombardy, Piedmont, Emilia-Romagna, Tuscany, South France), in order to enhance the brand where it already exists.

The Plan foresees *69 openings*  
*between 2008 and 2010*

NEW BRANCHES BY BANK	
 BANCA CARIGE <small>Cassa di Risparmio di Genova e Imperia</small>	51
 BANCA DEL MONTE DI LUCCA SPA	7
 CR Carrara	9
 Banca Cesare Ponti <small>SOCCIEDA PER AZIONI</small>	2
<b>TOTAL</b>	<b>69</b>

The localization of the new branches meets two main principles:

- *market attractiveness* (potential customers, competition)
- *achievement of a market share of 3-5%*

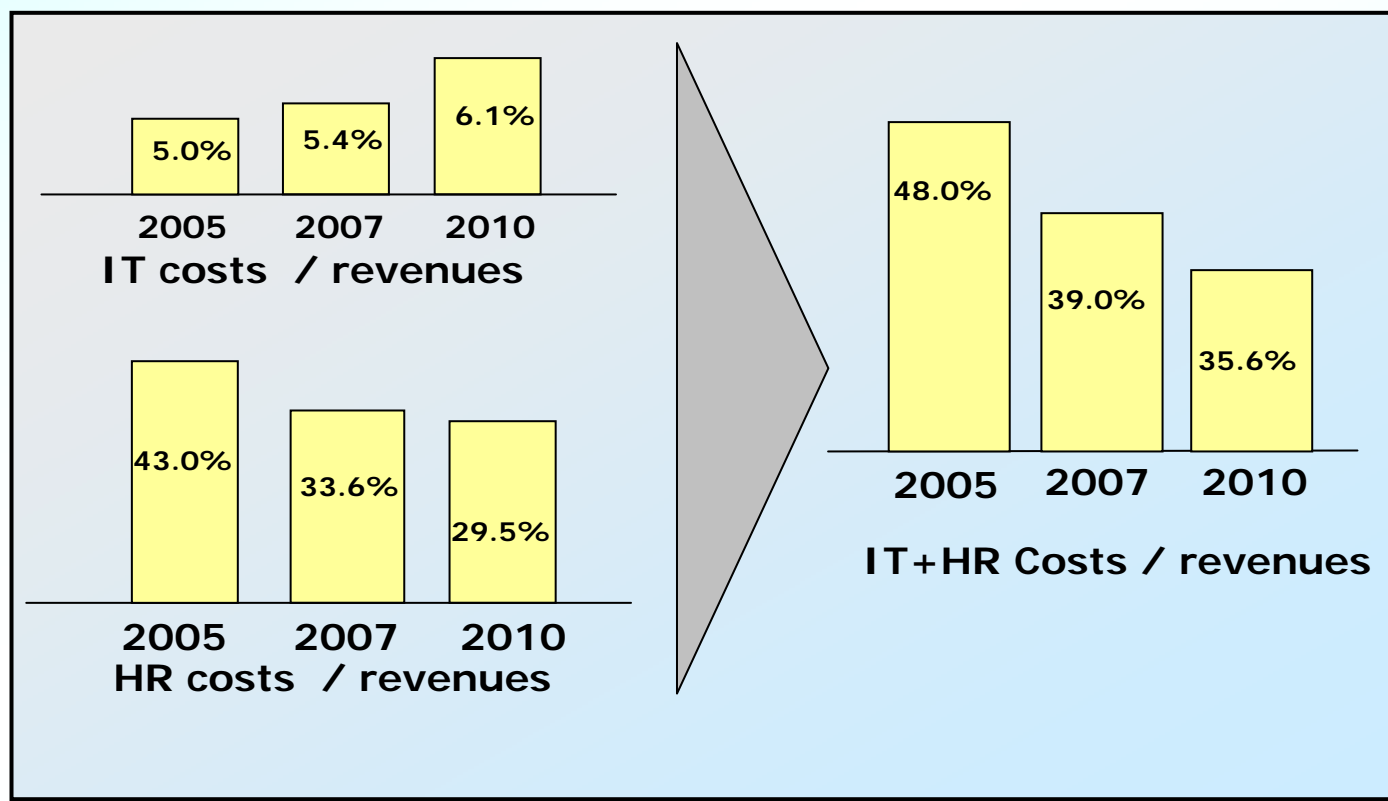
The plan may be revised according to the last acquisitions



2008-2010 Strategic Plan foresees IT investments for ~ 150 €m in order to:

- raise the operating processes' efficiency
- improve the commercial effectiveness

The increase of IT costs in the next three years will be offset by the savings on personnel expenses: only 65% of the staff that is going to retire will be replaced (apart from the recruiting for the new openings and the ISP employees).





