

BANCA CARIGE

Cassa di Risparmio di Genova e Imperia

South European Banks Conference

HSBC

London, 17th January 2008

Giacomo Burro, CFO

Carige Group Overview

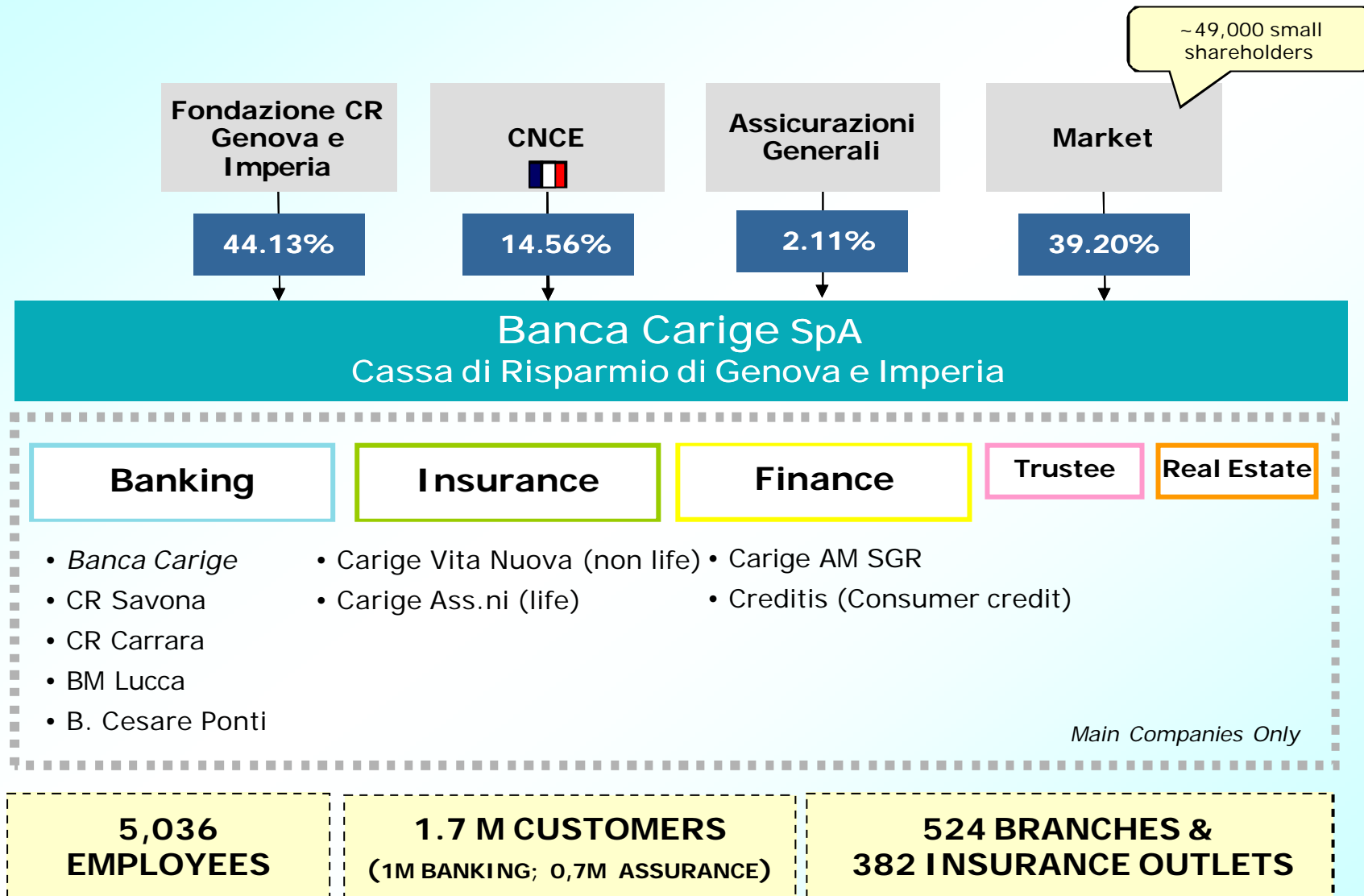
ISP Branches Deal & Main Projects

Strategic Plan 2008-2010

Annexes



Banca Carige Group today

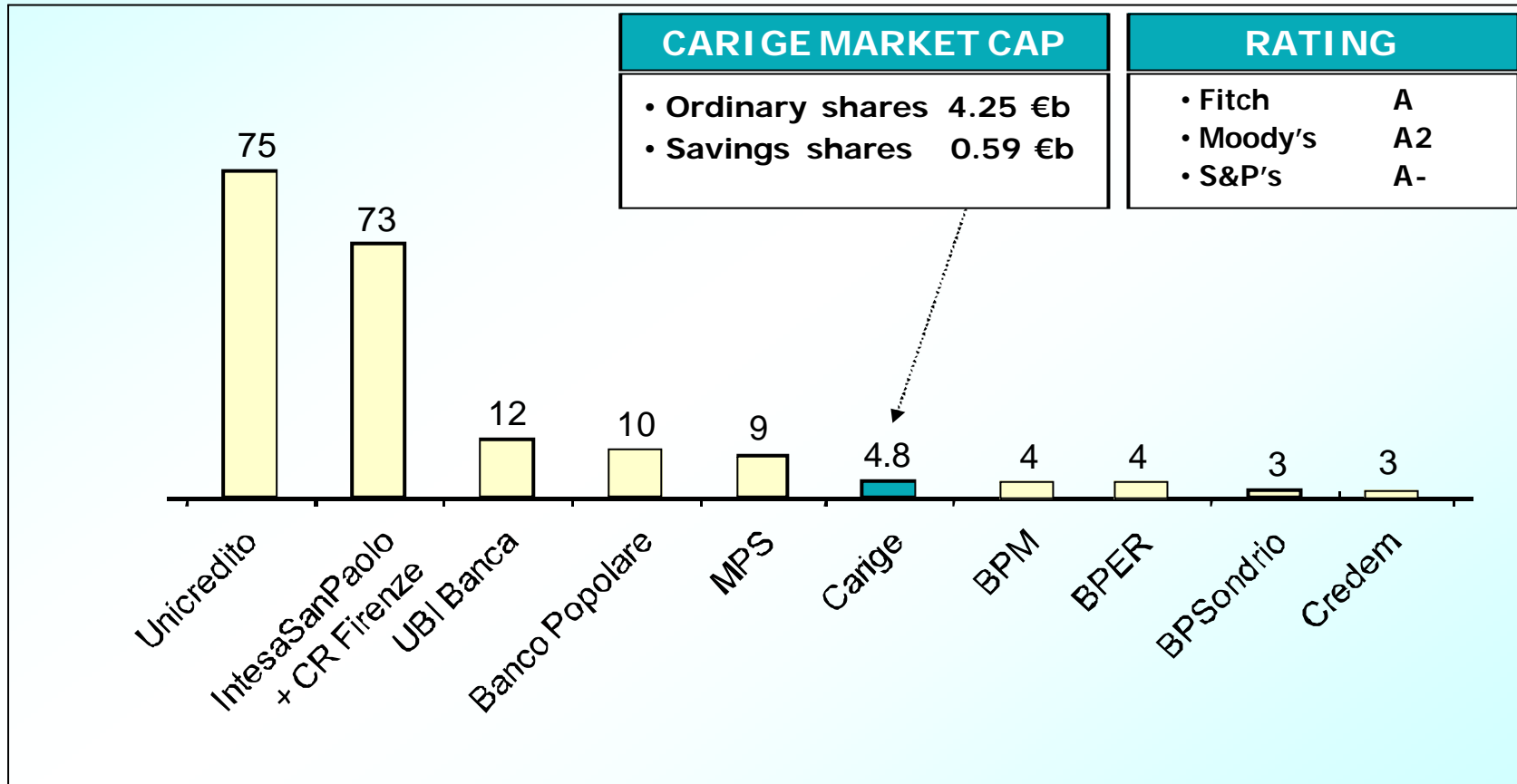




A medium sized Group

MARKET CAP

€b, data at 29 Dec 07

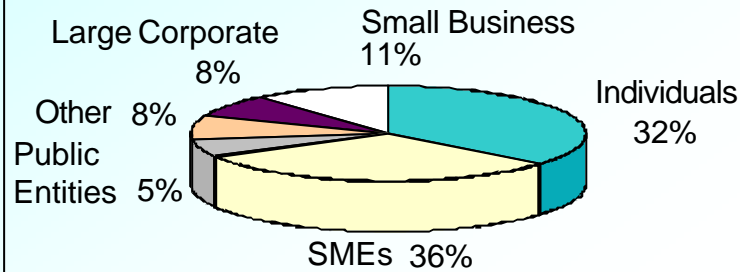




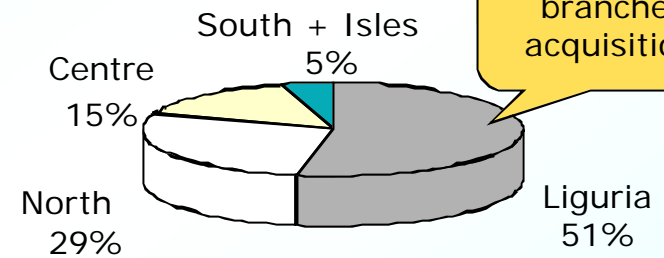
..focused on retail

LOANS

by segment



by area

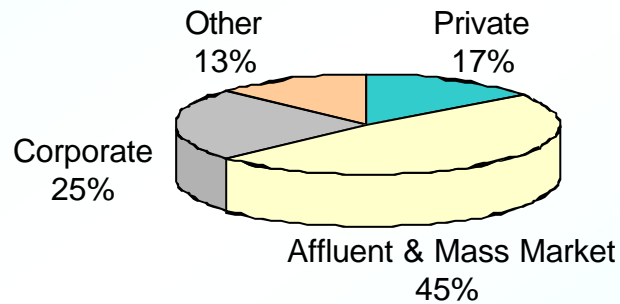


