



Carige's project: history and results

The 2005-2007 Business Plan

The adoption of IAS and 1H 2005 results

Carige share performance

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 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



- Specialisation 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**
- **Cost Management**

Growth through productivity improvement

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

Risk management

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

Expected results

2004

2007

CAGR
07-04

CARIGE GROUP

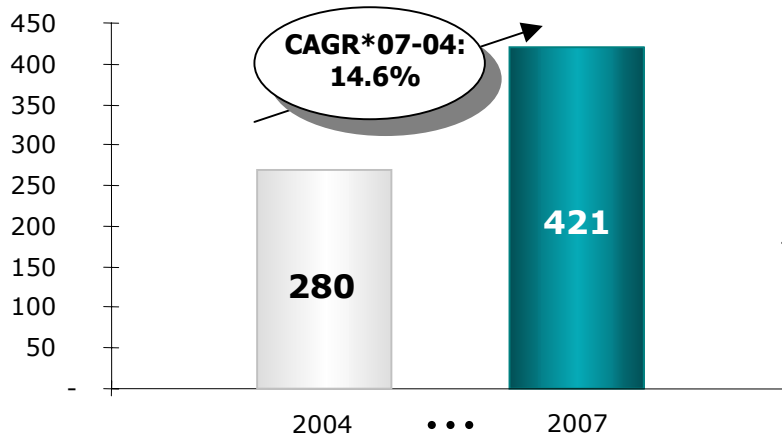
Total Intermediation (€ bn)	41.8	48.2	4.8%
Net profit (€ mn)	100.9	184.5	22.3%
Capital and reserves (€ mn)	1,500	1,730	4.9%
ROE	6.7%	10.7%	
Cost Income Ratio	65.1%	57.6%	
Tier 1 ratio	7.4%	8.8%	
Total capital ratio	9.6%	9.9%	
Capital in excess (€ mn)	204	279	11.0%

CARIGE BANK

Total Intermediation (€ bn)	34.3	40.2	5.3%
Net profit (€ mn)	107.5	188.3	20.5%
Dividends	83,6	86,5	1.1%
Capital and reserves (€ mn)	1,622	1,883	5.1%
ROE	6.6%	10.0%	
Cost Income Ratio	61.6%	54.0%	
P/BV	2.07	1.99	
P/E	31.29	19.9	
EPS (€)	0.097	0.163	18.9%

The Group's operating income

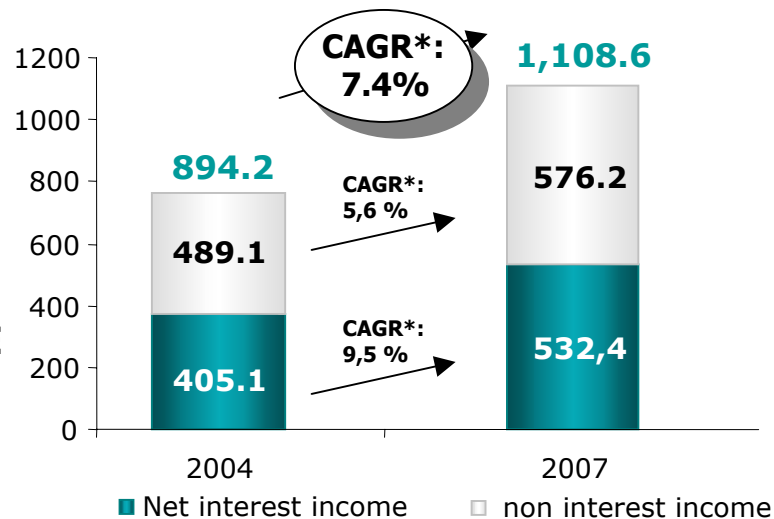
Net operating income



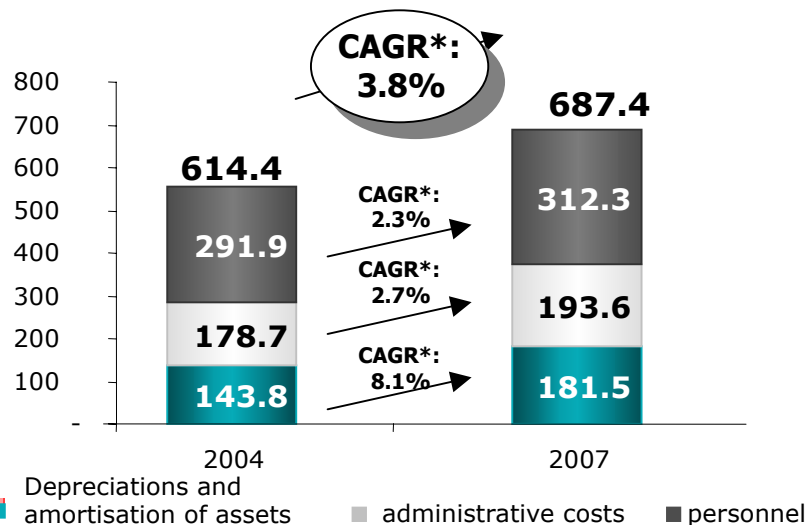
Cost income ratio

2004	...	2007
65.1%	...	57.6%

OPERATING INCOME



COSTS



*CAGR = compound annual growth rate



New Openings 2005-2009

- In addition to the Strategic Plan, the Group has drawn up a plan to increase the number of its branches between 2005 and 2009. The ***new branches will be localised in the regions next to Liguria*** (Lombardia, Piemonte, Emilia Romagna, Toscana), in order to enforce the brand where it already exists.
- The Plan foresees ***82 openings*** (59 with Carige brands and 23 with brands of the other banks of the Group).
- The localisation of the new branches responds to two main principles:
 - *market attractiveness*: client potential, competition.
 - *achievement of a minimum market share*: in the most attractive areas, we have selected those where the new openings allow us to achieve a market share of 5 p.c., which we consider to be the minimum (market share) to grant a sufficient presence to develop the business.



