

BANCA CARIGE

Cassa di Risparmio di Genova e Imperia

Alfredo Sanguinetto, General Manager

"SMALL BANKS THINK BIG"

Milan, 8 February 2005



Agenda

Carige's project: history and results

The 2005-2007 Business Plan

The 2005 Budget and the adoption of IAS' effects

Carige share performance

Conclusions



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PARLANO LE AZIONI

Carige celebrates the tenth anniversary of listing: ten years of success.

The confidence placed in the Bank by the 40,000 shareholders has made the share price triple, from €1 to €3. This, means, considering the annual dividends, an average return of ~16% p.a. per year.



Today Carige is one of the main Italian banking groups, with ~1,000 points of sale. It includes five banks, two insurance companies and an asset management company.

For these reasons our share was ranked (by "Il Mondo") as one of the 30 most reliable shares in the world.

Banca Carige
dieci anni in Borsa
dieci anni
di successi

dati presentati agli Analisti finanziari il 24/11/2004. Per total return si intende capital gain + dividend yield

Banca Carige oggi conta 40.000 azionisti che le danno fiducia. Una fiducia che nel decennio ha fatto triplicare il valore delle azioni, da 1 a 3 euro, con un rendimento medio annuo (total return) del 16,1%.
Oggi Carige è uno dei principali gruppi bancari italiani, con cinque banche, due società assicurative, una società di gestione del risparmio e quasi 1.000 punti vendita in tutta Italia.
Per questo il nostro titolo è stato classificato fra i 30 più solidi al mondo (classifica de "Il Mondo" 1/10/04).

Buon anniversario, Banca Carige.



BANCA CARIGE

Historical evolution

Indipendence through growth

1483 - 1989

1990 - 1998

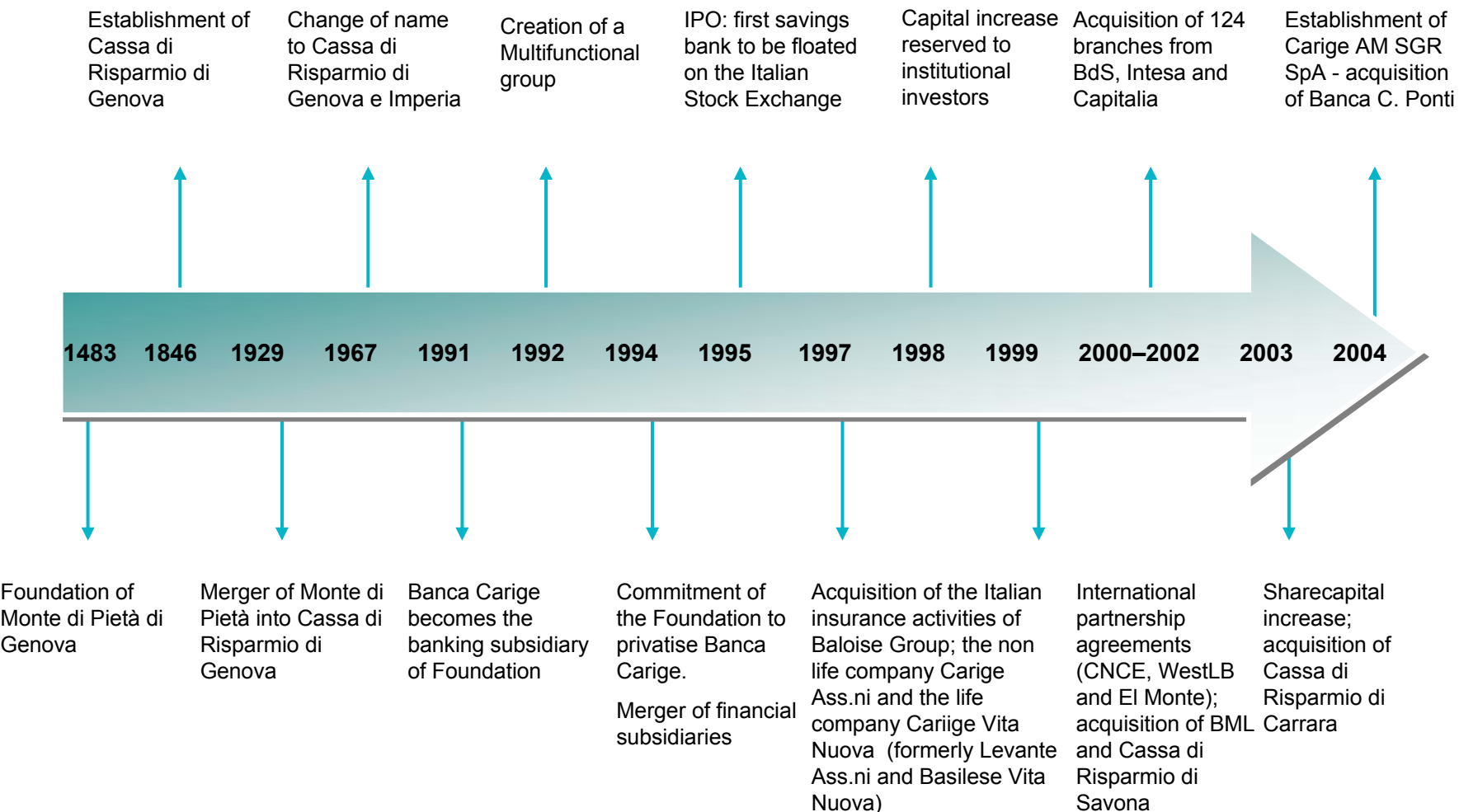
1999 - 2003

*A long history
of one of the
oldest banks in
the world*

*Capital base
strengthening and
opening to new
shareholders:
from savings bank
to stock company*

*Expansion and
diversification:
from a regional to
a local network
and from a bank to
a financial
conglomerate*