**PRODUCTION**

**DISTRIBUTION**

**SUPPORT**

**ISP BRANCHES INTEGRATION**

**JV-CONSUMER CREDIT**

**NEW OPENINGS**

**LEAN  
ORGANISATION**

**BASEL II**

**NEW FRONT OFFICE**

**PFP**

**REMOTE CHANNELS  
(microchip, ATM)**

**COLLABORATION  
BRANCHES-INSURANCE  
AGENTS**

**LIGURIA PROJECT  
(CUSTOMER  
SEGMENTATION)**

**COMMERCIAL  
STRENGTHENING  
PROGRAMME**



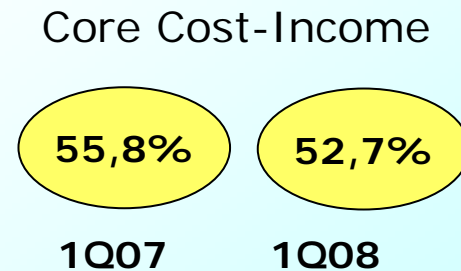
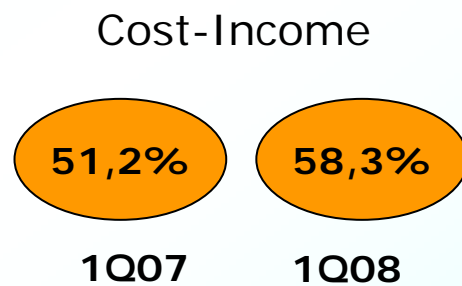
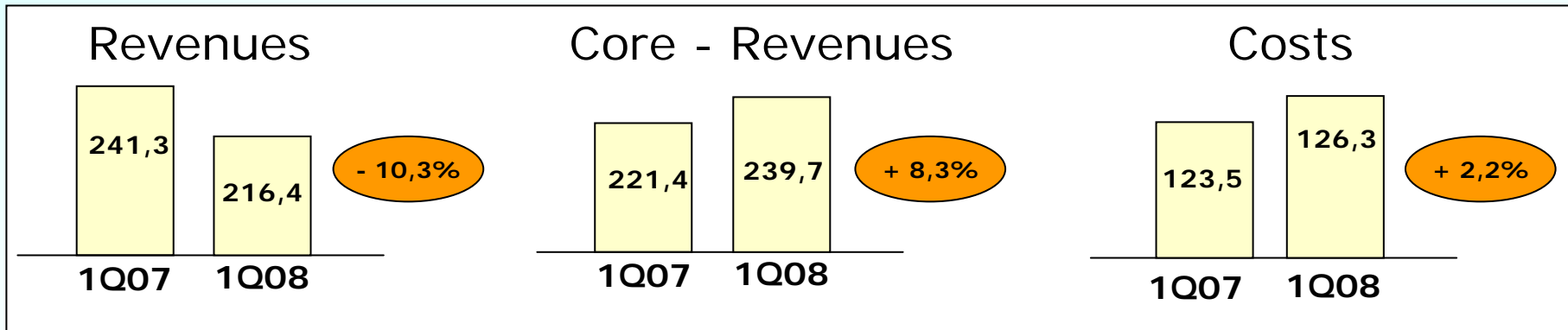
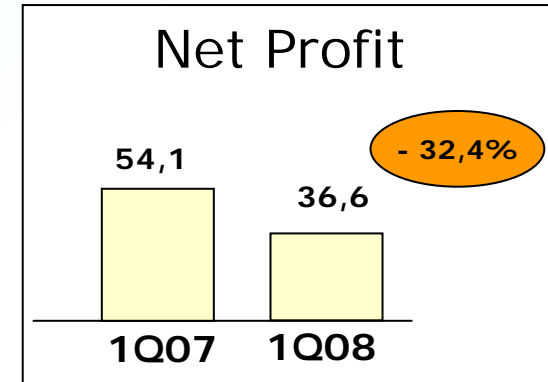
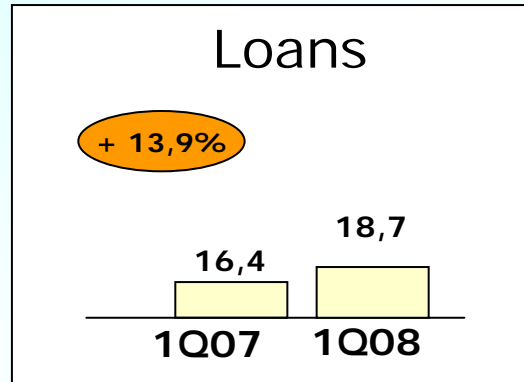
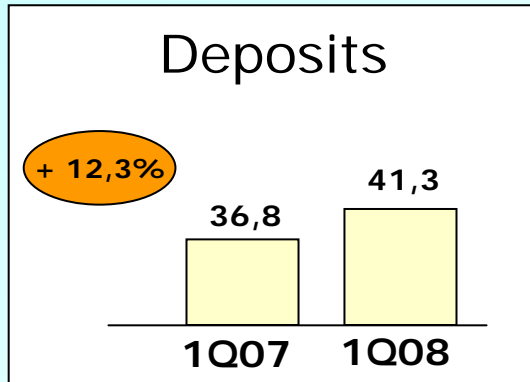
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Distribution	New Front Office
What is it?	An integrated and marketing oriented new sales system: a new IT platform & a new branch layout
Scope of the project	<ul style="list-style-type: none"><li>• From a "traditional branch" to a new "financial shop"</li><li>• A customer oriented approach</li><li>• A paperless model</li></ul>
Project highlights	<ul style="list-style-type: none"><li>• A unique access point (single sign on) for an integrated platform of relationship management with a stronger commercial approach</li><li>• Applications involved: teller, commercial and operational</li></ul>
Development of the project	<ul style="list-style-type: none"><li>• First tests: end of February 2007</li><li>• Roll out of teller, commercial and operational components: end of December 2007</li><li>• Replacement of the operating system and roll out of the whole process: end of December 2008</li></ul>