Main Projects of Business Plan 2005-2007

In order to achieve the goals of Business Plan 2005-2007 Banca Carige has implemented these projects:

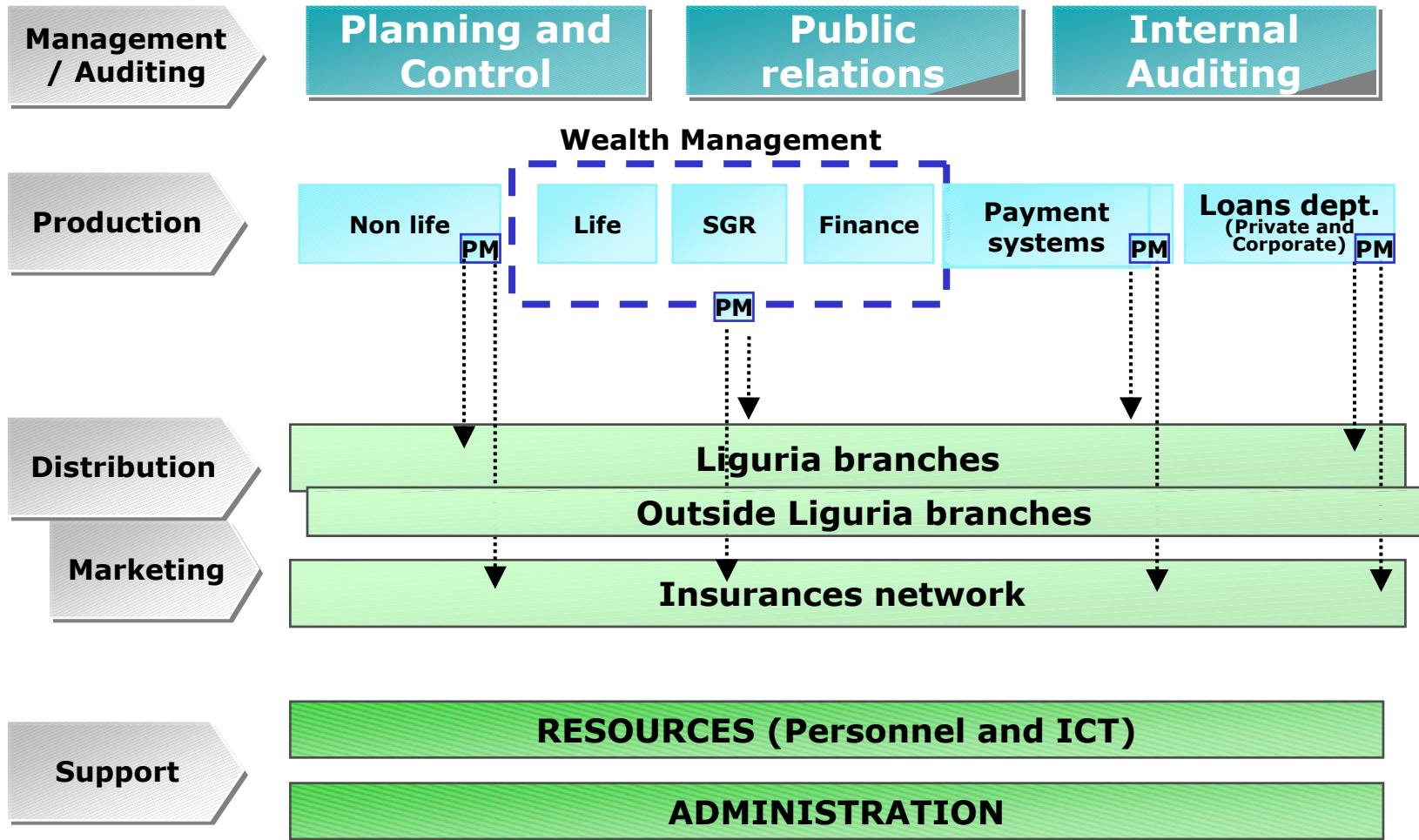
- **Re-definition of the organisational structure**
- **Commercial strengthening program**
- **The enforcement of the collaboration “branches - insurance agents”**
- **Liguria project**
- **Cost management program**