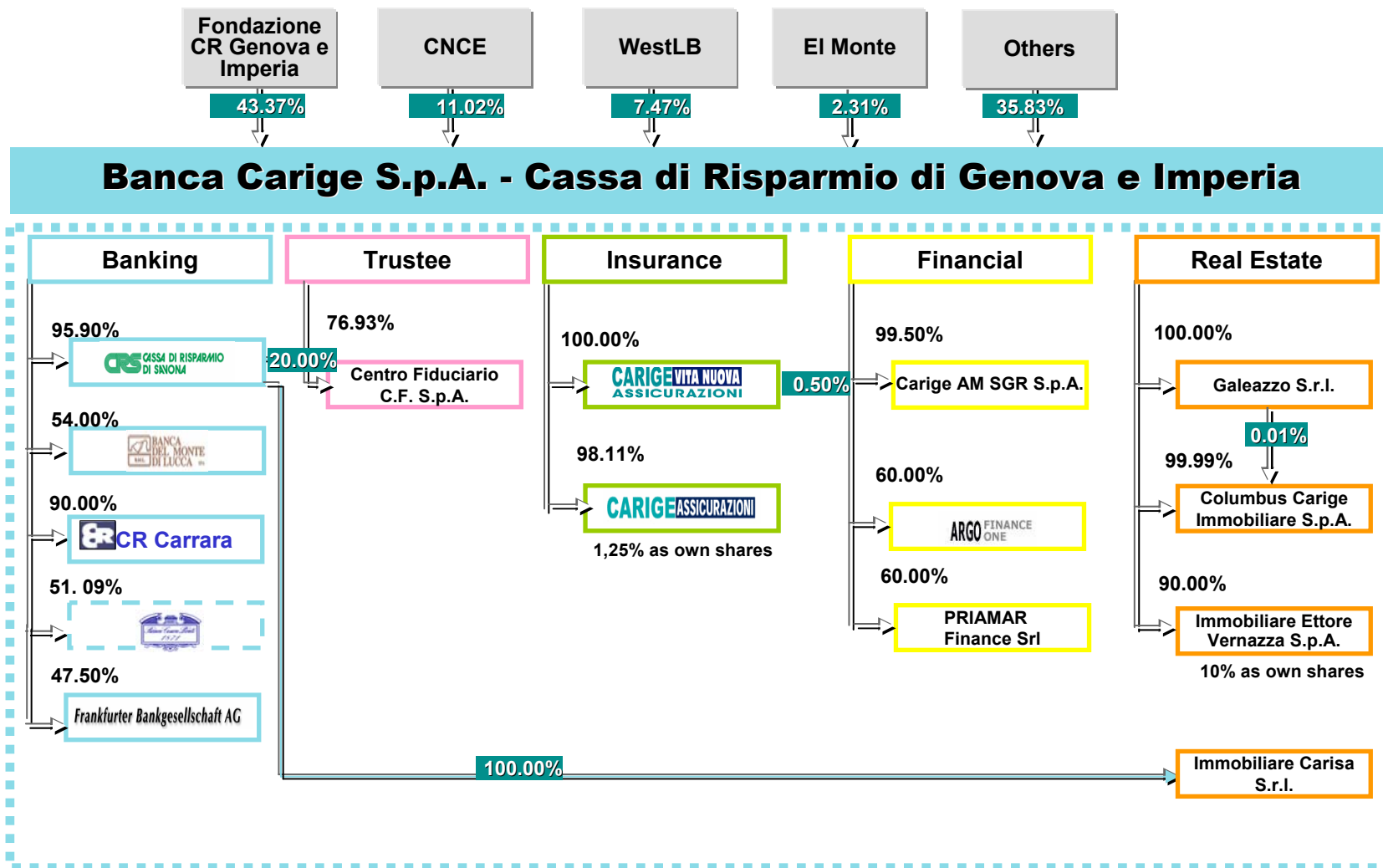
Carige Group's steps



M&A activity

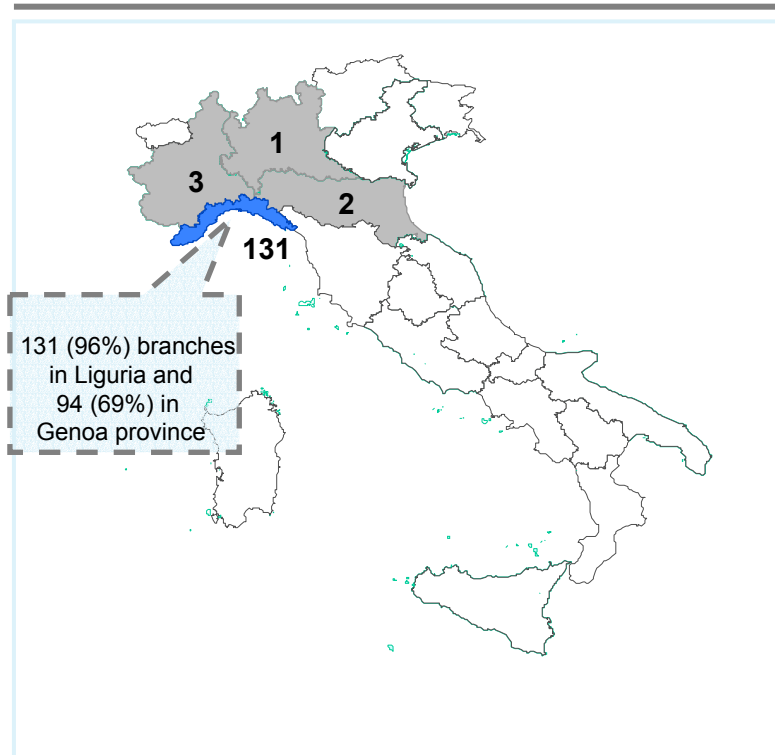
Year	Capital cash flows	Amounts millions of euros	Year	Investments	Amounts millions of euros.
1994-95	IPO	105	1993-95-99	Cassa di Risparmio di Savona	225
1996-97	Bond conversion into new shares	61	Dal 1991 al 2004	Insurance companies	290
1997	Capital increase underwritten by La Basilese	46	1999 - 2002	Banca del Monte di Lucca	63
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	Capital increase and issue of subordinated convertible bonds	306	2003	Cassa di Risparmio di Carrara	176
			2004	Banca Cesare Ponti	38
Total		1.270	Total		1.256

The structure of the Group

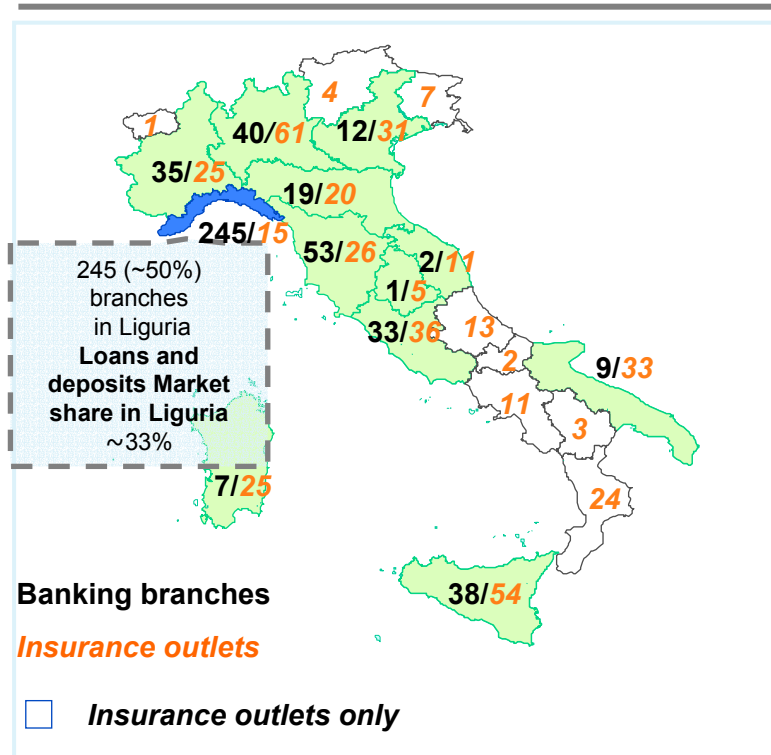


Expansion of Carige in Italy in the period 1989-2004

1989



31/12/2004



Branches Employees Regions Provinces

	Branches	Employees	Regions	Provinces
Bank	137	2,962	4	8

Branches/ outlets Employees Regions Provinces

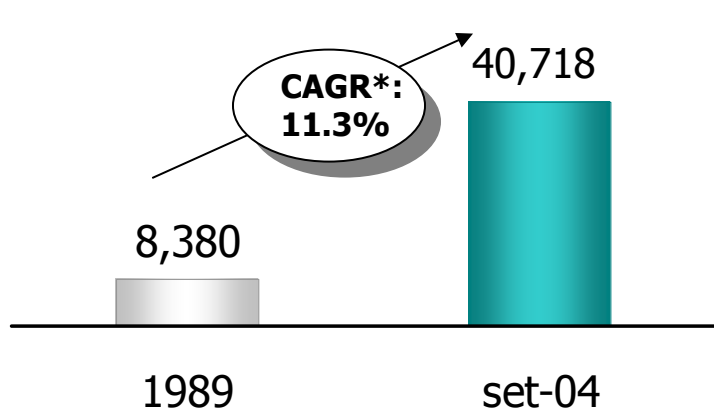
	Branches/ outlets	Employees	Regions	Provinces
Banks (*)	495	4,788	12/20	55/103
Insurances (**)	407	384	20/20	98/103
Group	902	5,172	20/20	99/103

(*) Nice (France) included.

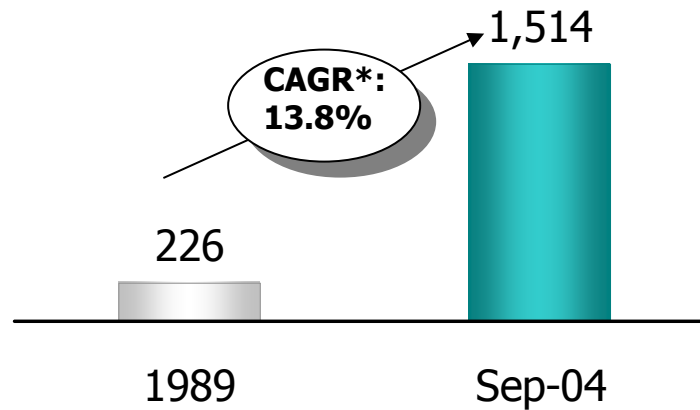
(**) Data at 30/9/2004.