LOANS TO CUSTOMERS 2007E : 17.5 €b

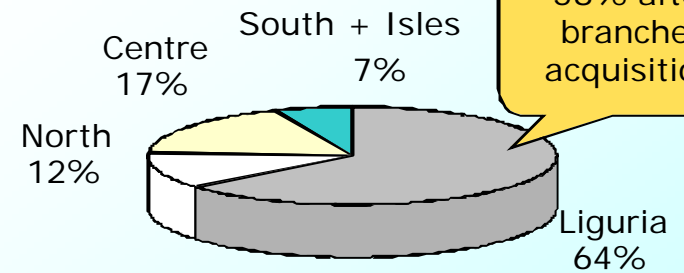
DEPOSITS

by segment

(ex debt securities)



by area

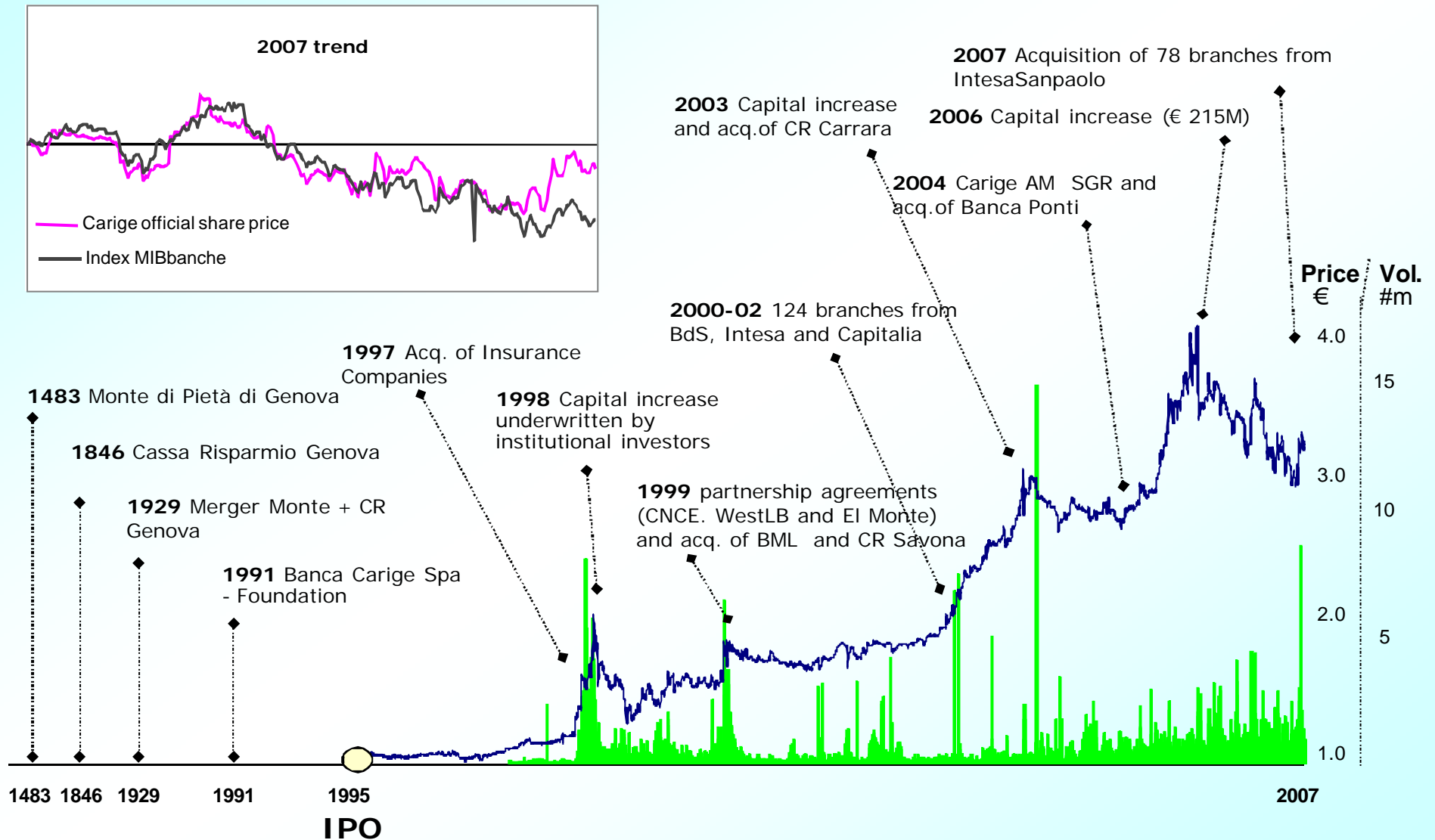


DIRECT DEPOSITS 2007E : 17.0 €b

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



A long term steady 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	227
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	70
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 and issue of other capital instruments	~ 950	2004-06	Banca Cesare Ponti	50
			2008	78 branches from Intesa Sanpaolo	~ 996
Total 2,435			Total 2,298		