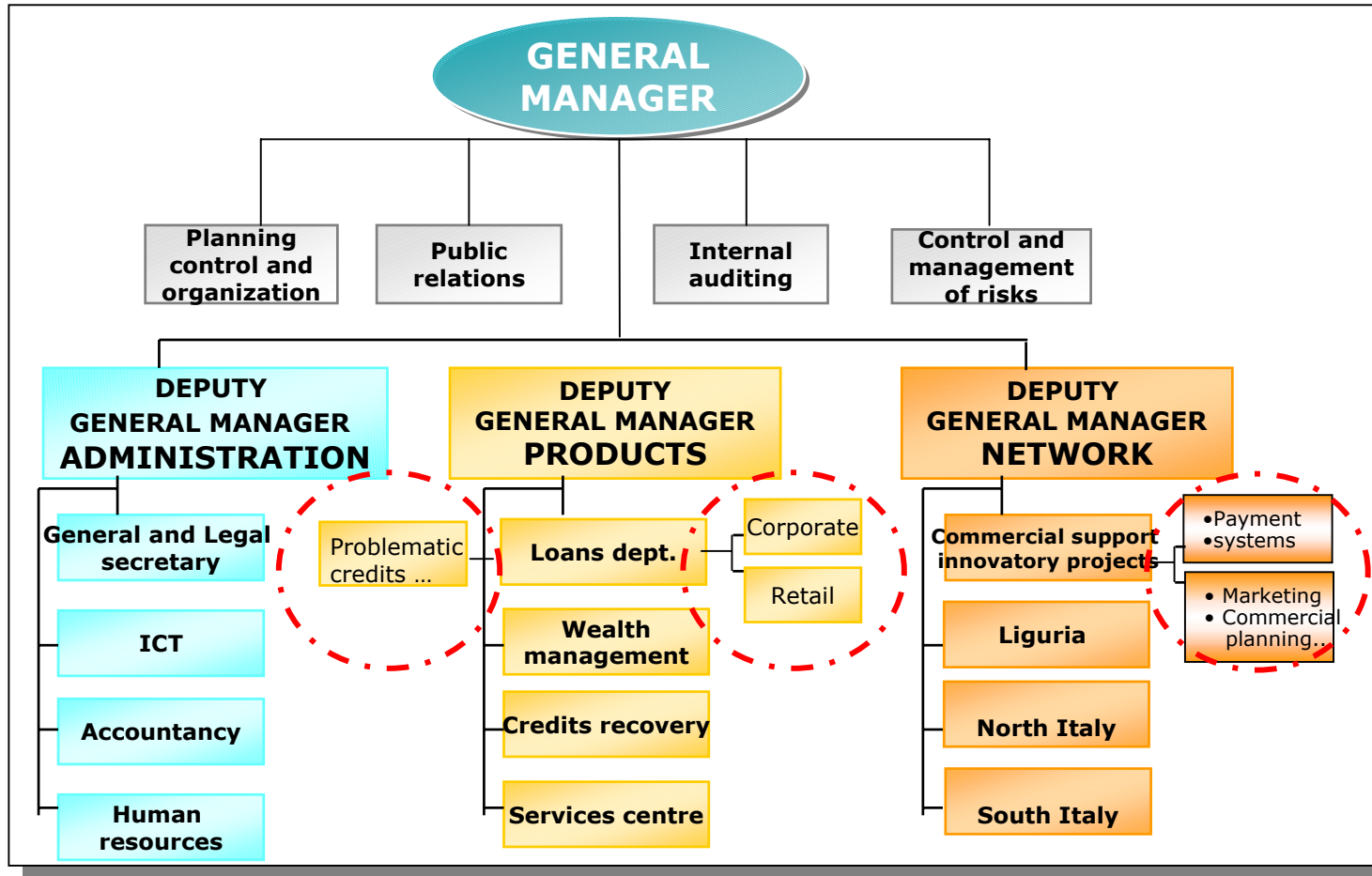
Main Projects of Business Plan 2005-2007

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The new organisational structure



The new organisation chart



PLANNING & CONTROL

SUPPORT

PRODUCTION

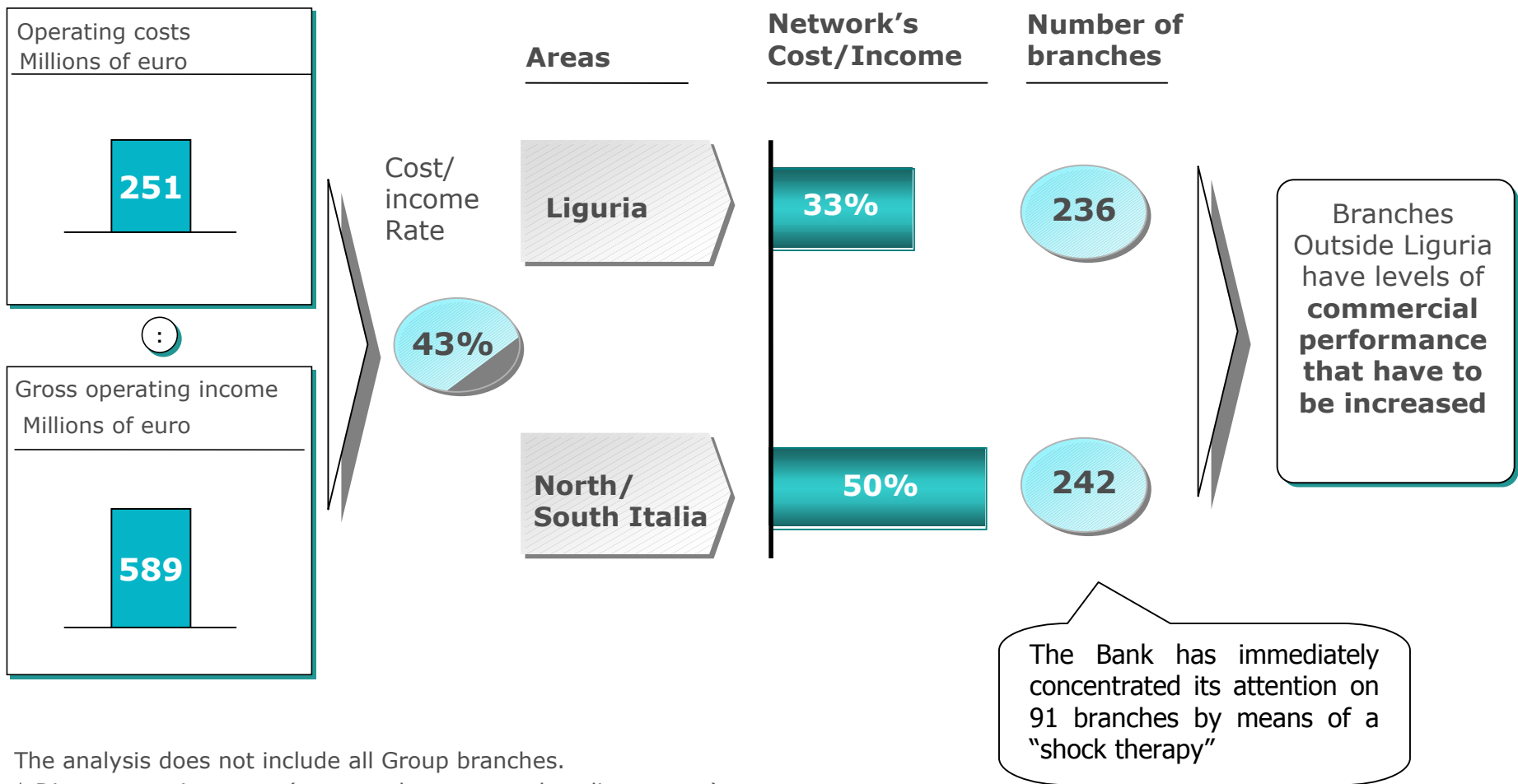
DISTRIBUTION



Main Projects of Business Plan 2005-2007

- **Re-definition of the organisational structure**
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Analysis of the network



The analysis does not include all Group branches.