Carige Group results(1989-2004)

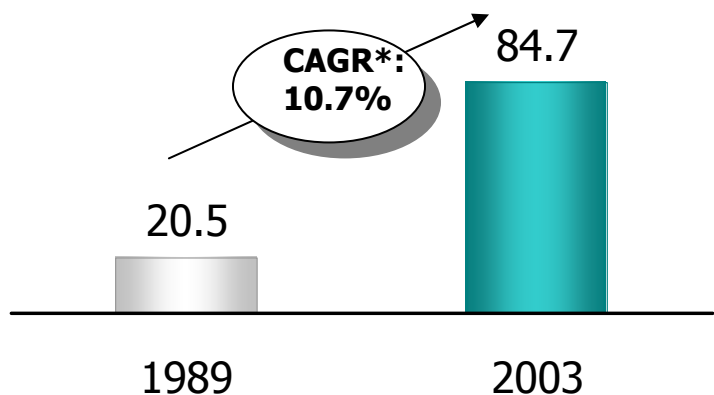
Total intermediation



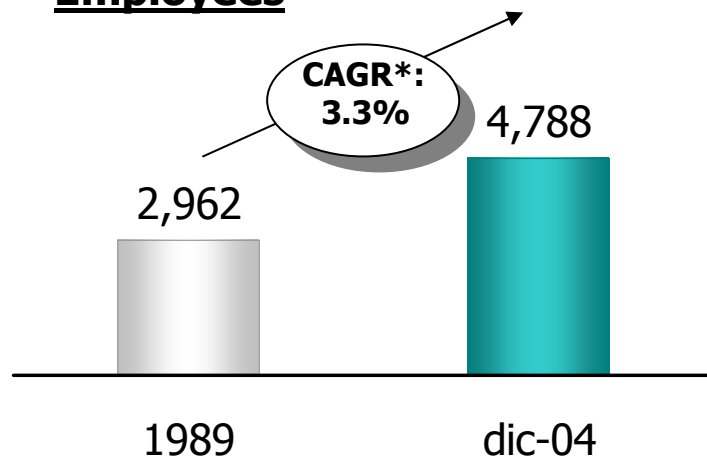
Capital and reserves



Net income



Employees





Carige Group ranking

Total assets	17°
Total intermediation from customers	18°
Shareholders' equity	13°
Employees	16°
Branches	14°
Net Income	16°



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Future evolution

Independence through growth

1990 - 1998

1999 - 2003

2004 - 2007

Capital base strengthening and opening to new shareholders:
from savings bank to stock company

Expansion and diversification:
from a regional to a local network and from a bank to a financial conglomerate

Rationalisation and profitability enhancement

Our mission

The strategic objective of Carige Group is to become a **national** financial **conglomerate** equipped to provide banking, financial, insurance and pension solutions establishing strong ties with **local markets**, able to differentiate in the **quality of service** through an **integrated multi-channel** distribution system and the quality of **resources and structures**.

Conglomerate

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

National

- Stronghold in Liguria
- Out of Liguria it distinguishes itself for the attention to the relationship with local communities

Quality of service

- Focus on retail
- 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

The core priorities of the 2005-2007 Strategic Plan

Strengthening of operating efficiency and profitability enhancement

- **Profitability enhancement** of each business area (lending, wealth management, payment system, insurance)
- **Profitability enhancement** of banking and insurance **subsidiaries**

Growth through productivity improvement

- Increase of **volumes** per employee:
 - cross-selling and retention in Liguria
 - Rising of share market outside Liguria, also in synergy with insurance agents

Risk management

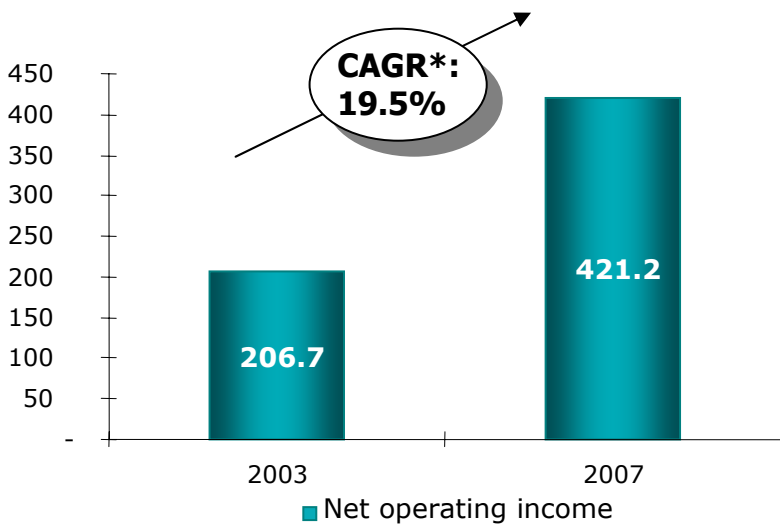
- Re-engineering of **business processes**
- **Control** of the economic impact of **risks**

Expected results

	2003	2007	CAGR*
CARIGE GROUP			
Total intermediation (€ bn)	38.2	48.2	6.0%
Net income(€ mn)	84.7	184.5	21.5%
Capital and reserves (€ mn)	1.504,0	1.730,0	3.6%
ROE	5.6%	10.7%	
Cost Income Ratio	69.4%	57.6%	
Tier 1 ratio	8.6%	8.8%	
Total capital ratio	11.7%	9.9%	
Capital in excess (€ mn)	267	279	1.1%
CARIGE BANK			
Total intermediation (€ bn)	32.0	40.2	5.9%
Net income(€ mn)	106.2	188.3	15.4%
Dividends	83.6	86.5	0.9%
Capital and reserves (€ mn)	1,606.0	1,883.0	4.1%
ROE	6.6%	10.0%	
Cost Income Ratio	65.0%	54.0%	
P/BV	1.73	1.99	
P/E	26.11	19.9	
EPS (€)	0.095	0.163	14.4%