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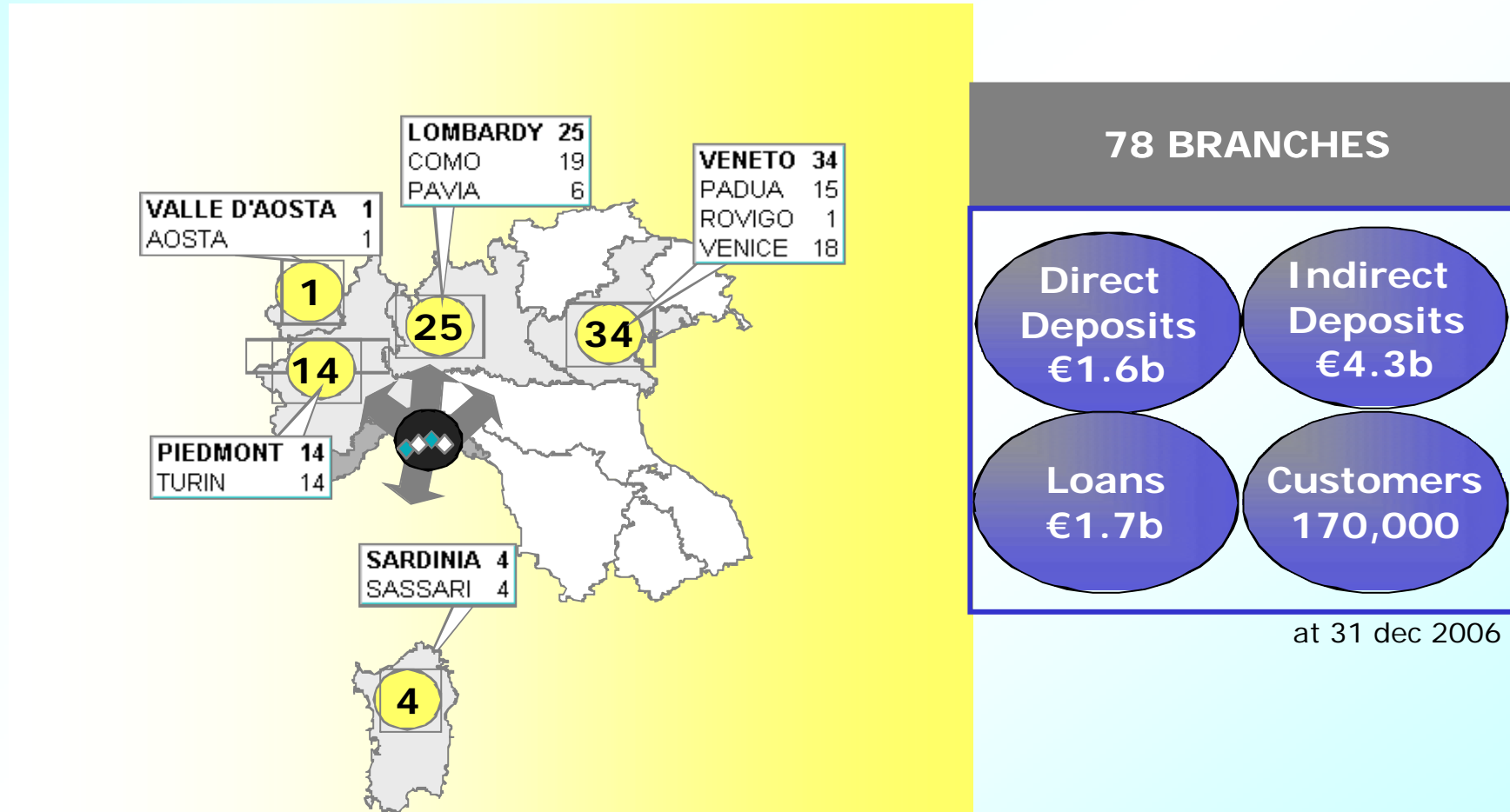
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Carige is purchasing 78 branches from Intesa Sanpaolo





... achieving a high 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:

10.7% of Italian GDP(*)

9.3% of Italian loans ()**

10% of Italian deposits ()**

(*) Source: Bank of Italy; data at 31 Dec 2006. (**) Source: Unioncamere; data at 31 Dec 2005.



The 78 ISP branches are more worth than the previous ones

	78 ISP branches (operating data at 31/12/06)	21 BDS branches (2000)	61 ISP branches (2001)	42 Capitalia branches (2002)
Number of branches	78	21	61	42
North	74	-	36	2
Centre and South	4	21	25	40
Loans (€m)	1,723	50	619	630
Total deposits (€m)	5,835	406	1,399	1,491
Intermediation (€m)	7,558	456	2,018	2,120
Employees	662	86	334	397
Employees/branches	8.5	4.1	5.5	9.5
Loans/branches (€m)	22.1	2.4	10.1	15.0
Total deposits/branches	74.8	19.3	22.9	35.5
Loans/employees (€m)	2.6	0.6	1.9	1.6
Deposits/employees (€m)	8.8	4.7	4.2	3.8
Goodwill/Total deposits	17,1%	14.8%	19.5%	8.4%
Operating profit before taxes/branches (€k)	880	132	422	328