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



Aims of the project

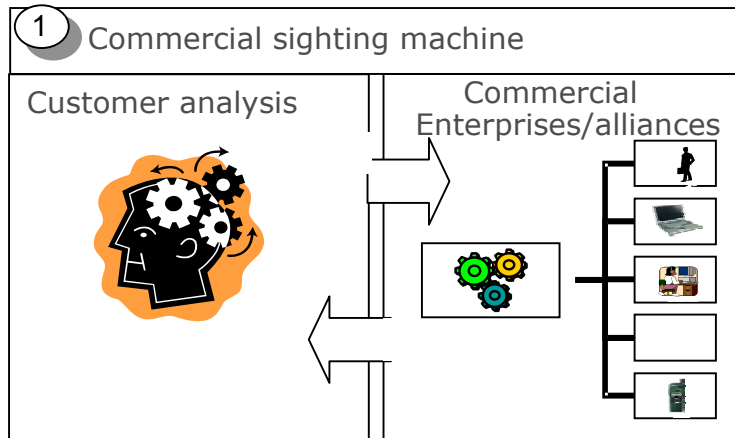
The commercial strengthening program of the network sets two macro-targets

- Ensure the attainment of the commercial plan targets, allowing both short term results and the achievement of system levels (cost/income of every branch of intervention <50%)
- Carry out the organisational conditions (**structure, skills and systems**) to permanently support the Network in further commercial development of the Group (**“selling more and selling better”**)

Key themes of the project

1.1 Creation of a customer analysis system that, for homogeneous **customer clusters**, identifies:

- the financial needs of the target customers to be filled
- the possible gaps between current and potential supply

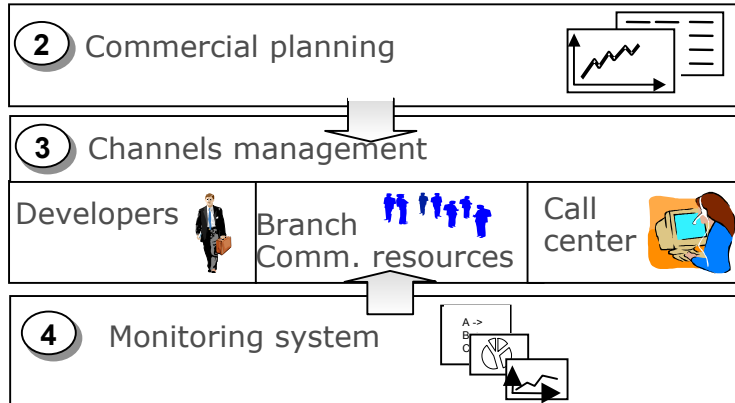


1.2 Identification of **commercial initiatives / alliances on the target customers** (existing and new) to support and direct the commercial activity of the network through

- creation of target customers lists
- indication of the commercial approach to follow

3 Introduction of **dedicated sale channels**

- Branch commercial resources dedicated entirely to the development of the existing customers
- Developers dedicated to the activity of acquisition of new customers
- Supporting out-bound call center



2 Introduction of a tool that provides the branches with a **structured method** for the attainment of the targets and the work planning

4 Construction of a **commercial trend monitoring system** with the target:

- to help the network to analyse and to upgrade the effectiveness of the commercial action
- to improve head office validation and tuning and commercial initiatives

Identification of target customers

Target customers

Identifying the target customers

Commercial approach

Existing customers

Through customer segmentation in homogeneous groups by financial needs / products in portfolio

Sales activity structured by commercial initiatives developed by the central structures, identifying the products to boost / the supply package for the segments of target customers

New customers

Through the combination of 3 approaches:

- External targeted lists
- Internal referrals
- Alliances with third parties

Sale activity highlighted on a limited set of attack products

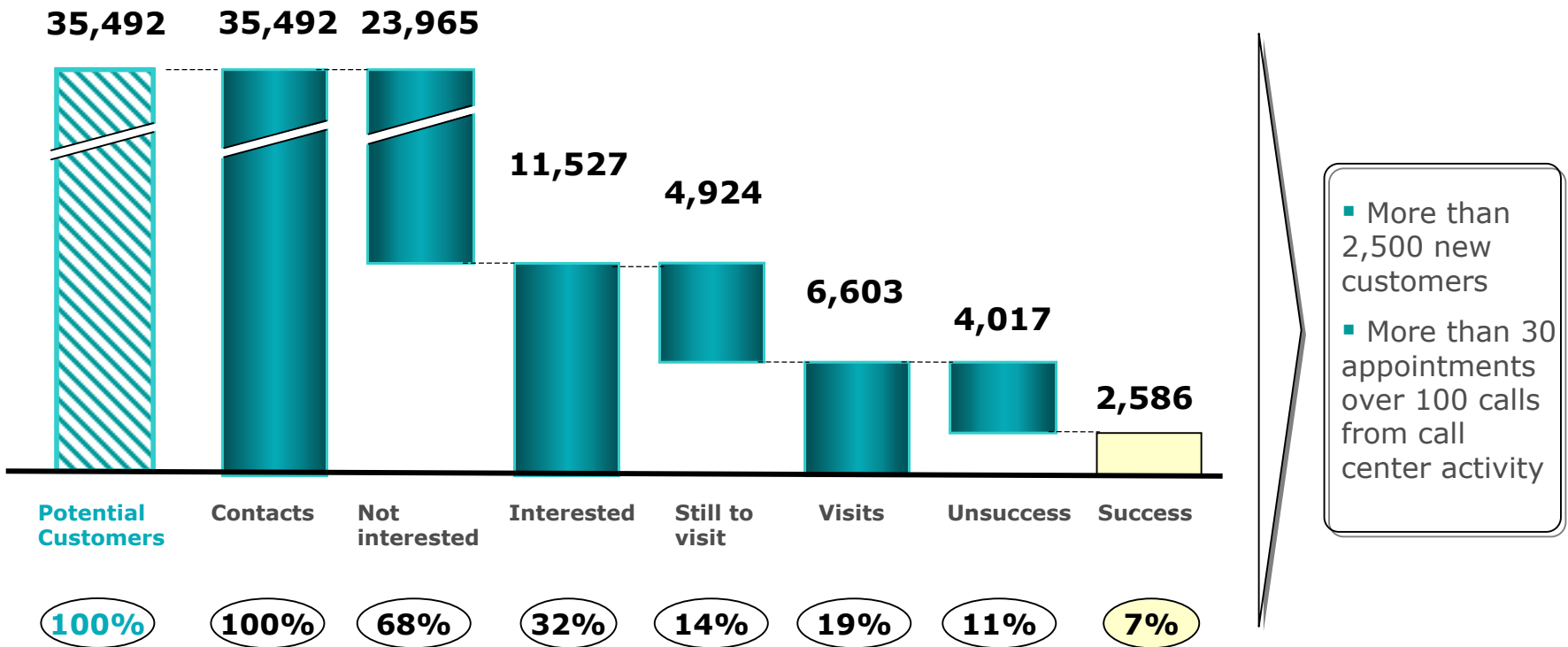
Phases and first results of the project

The first 91 branches

	N. of branches	Area	Start	C/I 2004 %	C/I 2005E %	Change
Phase 1	30	Lazio, Umbria, Puglia	2004 Nov	70	66	-4
Phase 2	32	Lombardia, Piemonte, Emilia, Veneto	2005 Jan			
Phase 3	29	Sicilia, Sardegna	2005 Mar			
Phase 4	29	Lazio, Umbria, Puglia, Sicilia, Sardegna	2005 May			
Phase 5	27	Lombardia, Veneto	2005 Jun			
Phase 6	42	Piemonte, Emilia R.	2005 Sept			
Phase 7	33	Toscana (CR Carrara)	2005 Oct			

Steps/measures in the commercialisation of our products (1/2)

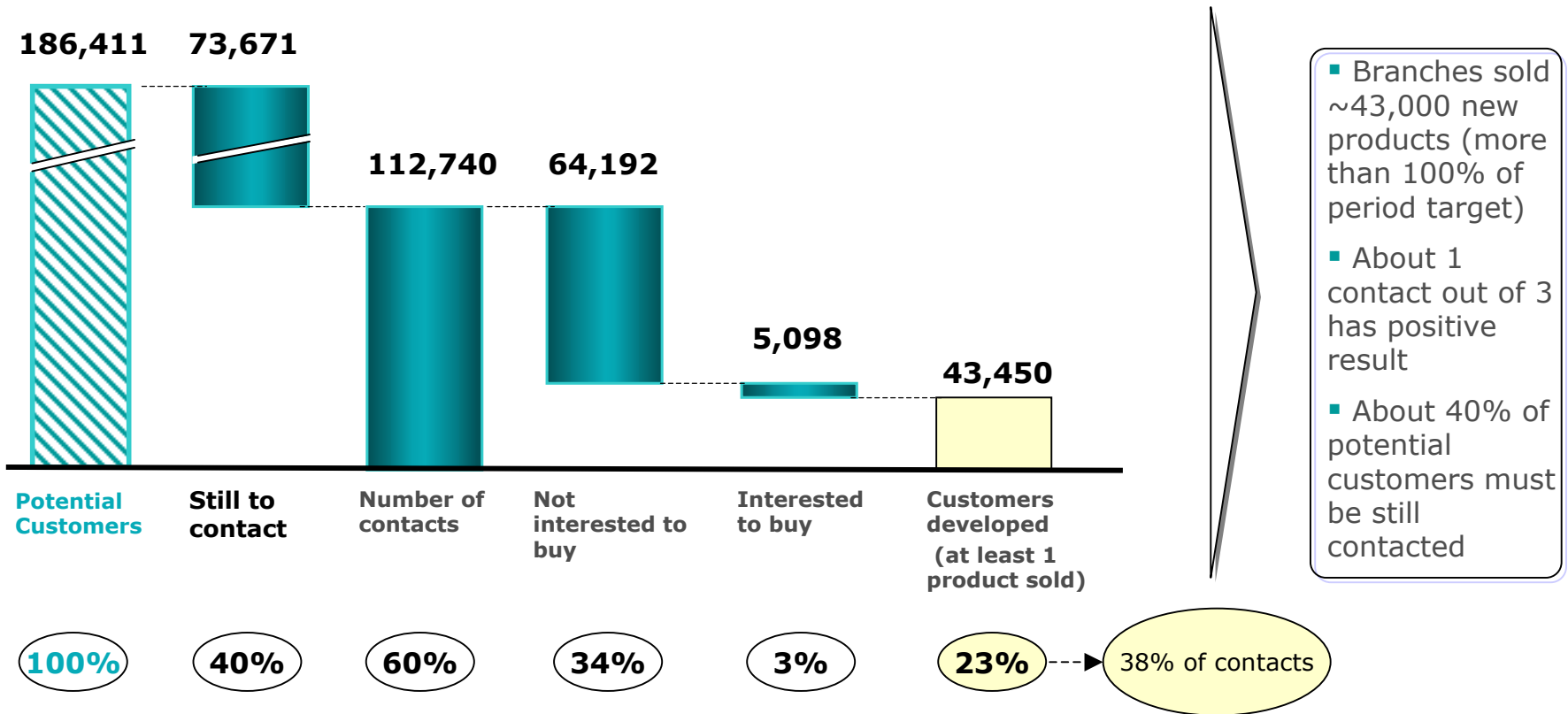
“Marketing Funnel” Business Developers and Call Center