*CAGR = compound annual growth rate

The Group's operating income



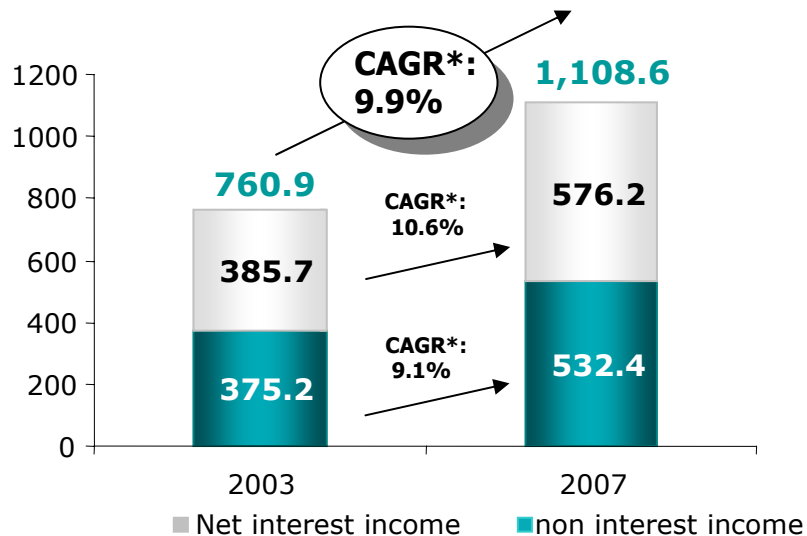
Cost income ratio

69.4%

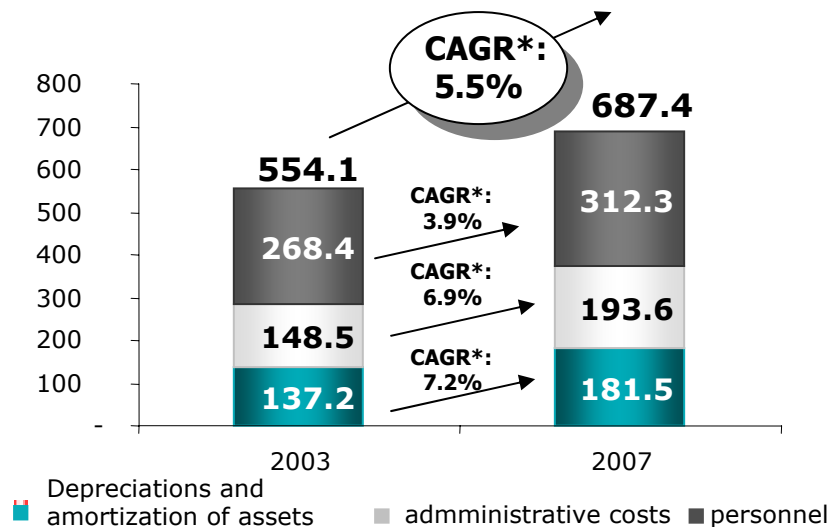


57.6%

**OPERATING
INCOME**



COSTS



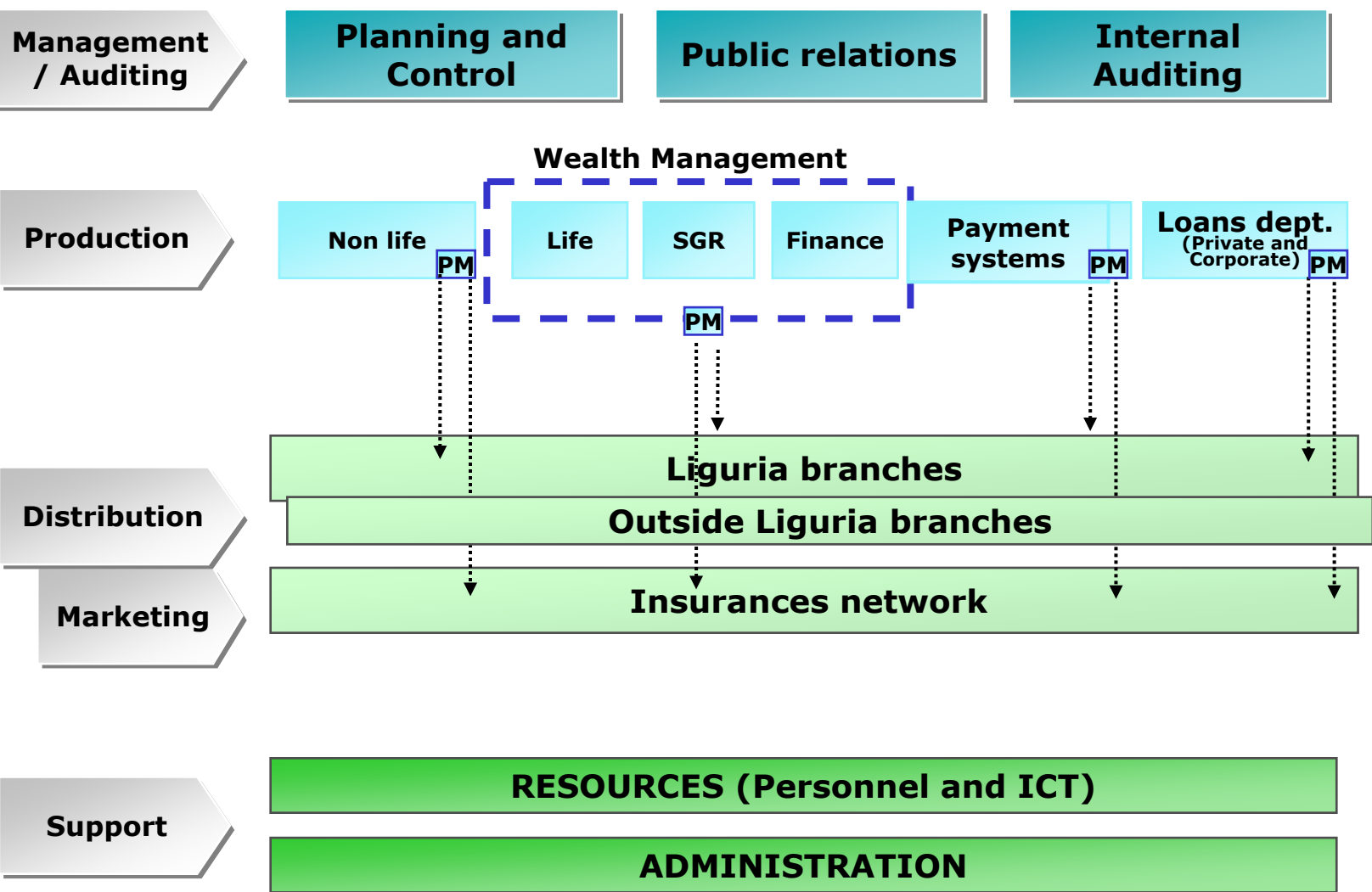
*CAGR = compound annual growth rate



The first steps

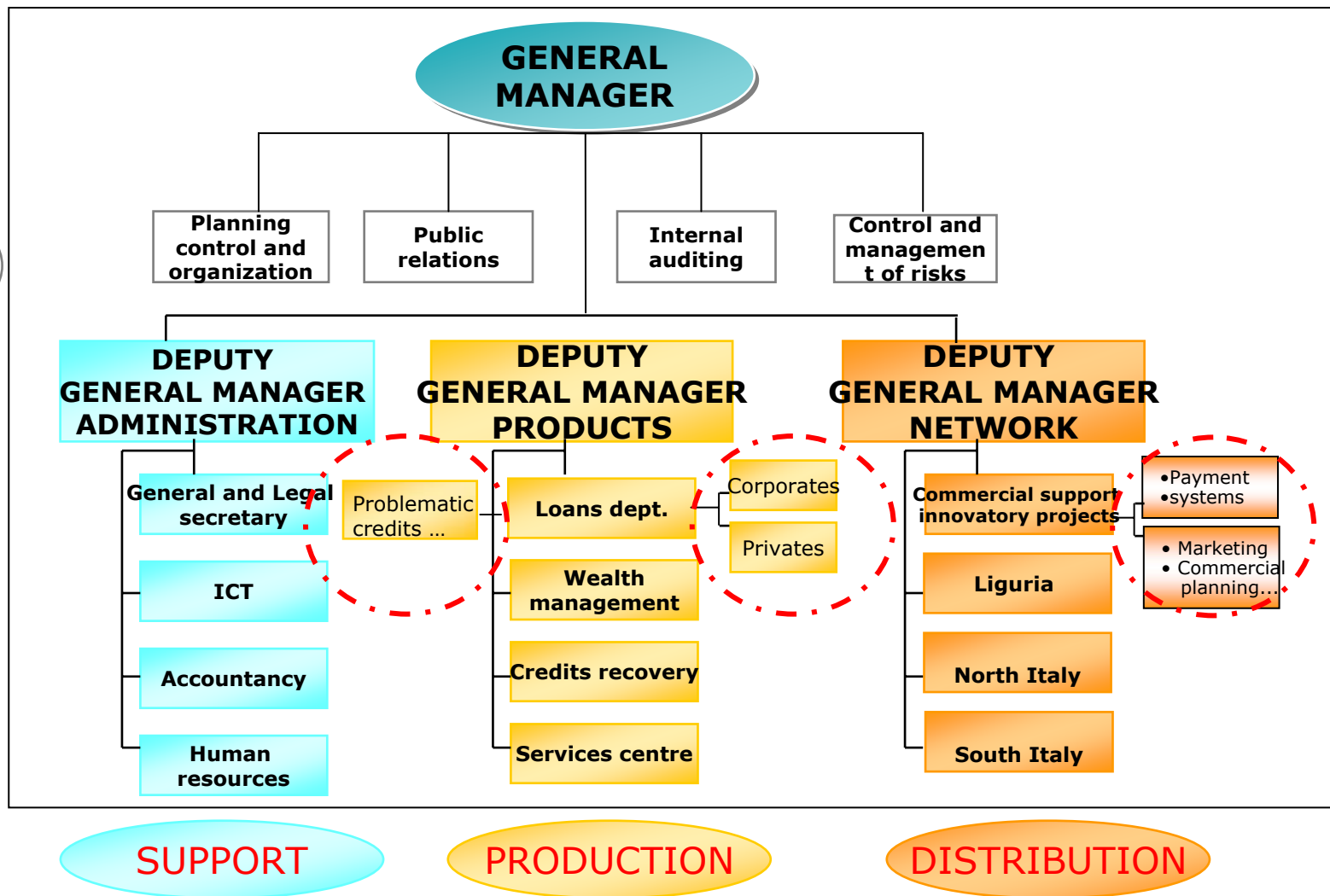
- In order to carry out the strategic plan some interventions have been put through aimed at:
 - re-defining the organizational structure
 - raising the revenues:
 - “Commercial strengthening” Project
 - Collaboration branches – insurance agents
 - cost savings