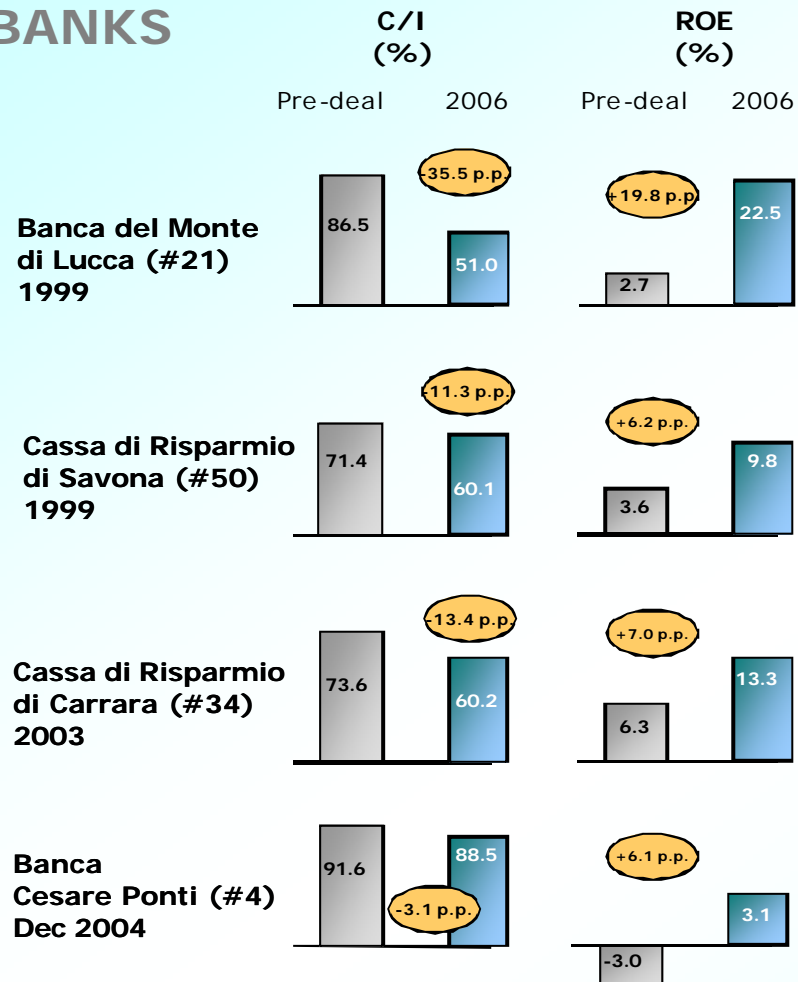
21%
for north
branches

Data refer to the year of the deal



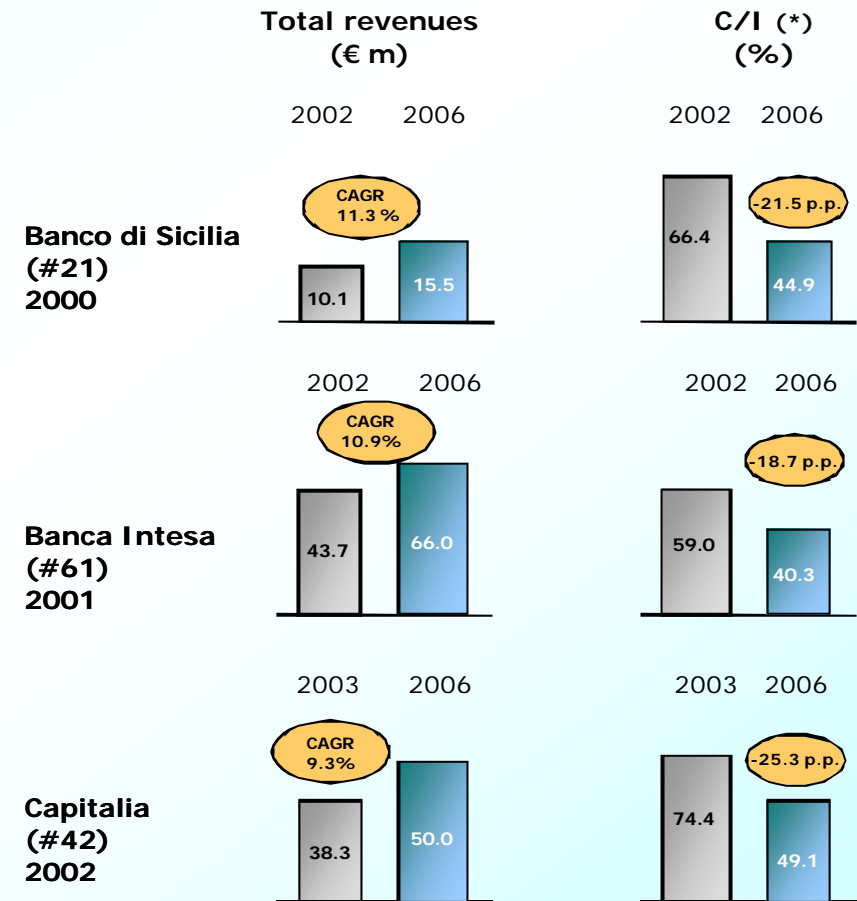
Growing results from the banks and the branches purchased in the past

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 ~ 950 €m
Other capital instruments ~ 310 €m

with no impact on capital ratios





	1H07		Within 1H08	2010
Tier I	8,29%	<i>branches acquisition</i>	>8%	>8%
TCR	10,36%		<i>capital increase and other capital instruments</i>	>10%



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	
	51
	7
 CR Carrara	9
	2
TOTAL	<u>69</u>

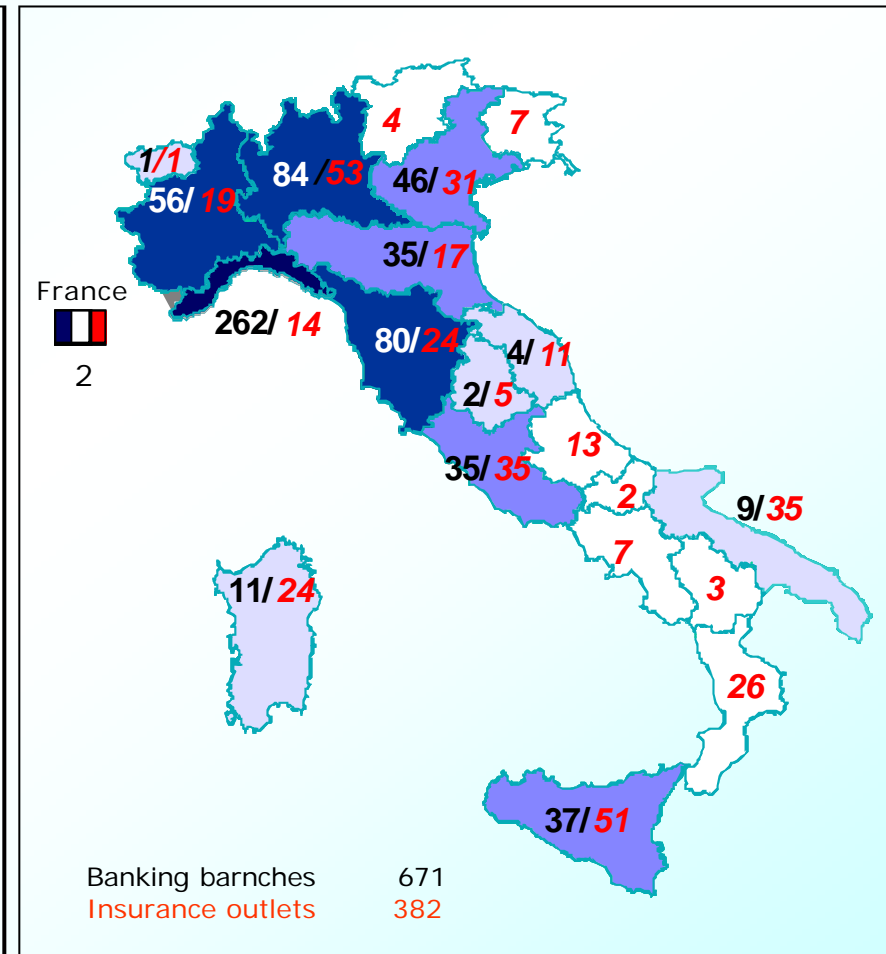
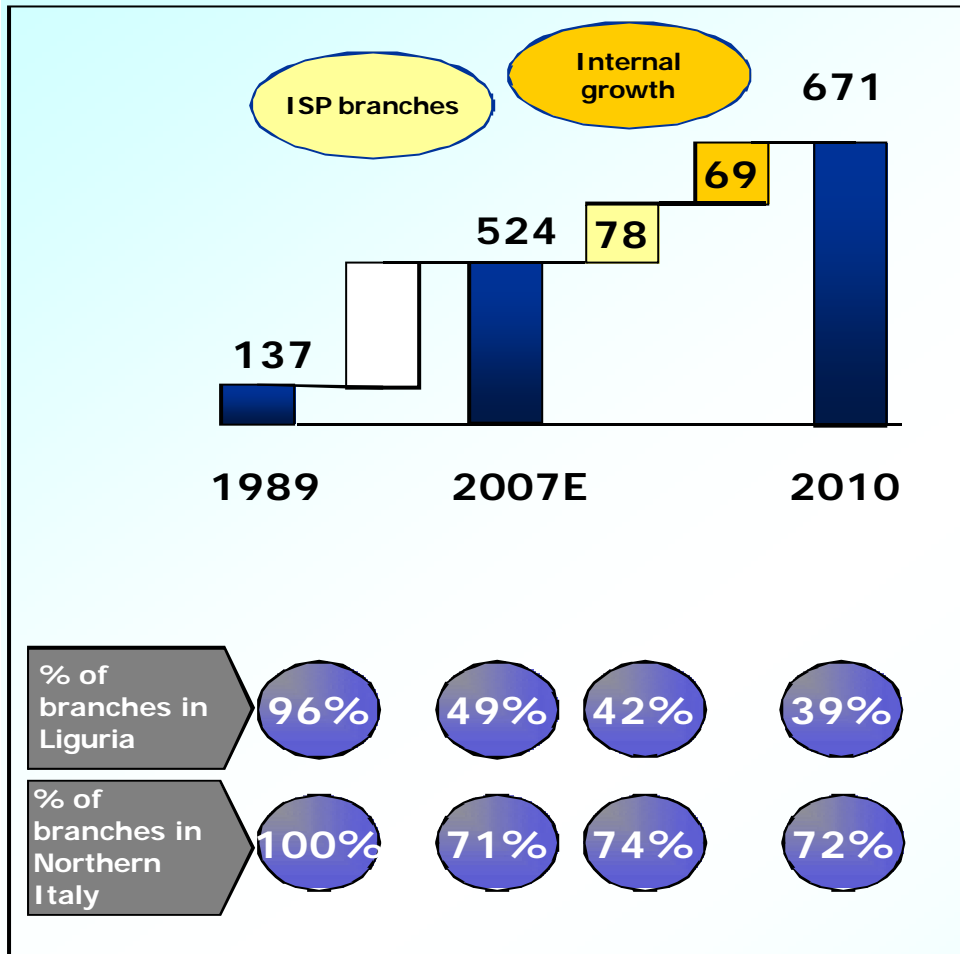
The localization of the new branches meets two main principles:

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

The purchase of the 78 ISP branches
is consistent with these principles



In 2010 Carige's network will count ~ 670 branches

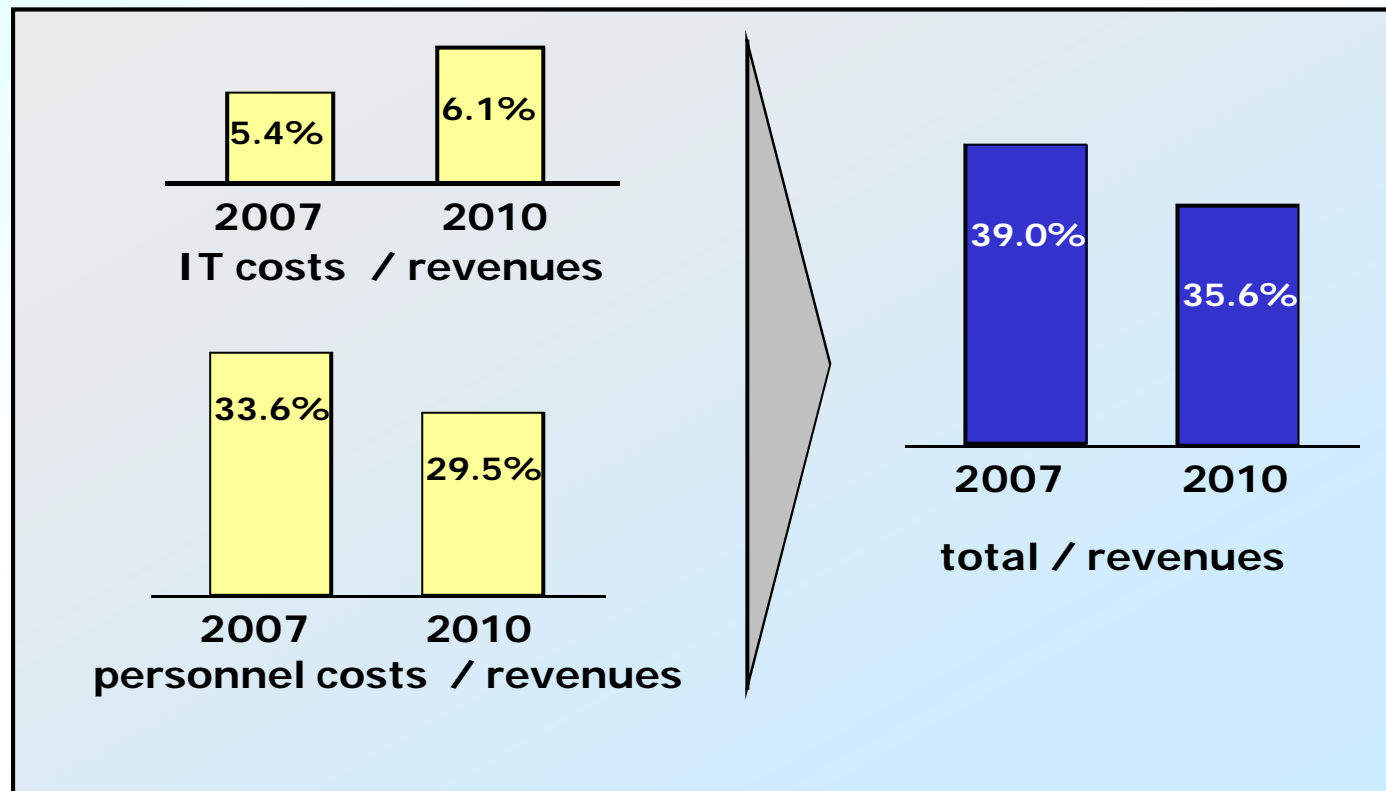




2008-2010 Strategic Plan foresees IT investments for ~ 150 €m in order to:

- 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

**LIGURIA PROJECT
(CUSTOMER SEGMENTATION)**

**COMMERCIAL
STRENGTHENING
PROGRAM**

**COLLABORATION
BRANCHES-INSURANCE
AGENTS**

ICT Projects

BASEL II

NEW FRONT OFFICE

**RENEWAL OF
PROCEDURES**

**PAYMENT SYSTEMS
(target 2, SEPA,
microchip, ATM)**



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Independence through growth

1990 - 1998

1999 - 2004

2005 - 2007

2008 - 2010

Capital base
strengthening
and opening to
new
shareholders

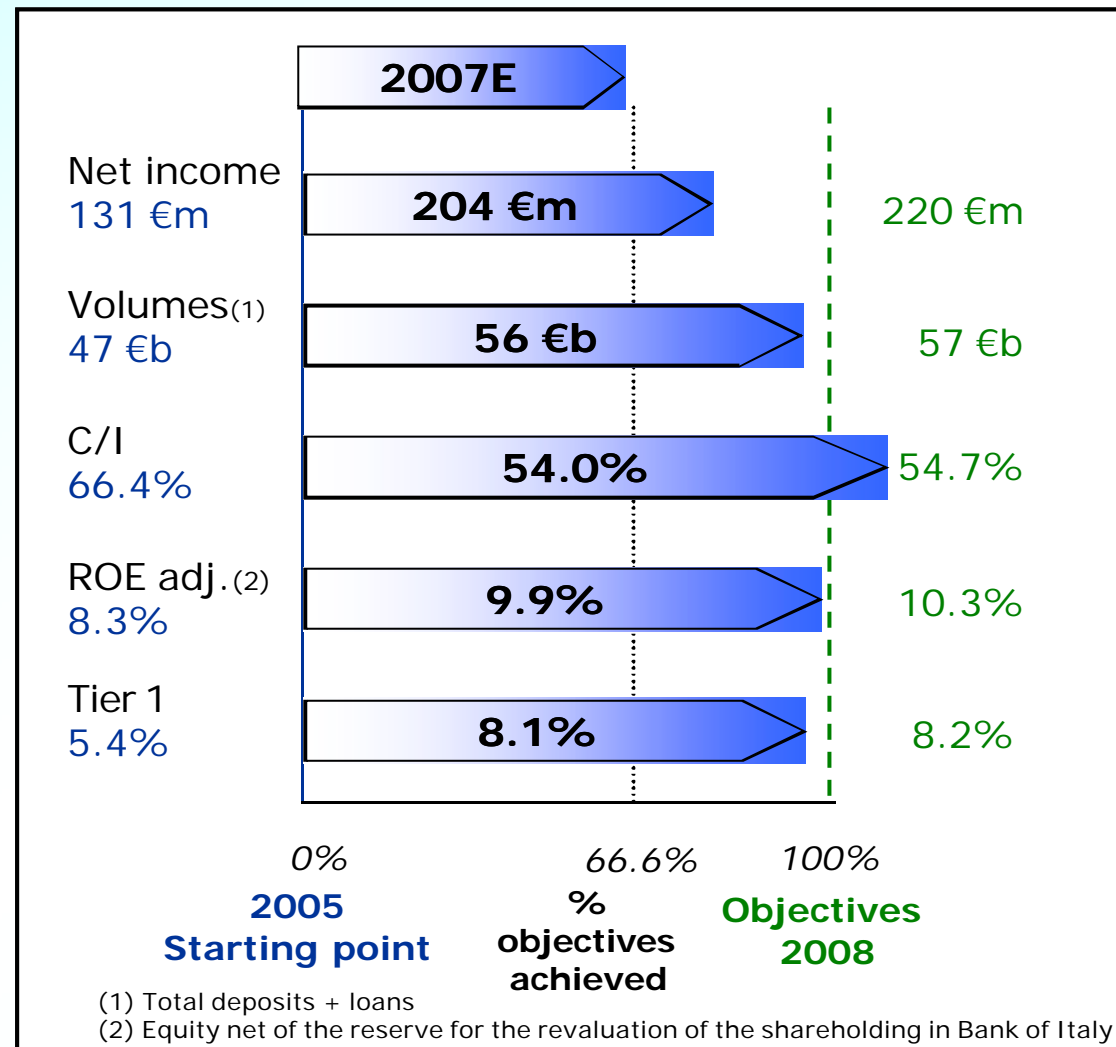
Expansion and
diversification

Rationalization
and
profitability
enhancement

IT innovation
for
profitability
strengthening



2007E results exceed all '06-'08 Strategic Plan expectations





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
- Increase of income from participations

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
- Effective integration of the 78 ISP branches
- Control of the economic impact of all kinds of risk
- Capital management





Assumptions for 2008-2010

	2007	2008	2009	2010
Italy GDP	1.7%	1.4%	1.7%	1.3%
Inflation rate	1.8%	2.0%	2.2%	1.7%
Unemployment rate	6.1%	5.9%	5.7%	5.6%
ECB rate	4.0%	4.0%	4.0%	4.0%
Banking loan	9.4%	7.1%	7.6%	6.4%
Banking deposit	7.5%	6.0%	6.2%	5.6%

(*) Annual growth rates



We expect a huge growth of the ISP branches

The ~ 170.000 ISP branches' customers are Mass market, Affluent, Small business.