Distribution	<b>Liguria Project (customer segmentation)</b>
<b>What is it?</b>	Reorganization of the Liguria distribution channels through a customer segmentation
<b>Scope of the project</b>	<ul style="list-style-type: none"><li>• Increase of the “revenues per customer” ratio</li><li>• Up-selling and cross selling on existing customers</li></ul>
<b>Project highlights</b>	<ul style="list-style-type: none"><li>• Introduction of new distribution channels: affluent and small business consultants in addition to Large Corporate, SME and Private consultants</li><li>• A big potential to exploit: Carige has the leadership in Liguria (market share 30%) but more than 200,000 customers (about 33%) have only a product and in average each customer has 2.6 products (current account included)</li></ul>
<b>State of the art</b>	<ul style="list-style-type: none"><li>• all Liguria branches involved in the project</li><li>• 140 affluent consultants</li><li>• 172 small business consultants</li></ul>



## Distribution

# Commercial strengthening programme

### What is it?

A structural reengineering of the branches' selling process (branches outside Liguria)

### Scope of the project

- Improvement of the branch cost/income ratio outside Liguria: target cost/income < 50%
- Creation of the organizational conditions (structure, skills and systems) to permanently support the network in further commercial development of the Group ("selling more and selling better")

### Project highlights

- 250 branches involved
- 7 phases of the project (first phase started in November 2004, the last one in October 2005)
- A customer analysis system
- Identification of commercial initiatives / alliances on the target customers
- A dedicated sale channel (developers and call center)
- A dedicated monitoring system





## Distribution

## Results of the two programmes

State of the art

### Cost Income

Commercial Strengthening Programme (Outside Liguria)

2004

50%

2007

34%

-16pp

30% within 2010

Liguria Project

2004

32%

2007

27%

-5pp





## Distribution

What is it?