The new organizational structure



The new organization chart

PLANNING & CONTROL



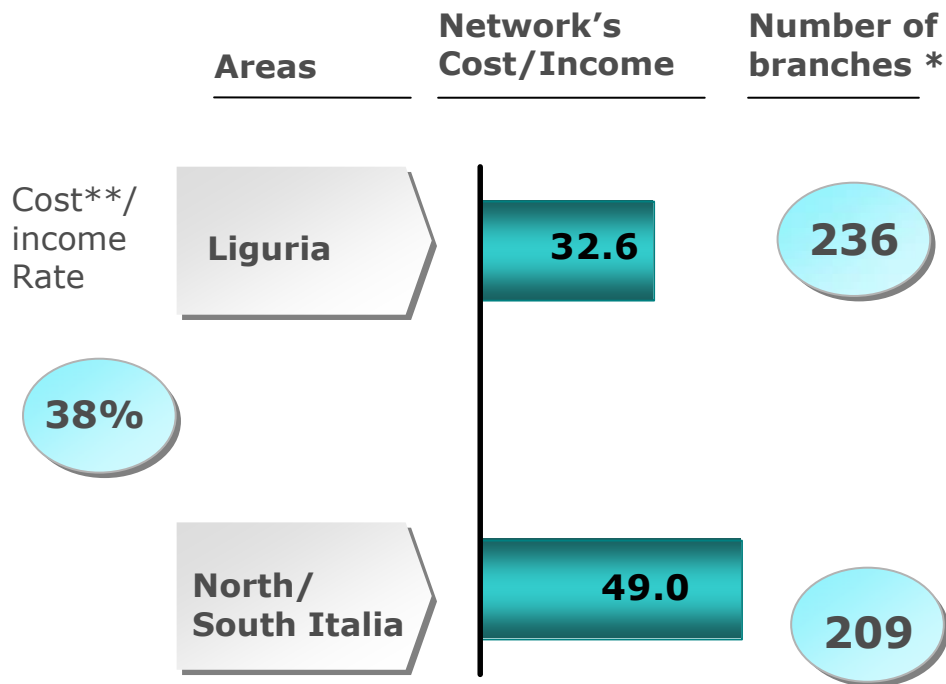
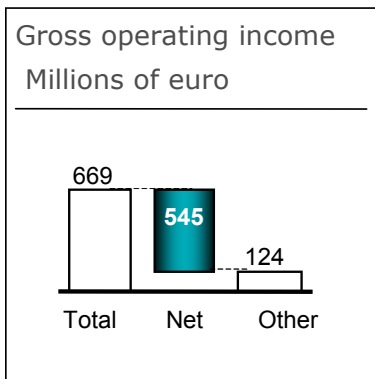
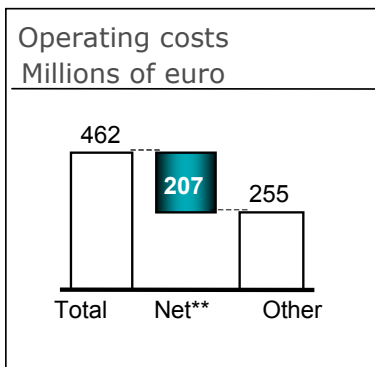


Income development

- Commercial strengthening program :
 - Analysis of the network
 - “Commercial strengthening” Project

- Collaboration branches-insurance agents :
 - Potential
 - Project phases
 - Results

Analysis of the network



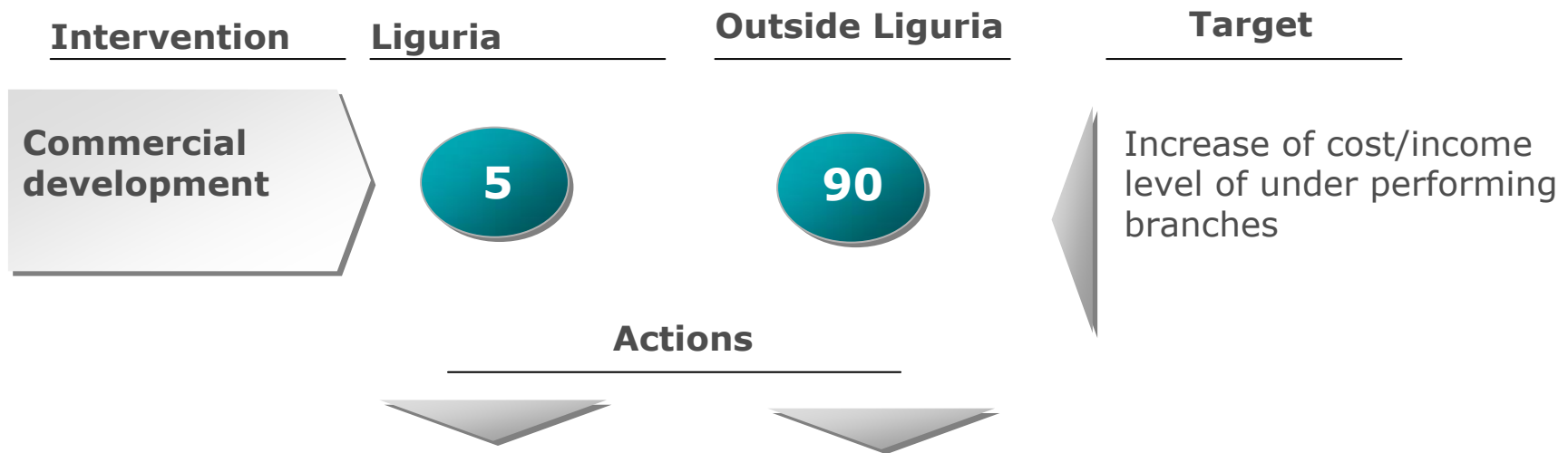
Certain branches have levels of **commercial performance** that have to be increased

* The analysis doesn't include Cassa di Risparmio Carrara and some other branches of the Group

** Direct operating costs (personnel + rent + other direct costs)

“Commercial strengthening” Project

On 95 of these branches the Bank has immediately concentrated its attention.