The focus will be on:

- New private customers
- Loans to corporates

Commercial synergies with our insurance agents:

- 19 in Piedmont
- 31 in Veneto
- 53 in Lombardy

ISP branches	07E	10E	CAGR 07E/10E
Total deposits (€ b)	5.8	6.8	5.5%
Loans (€ b)	1.9	4.0	29.5%
Total revenues(€ b)	141	194	11.2%
Operating costs (€ b)	66	62	-2.1%
Gross profit (€ b)	62	117	23.6%
Net profit (€ b)	37	70	22.6%
Cost/Income	46.8%	32.1%	-14.7 p.p.



2010 Group's targets

CARIGE GROUP

	2006	2007E	2007E PF (*)	2010E	CAGR 07E PF (*)-10E
Total Deposits (€b)	35.8	38.0	43.6	59.1	10.6%
Loans to customers (€b)	16.1	17.5	19.1	27.4	12.9%
Net Profit (€m)	138	160 ^(**)	237	350	13.9%
Shareholders' Equity (€b)	2.6	2.7	3.8	4.3	4.3%
Cost Income	57.6%	53.9%	53.2%	49.9%	-3,3 pp
ROE	5.4%	7.6%	6.2%	8.1%	+1.9 pp
ROE adj (***)	7.1%	9.9%	7.4%	9.6%	+2.2 pp
Tier 1	8.4%	8.1%	8.5%	8.4%	
Total capital ratio	10.7%	10.5%	11.2%	10.3%	

(*) 2007E PF data include the 78 ISP branches and the capital strengthening

(**) Carige Assicurazioni extraordinary gross provisions to reserves: 48€m

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



Cost income below 50%

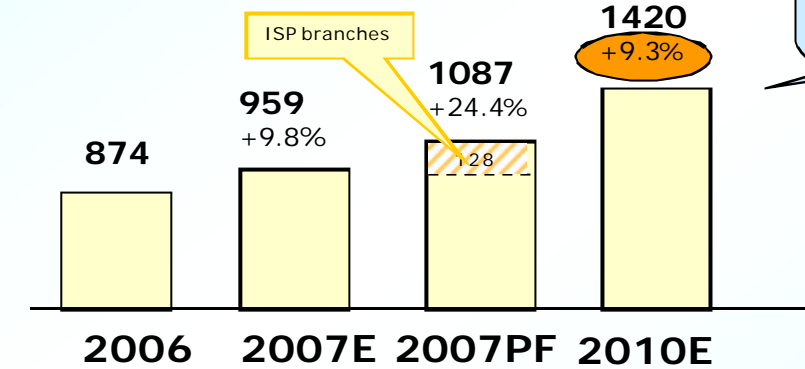
Cagr
2007pf-2010E

COST INCOME %

57.6 53.9 53.2 49.9

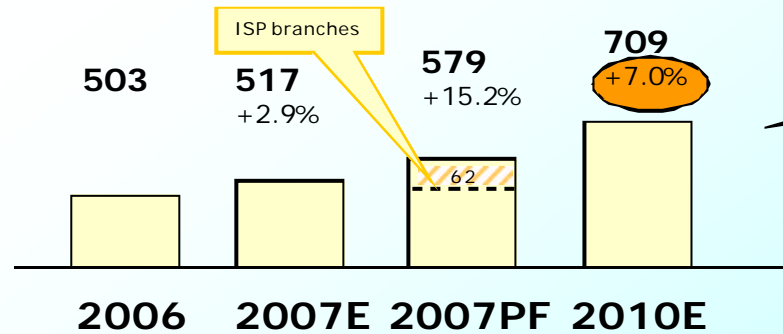
2006 2007E 2007PF 2010E

REVENUES €m



normal growth
6%

OPERATING COSTS €m

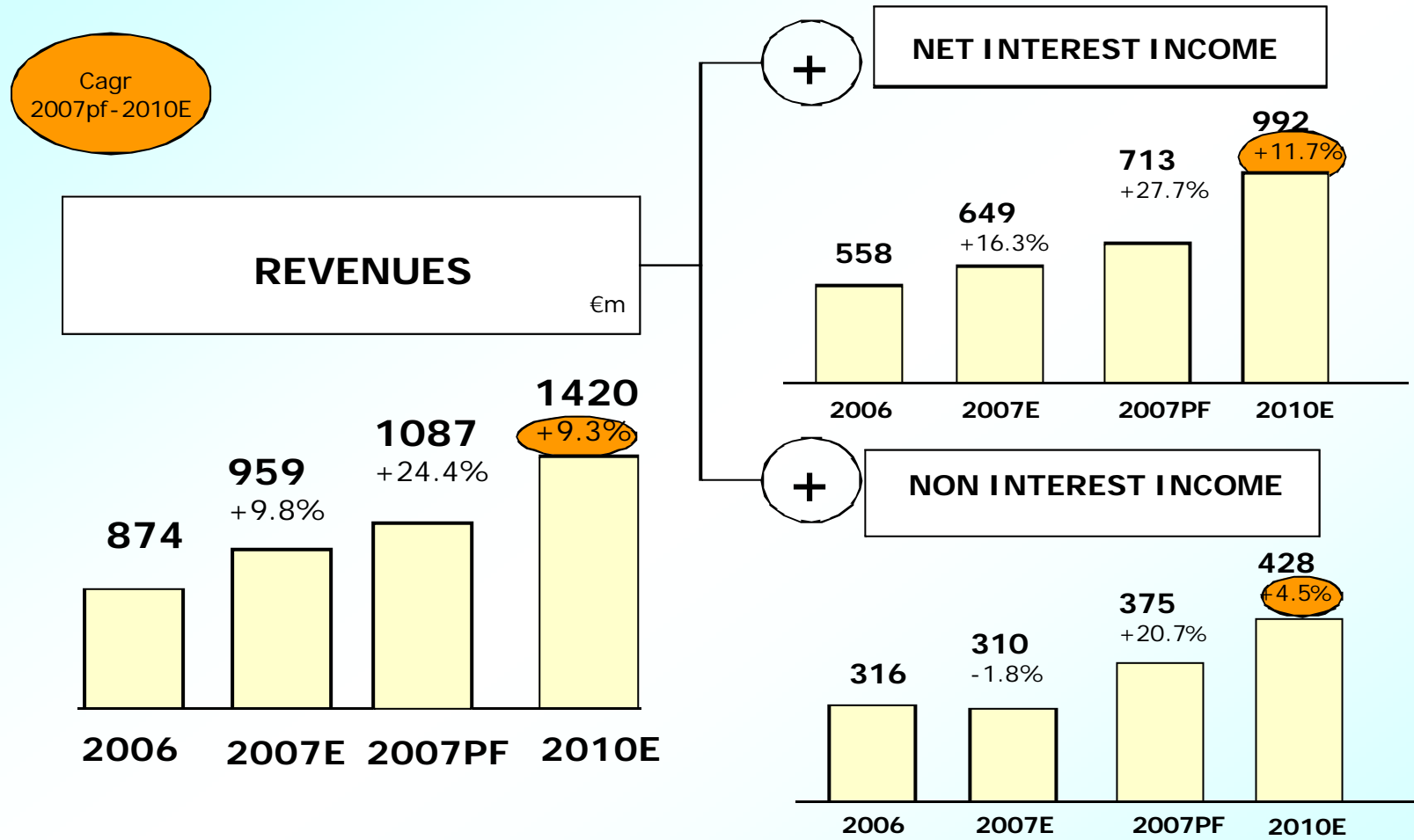


normal growth
3.4%

2007PF data include the effects connected to the 78 ISP branches and capital strengthening