Data at 2005/09/02

Steps/measures in the commercialisation of our products (2/2)

“Marketing Funnel” Branch actions



Data at 2005/09/02

Summary of results

Expected economic impact of first 91 branches at the end of 2005

- Revenues: +6 €M (+11%); +30 €M at the end of 2007
- Cost/income: - 4 p.p. (from 70% to 66%)
- Volumes: + 330 million (+17%)

Qualitative results

- A more effective way of doing which will be extended throughout the Group over the next two years so giving a base for sustainable and continual growth

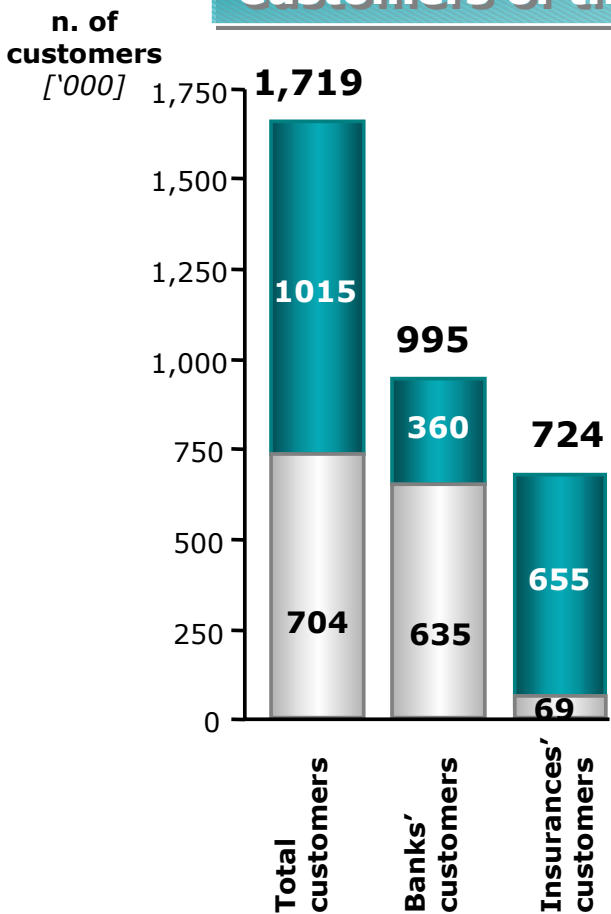


Main Projects of Business Plan 2005-2007

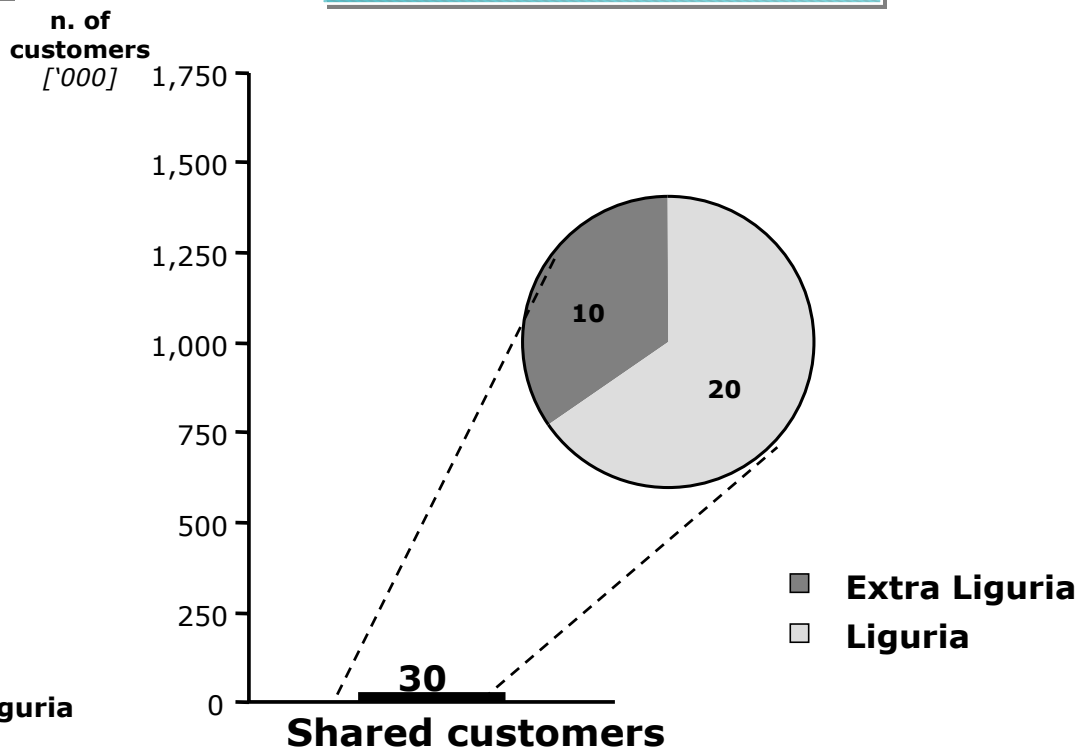
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Potential of the collaboration

Customers of the Group



Shared customers



There is a high potential to "swap" customers.