Actions of mere “chasing” to correct the (small) areas of inefficiency in specific situations

“Shock therapy” to turn the branches quickly to income

First results of the “Commercial strengthening” Project

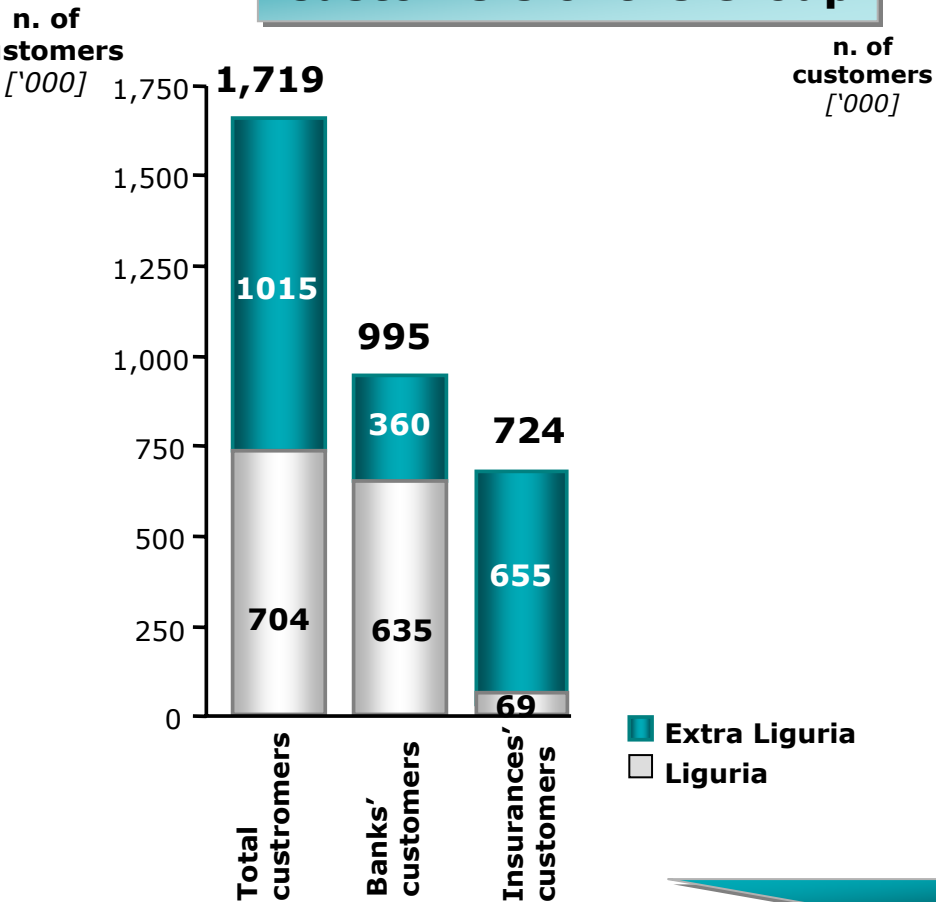
Phases	N. of branches	N. of dedicated resources	N. of branches' resources
First phase	30	15	42
Second phase	37	26	28
Third phase	28	12	23



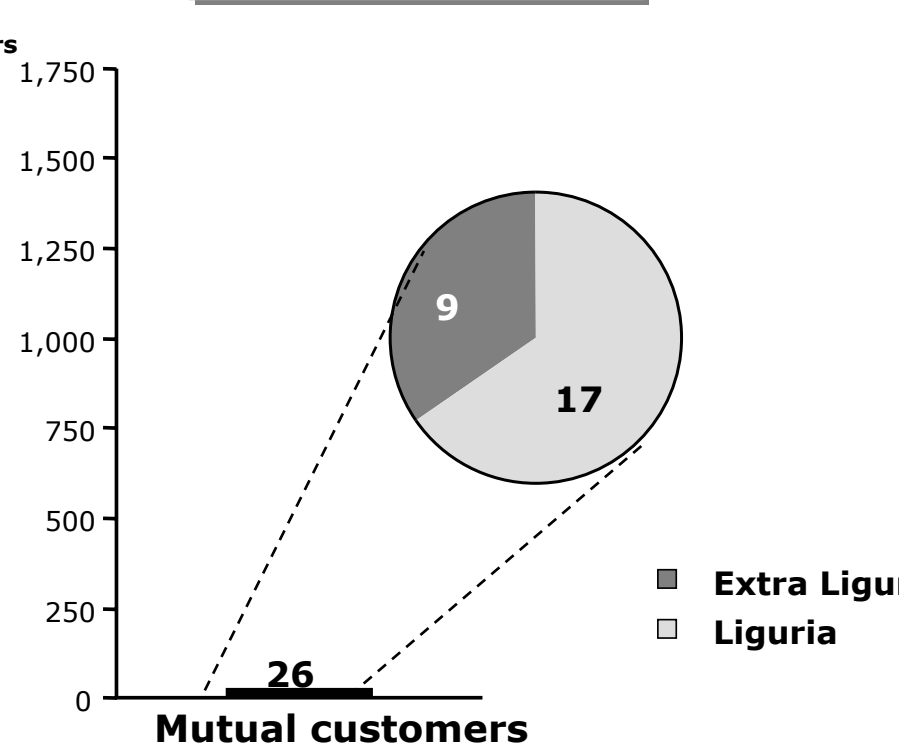
The results of the First Phase show a target of 74% for products and 72% for volumes development

Potential of the collaboration branches-insurance agent

Customers of the Group

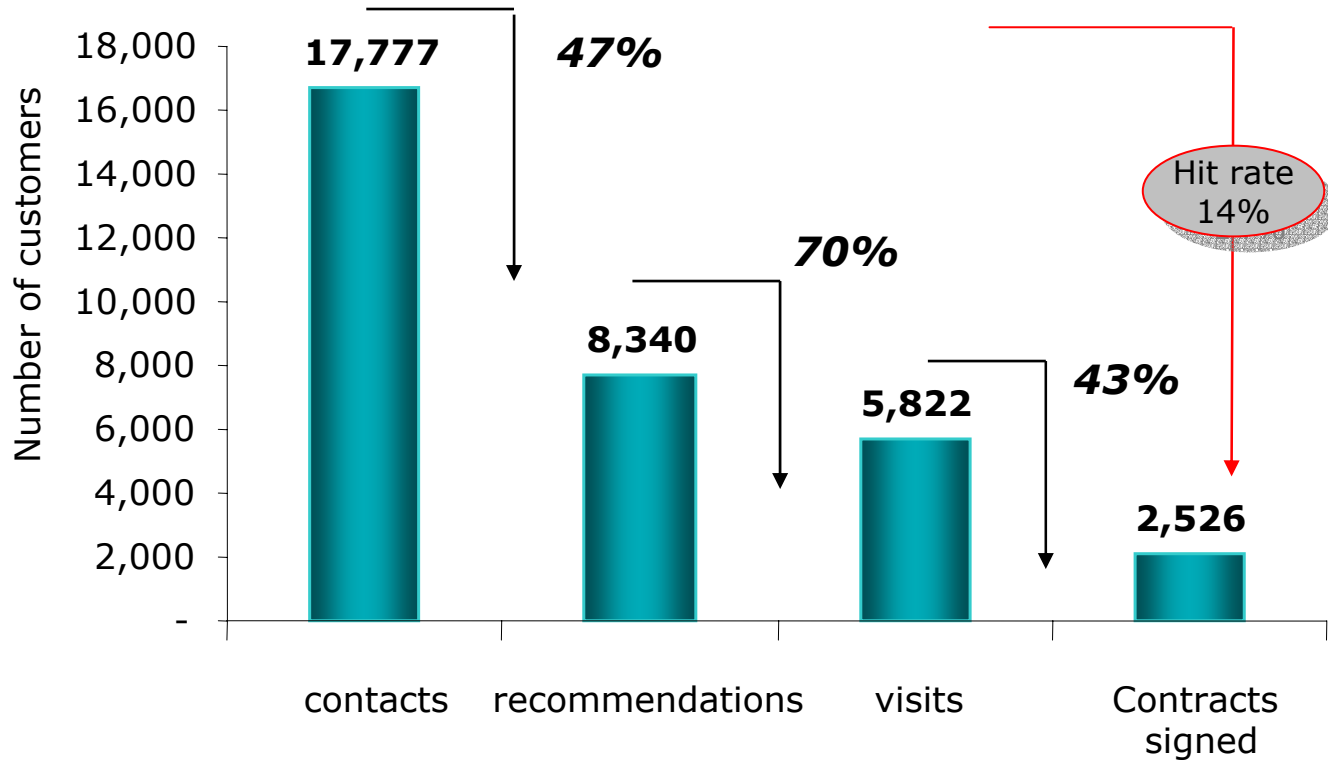


Mutual customers



There is a high potential to "exchange" the customers.