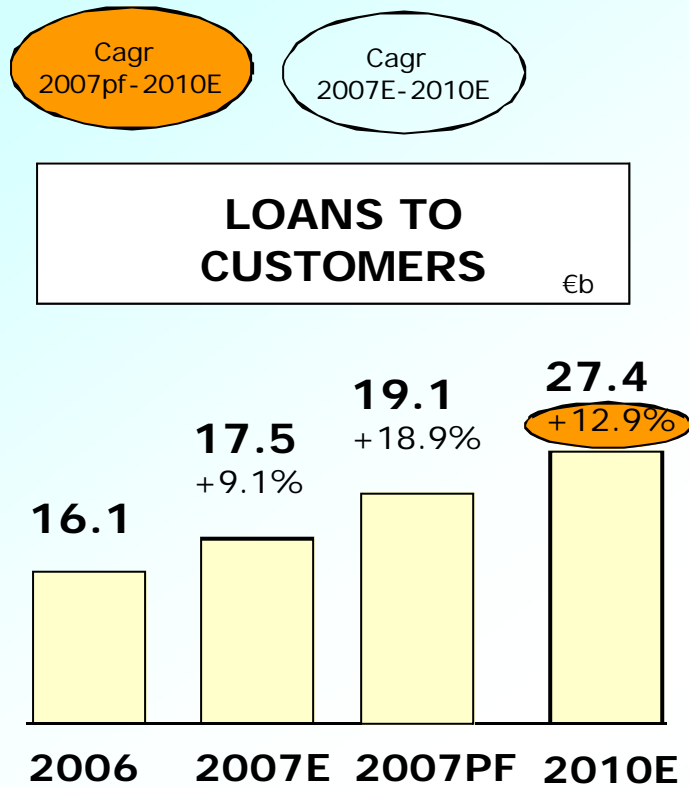
Revenues are expected both from net interest and non interest items



2007PF data include the effects connected to the 78 ISP branches and capital strengthening

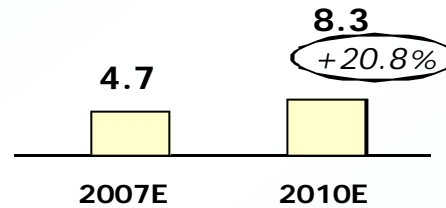


We expect a double digit growth of loans

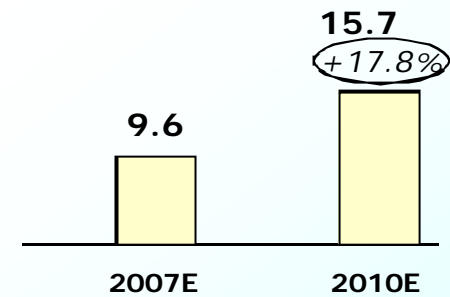


of which:

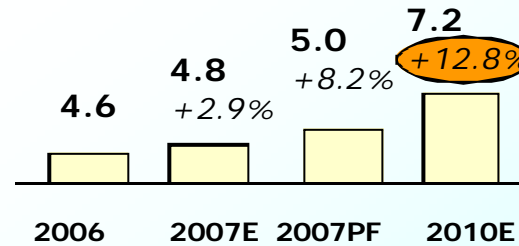
INDIVIDUALS



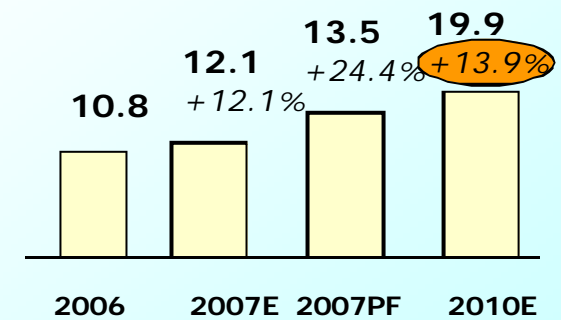
CORPORATES



SHORT TERM



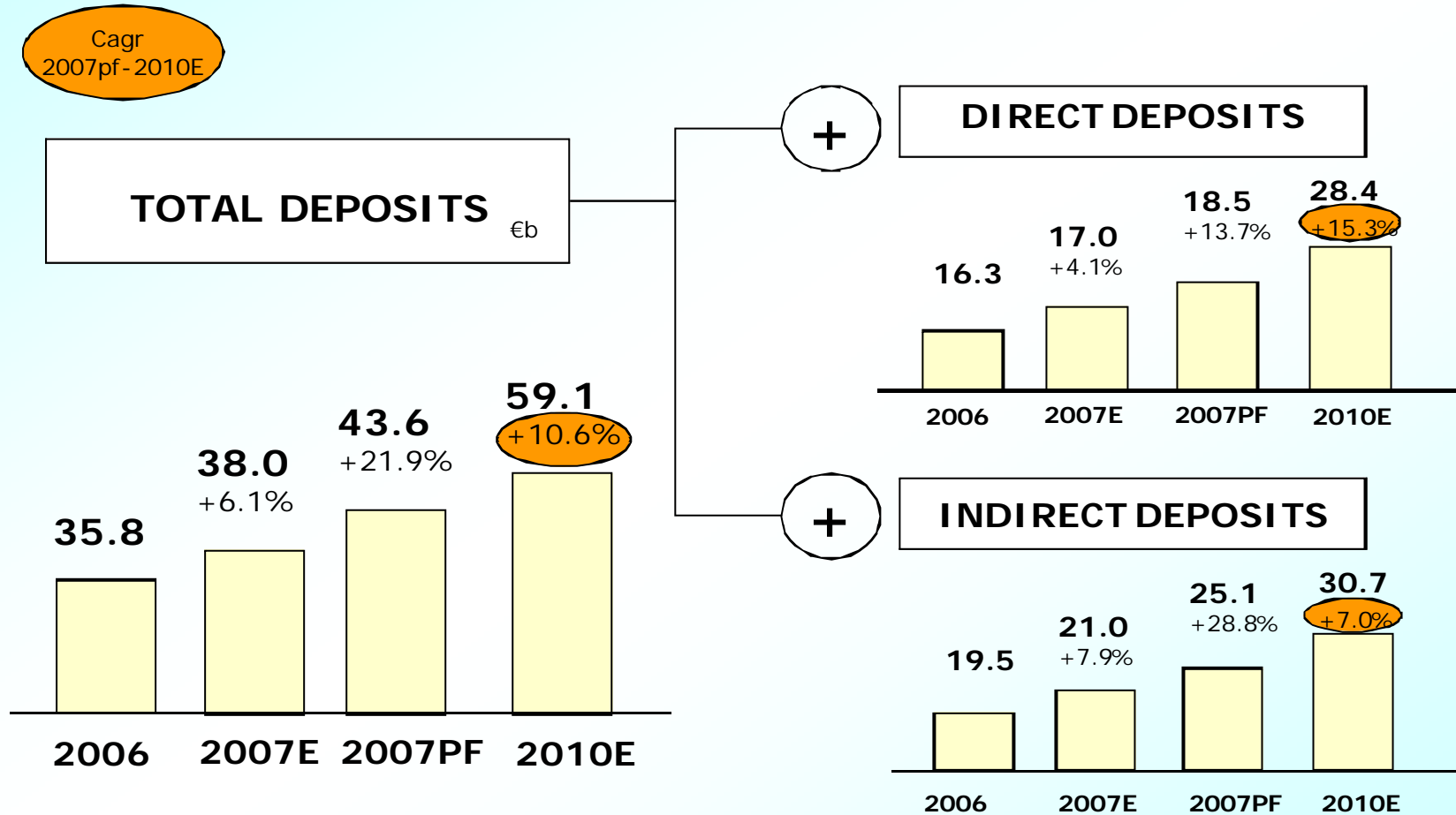
M/L TERM



2007PF data include the effects connected to the 78 ISP branches and capital strengthening