How collaboration works

Insurance headquarters

Prepare insurance customers' lists

Insurance agent

contacts his customers and schedules the appointments with the local

Branch manager



SALE OF **BANKING AND FINANCIAL PRODUCTS** TO INSURANCE CUSTOMERS: "ASSURBANCA"

Bank headquarters

Prepare bank customers' lists

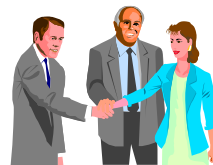
Branch manager

contacts his customers and schedules the appointments with the local

Insurance agent



SALE OF **INSURANCE PRODUCTS** TO BANK CUSTOMERS: "BANCASSURANCE"



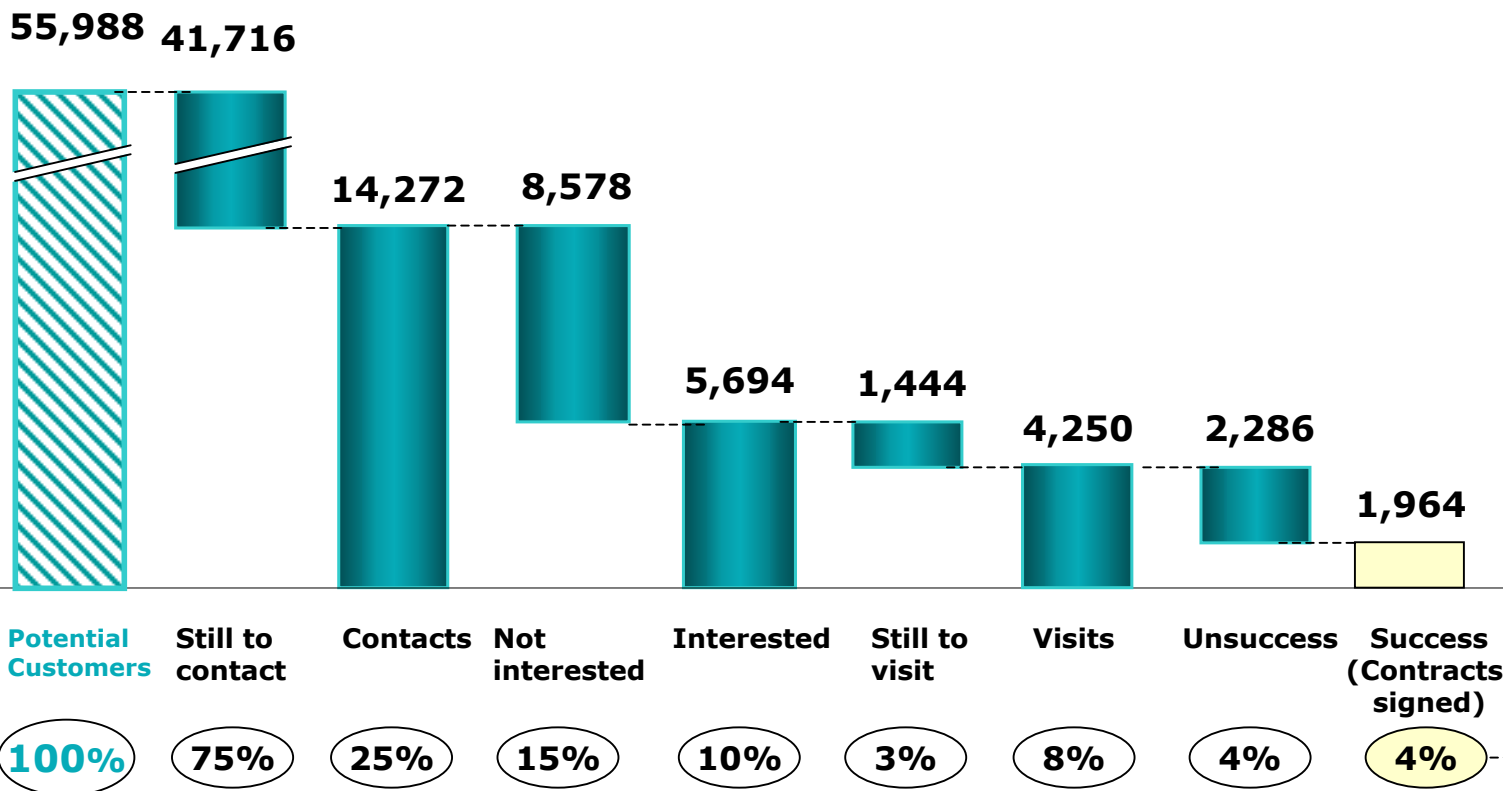
CUSTOMERS

Exploitation of the respective customer relationships and product skills

Commercial results of the project (Assurbanca)

"Marketing Funnel" Assurbanca Project

(Banking services sold by bank branches to insurance customers; 165 insurance agents and 185 branches)



- a 14 % hit rate is very high, if compared to the average levels of any other sales campaign (2- 5%)
- About 75% of potential customers have still to be contacted.