The results of the project



A 14 p.c. hit rate is very high, if compared to the average levels of any other sales campaign (2- 5%)



Objective of the projects

From the first phase of the project “Commercial strengthening” and the collaboration with the insurance agents we expect revenues of 40 million euro, half of which coming from the work with new customers.

In the next three years these projects will be gradually extended to the whole network.

The cost management - 1

New functions at a Group level

Cost Management

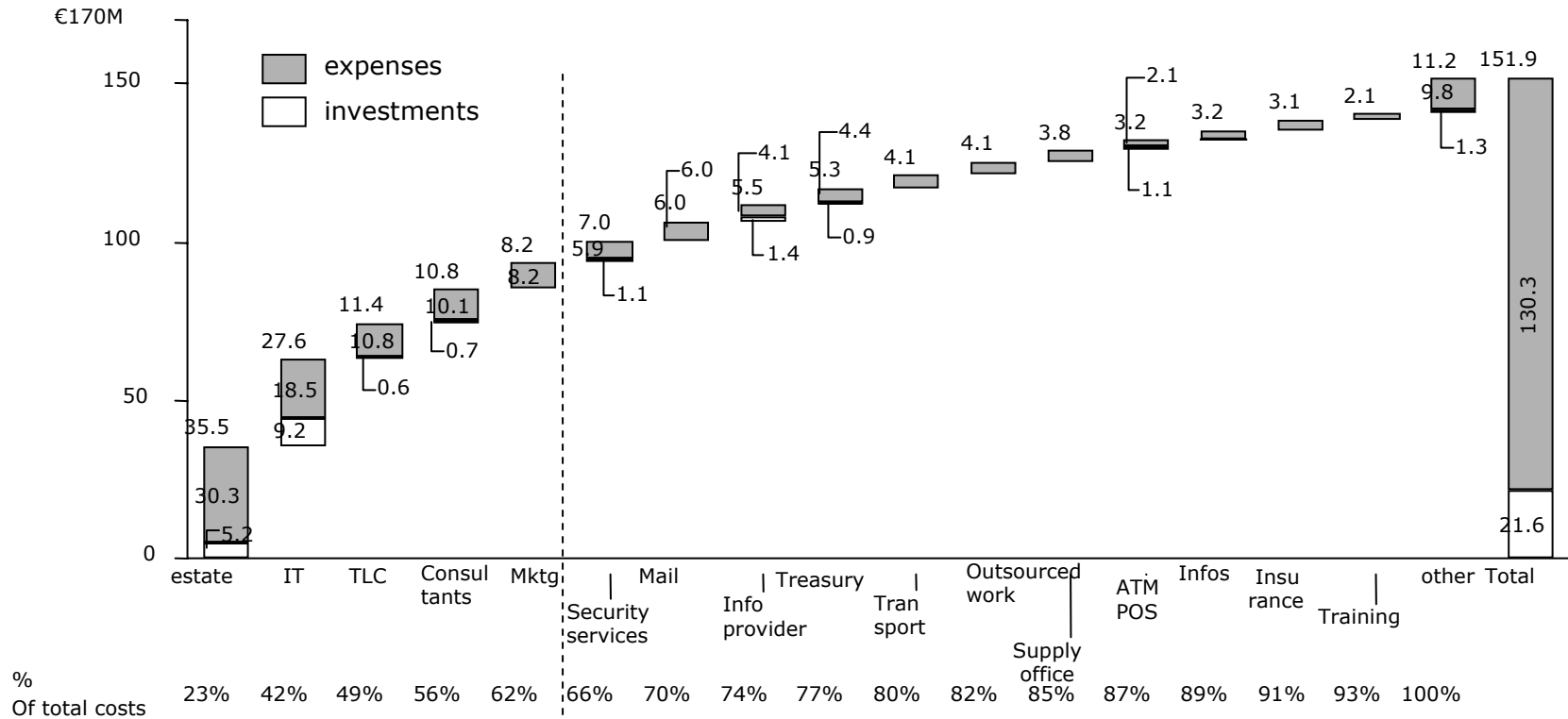
**Centralization
of the purchasing office**

Key activities

- Control of expense's levels
- Support to short and medium term planning
- Identifying of areas where savings are needed and possible
 - "Total Cost of Ownership"
 - Process Reengineering
- Management of deals and purchases
- Inside and outside benchmarking
 - prices
 - service
- Price/volume analysis
- Zero based costing

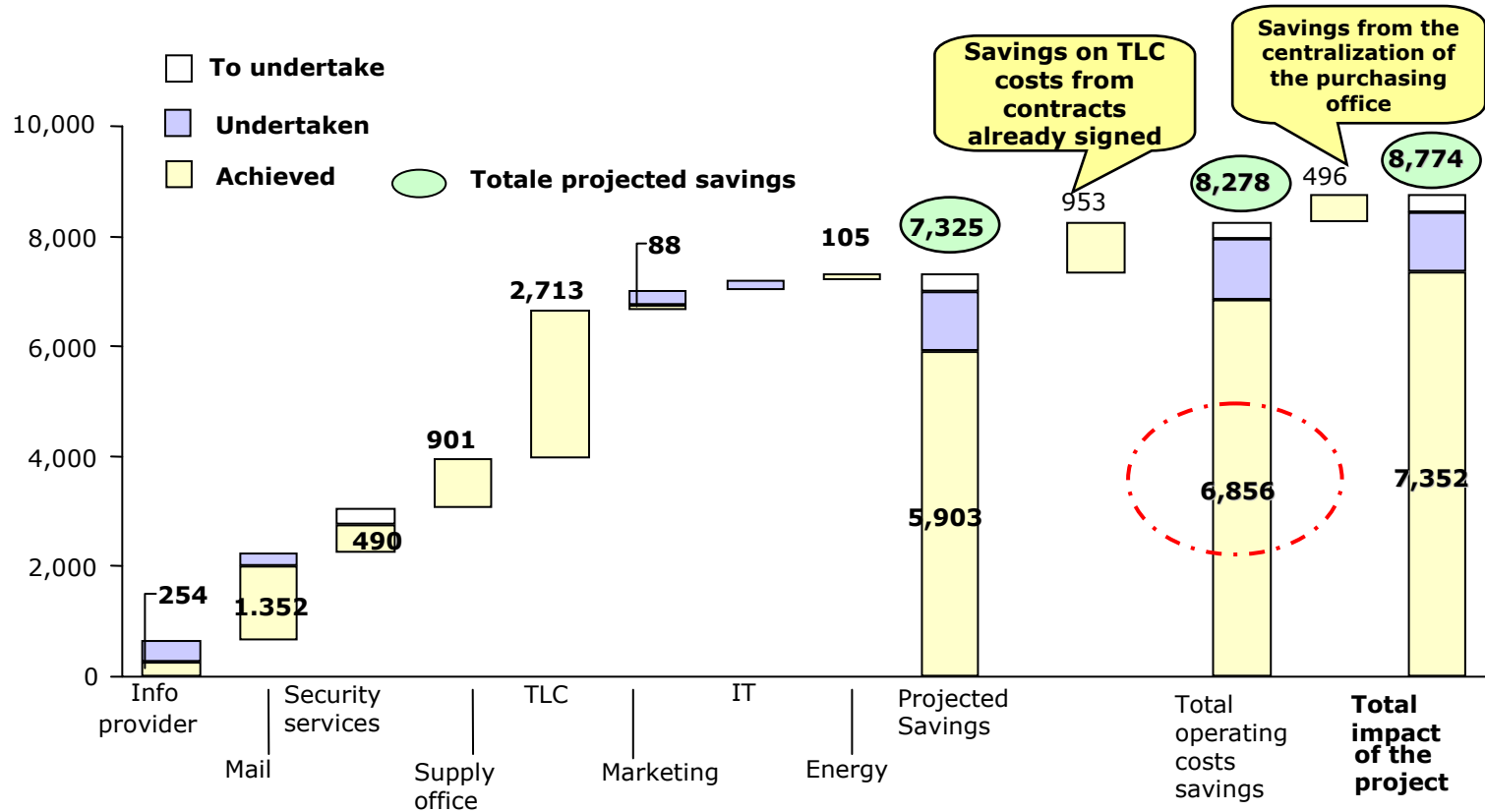
Two organizational units were created to manage the Group's operating costs

Total cost of ownership



Total Cost of Ownership: the costs have been classed in 20 classes: the first 5 ones represent over 60 p.c. of total costs.