Both direct and indirect deposits are expected to grow to grow



2007PF data include the effects connected to the 78 ISP branches and capital strengthening

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Production	JV - Consumer Credit
What is it?	A newco (Creditis Servizi Finanziari SpA) in the sector of the consumer credit between Carige (51%) and its French shareholder CNCE (49%)
Scope of the project	<ul style="list-style-type: none">• Growth in the penetration of the consumer credit products both on the Carige client base and on the open market
Project highlights	<ul style="list-style-type: none">• Headquarters in Genoa• Business Model<ul style="list-style-type: none">- 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):<ul style="list-style-type: none">- net profit : 13 €m- volumes: more than 1 €b
State of the art	<ul style="list-style-type: none">• Constitution of the newco at 2006 Year-end• Start of the commercial activities: 1H08



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">• From a “traditional branch” to a new “financial shop”• A customer oriented approach• A paperless model
Project highlights	<ul style="list-style-type: none">• A unique access point (single sign on) for an integrated platform of relationship management with a stronger commercial approach• Applications involved: teller, commercial and operational
Development of the project	<ul style="list-style-type: none">• First tests: end of February 2007• Roll out of teller, commercial and operational components: end of December 2007• Replacement of the operating system and roll out of the whole process: end of December 2008



Distribution	Liguria Project (customer segmentation)
What is it?	Reorganization of the Liguria distribution channels through a customer segmentation
Scope of the project	<ul style="list-style-type: none">• Increase of the “revenues per customer” ratio• Up-selling and cross selling on existing customers
Project highlights	<ul style="list-style-type: none">• Introduction of new distribution channels: affluent and small business consultants in addition to Large Corporate, SME and Private consultants• 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)
State of the art	<ul style="list-style-type: none">• all Liguria branches involved in the project• 126 affluent consultants• 200 small business consultants



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

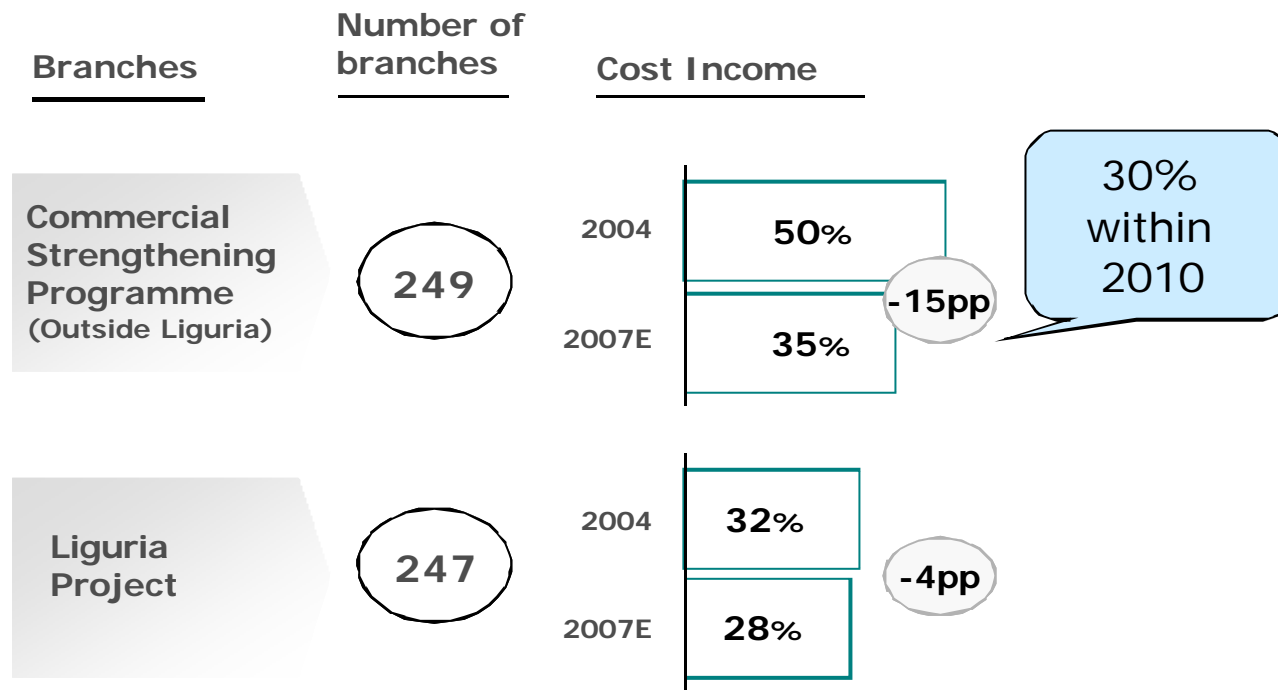
- 250 branches involved
- 7 phases of the project (first phase started in November 2004, the last one in October 2005)
- A customer analysis system
- Identification of commercial initiatives / alliances on the target customers
- A dedicated sale channel (developers and call center)
- A dedicated monitoring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



Distribution

Results of the two programmes

State of
the art





Distribution

What is it?

Scope of the project

Project highlights

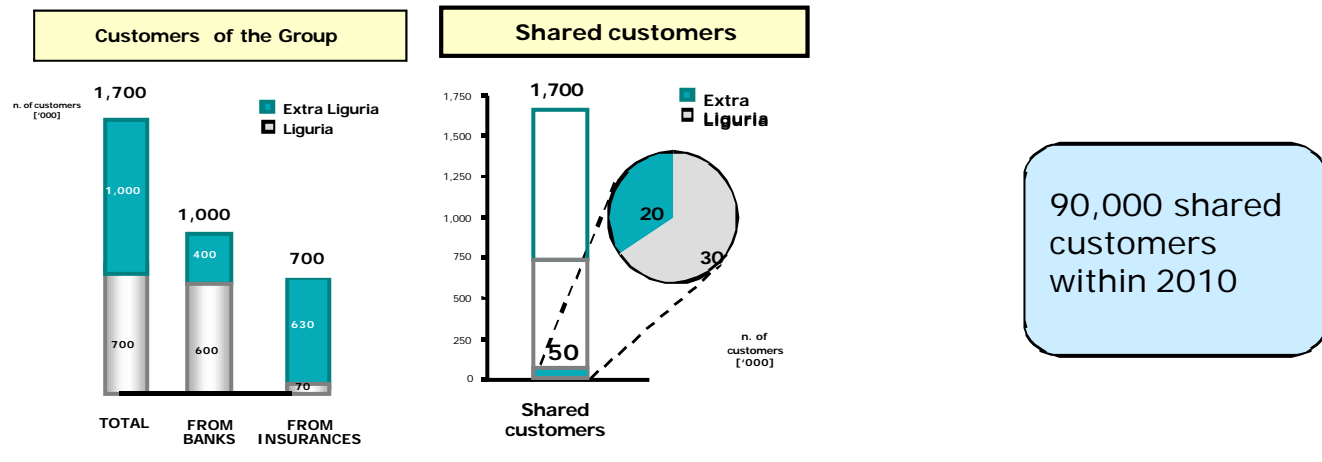
a high potential still to exploit, mainly outside Liguria

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





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