Scope of the project

Project highlights

a high potential still to exploit, mainly outside Liguria

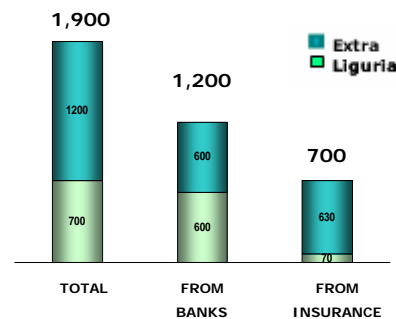
## Collaboration branches - insurance agents

A definition of a set of rules and methods in the relationship between branches and insurance agents (Project name: "Insieme di più")

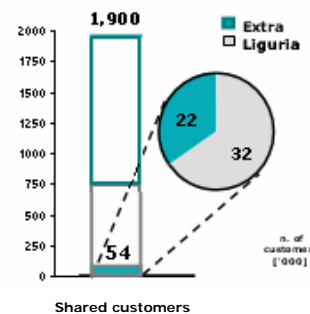
Increasing the cross-selling ratio between banks' customers and insurances' customers through the respective customer base

- Monitoring and coordination system at a central level
- A system based on customers' lists and referrals
- Exploitation of natural skills: banks' employees sell banking products to insurance customers and insurance agents sell insurance products to bank customers

Customers of the Group



Shared customers



90,000 shared customers within 2010





## Production

# JV - Consumer Credit

### What is it?

A newco (Creditis Servizi Finanziari SpA) in the sector of the consumer credit

### Scope of the project

- Growth in the penetration of the consumer credit products both on the Carige client base and on the open market

### Project highlights

- Headquarters in Genoa
- Business Model
  - products: personal loans, revolving cards, salary backed loans
  - commercial focus: Carige customers base for first 2 years, then open market
- Business plan targets (Y5 after start):
  - net profit : 13 €m
  - volumes: more than 1 €b

### State of the art

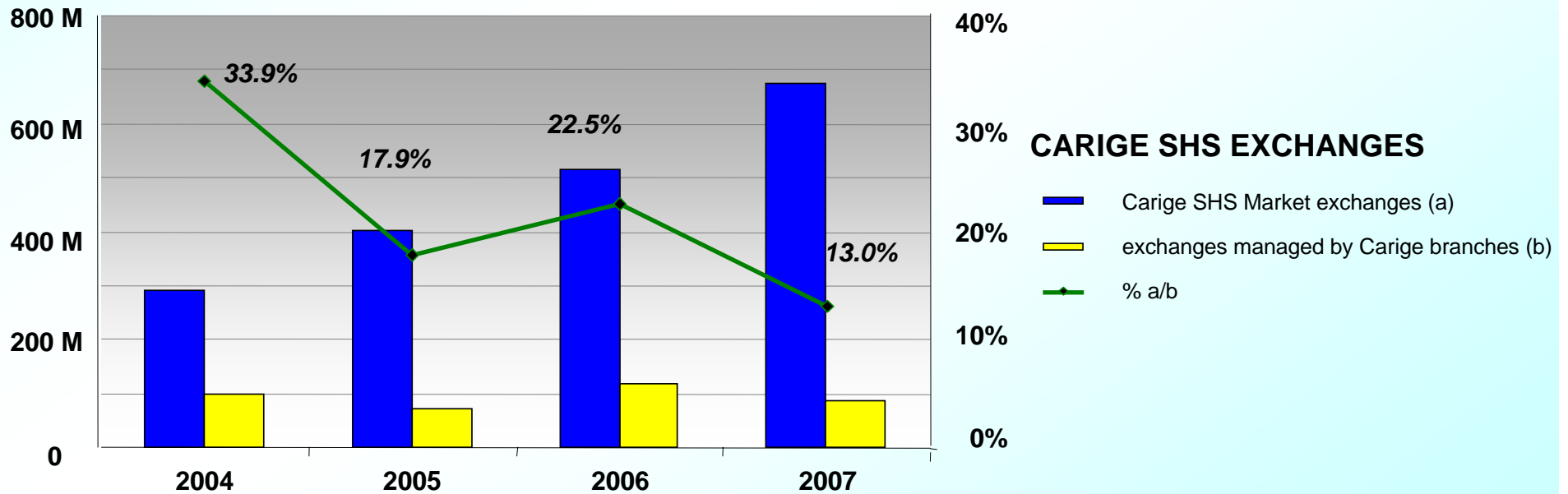
- Constitution of the newco at 2006 Year-end
- Start of the commercial activities: 1H08





# A trend in step with the market...

...and growth of liquidity year by year





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