The first results of the cost management



All the interventions have been started and 84 p.c. of the projected savings have been achieved



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2005 Budget Guidelines -1

The 2005 budget has been planned in concordance with the bank's "mission" and the guidelines of the 2005-2007 business plan. During the current year the following actions will be taken:

- Increase of volumes per employee according to the project "Market Strengthening" and development of commercial synergies with the insurance network.
- Increasing returns from each business area, particularly from the new asset management subsidiary, established on 2004, the development of the payment system and consumer credit



2005 Budget Guidelines -2

- Profitability enhancement of subsidiaries, following the full integration of Cassa di Risparmio di Carrara and Banca Cesare Ponti
- Improvement of the bank's efficiency, through positive returns from the efficiency policy established in 2004 with the constitution of a central purchasing unit and cost management unit.
- Internal rating system activation aiming at risk cost control and improvement of the credit pricing.
- Setting up of the bank structure, particularly the Human Resources (turnover , training, new employees integration, development plans) and investments in IT

Impact of the adoption of IAS

On the basis of the first assessment, Carige Group should take advantage from the adoption of IAS both in net income and in capital and reserves.

TIER 1 should raise from 7.2 p.c. to 7.7 p.c. (+ 50 b.p.), even excluding the potential appreciation of the shareholding in the Bank of Italy (~ €547 million).

Dati in € M.ni

	Simulation Carige on 1st half 2004 data
Net income	47,8
IAS net income	54,4
Change %	13,9%
Capital and reserves	1.568,7
IAS Capital and reserves	2.172,7
Change %	38,5%
Tier 1 (%)	7,2%
IAS Tier 1 (%)	12,2%
Change	500
IAS Tier 1 (%) (without the shareholding in Bank of Italy)	7,7%
Change	50



Carige's project: history and results

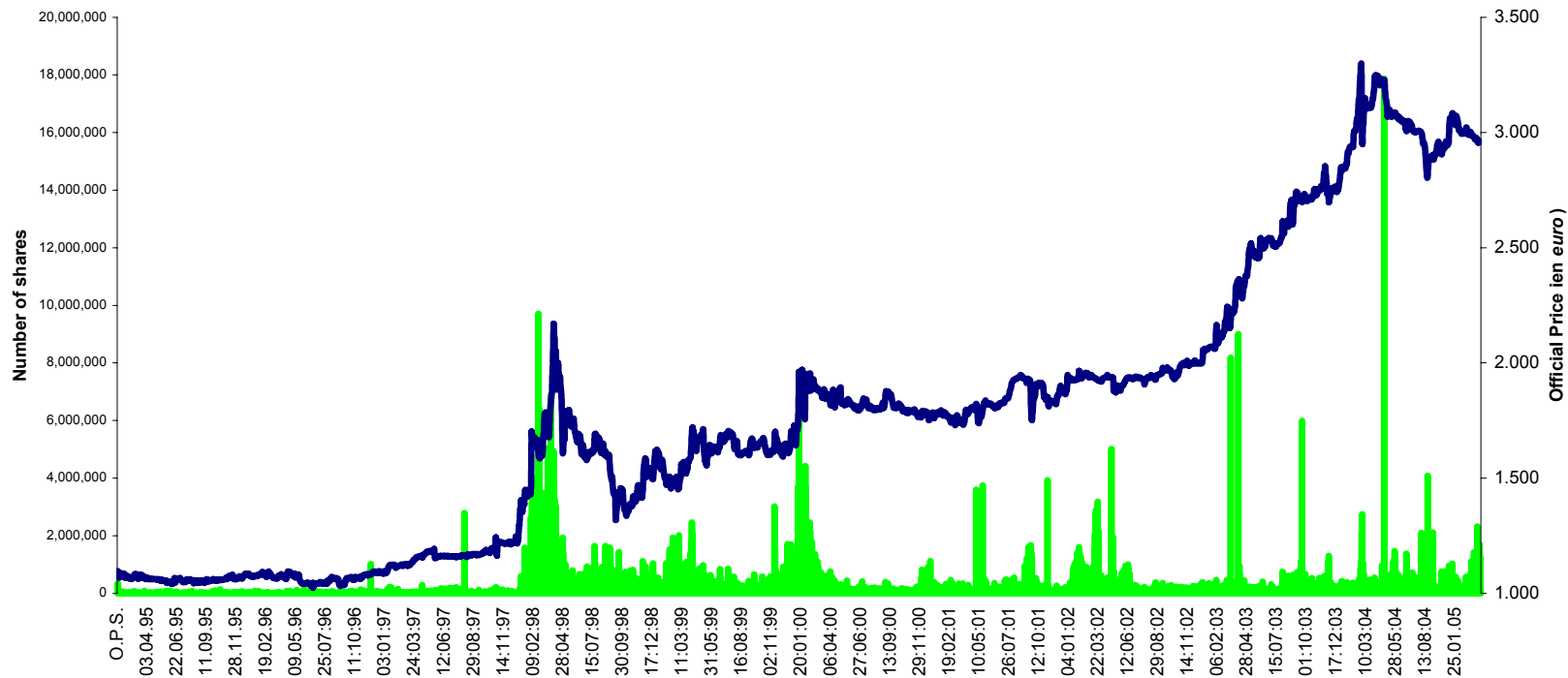
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Ordinary shares



Market capitalization: ~ €3,3 bn

Annual average yield per ordinary share since 1994

Capital gain (a)	11.5%
Dividend Yield (b)	4.3%
Total Return (a+b)	15.8%

Price 25/01/2005 (2.917 €)

A survey of "Il Mondo" of 1st October 2004 on the performances of 1,288 shares listed on the most important world markets (*) in the period 2000-2004 stated that carige is **one of the 30 most reliable shares** in the world.

(*) Mibtel, Dow Jones Eurostoxx, Smi Zurich, Ftse 100 London, Nasdaq 100 and S&P 500.



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Conclusions - 1

- The “**2005 -2007 Business Plan**” follows the strategical path outlined in the Nineties which started up a strong stand - alone growth and let the bank gain an important position in the italian banking system.
- The strategic objective of Carige Group is to become a **national financial conglomerate** equipped to provide banking, financial, insurance and pension solutions establishing strong ties with **local markets**, able to differentiate in the **quality of service** through an **integrated multi-channel** distribution system and the quality of **resources and structures**.



Conclusions - 2

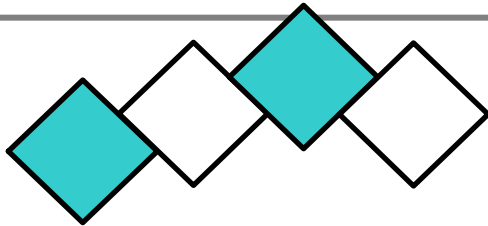
- The guiding thread of the next three years is to make the investments made in recent years (acquisition of banks, insurance companies and branches) more profitable and to achieve higher levels of efficiency
 - enhancing the **profitability** of each **business area**;
 - enhancing the **profitability of subsidiaries**;
 - **increasing volumes** per employee
 - cross-selling and retention in Liguria
 - Rising of share market outside Liguria, also in synergy with insurance agents

 - **Re-engineering** the business **processes**;
 - **Controlling** the economic impact of **risks**.



Conclusions - 3

- In the next three years we expect the **ROE** to raise from 5.6 p.c. to 10.7 p.c. and the **cost income ratio** to fall from 69.4 p.c. to 57.6 p.c.
- On the basis of the first assessment, Carige Group should take advantage from the adoption of **IAS** both in net income and in capital and reserves.
TIER 1 should raise from 7.2 p.c. to 7.7 p.c. (+ 50 b.p.), even excluding the potential appreciation of the shareholding in the Bank of Italy (~ €547 million).



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Cassa di Risparmio di Genova e Imperia

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