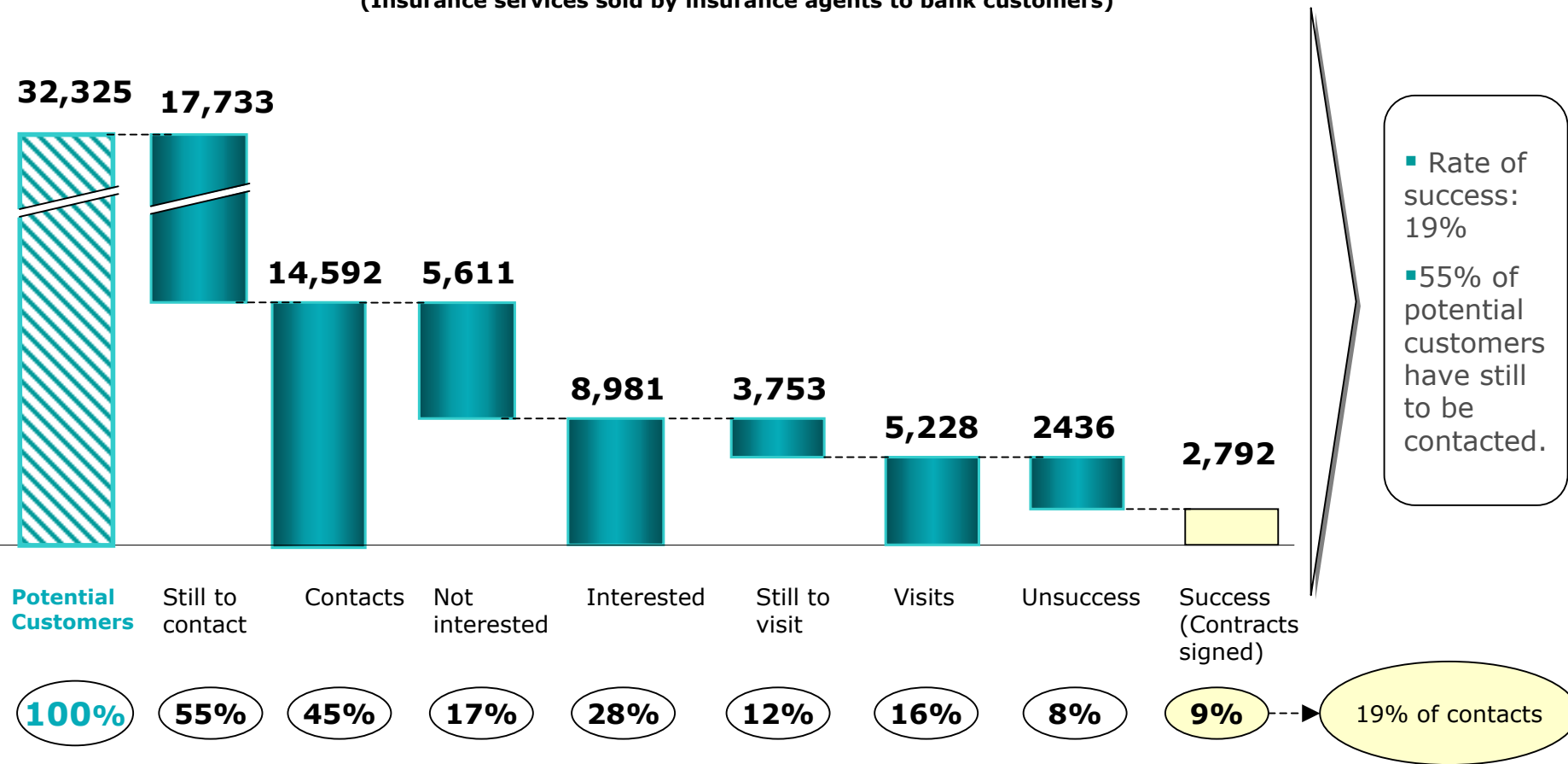
14% of contacts

Data at 2005/09/02

Commercial results of the project (Bancassurance)

"Marketing Funnel" Bancassurance Project

(Insurance services sold by insurance agents to bank customers)



Data at 2005/09/02

Commercial strengthening program and “Insieme di Più”: the expected revenues

- From the projects “Commercial strengthening program” and the collaboration with the insurance agents (“Insieme di Più”) we expect revenues for € 100M, half of which coming from new customers

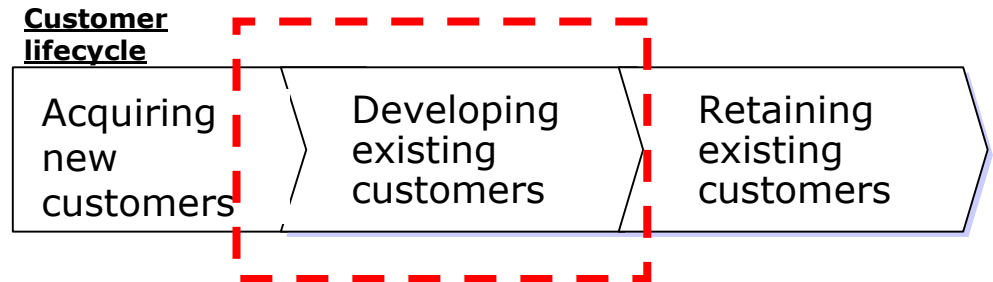
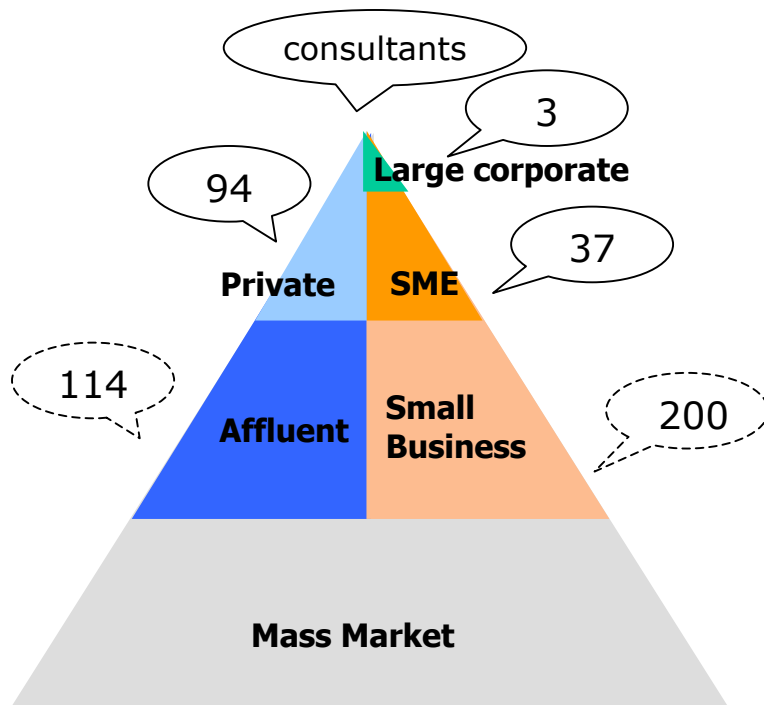


Main Projects of Business Plan 2005-2007

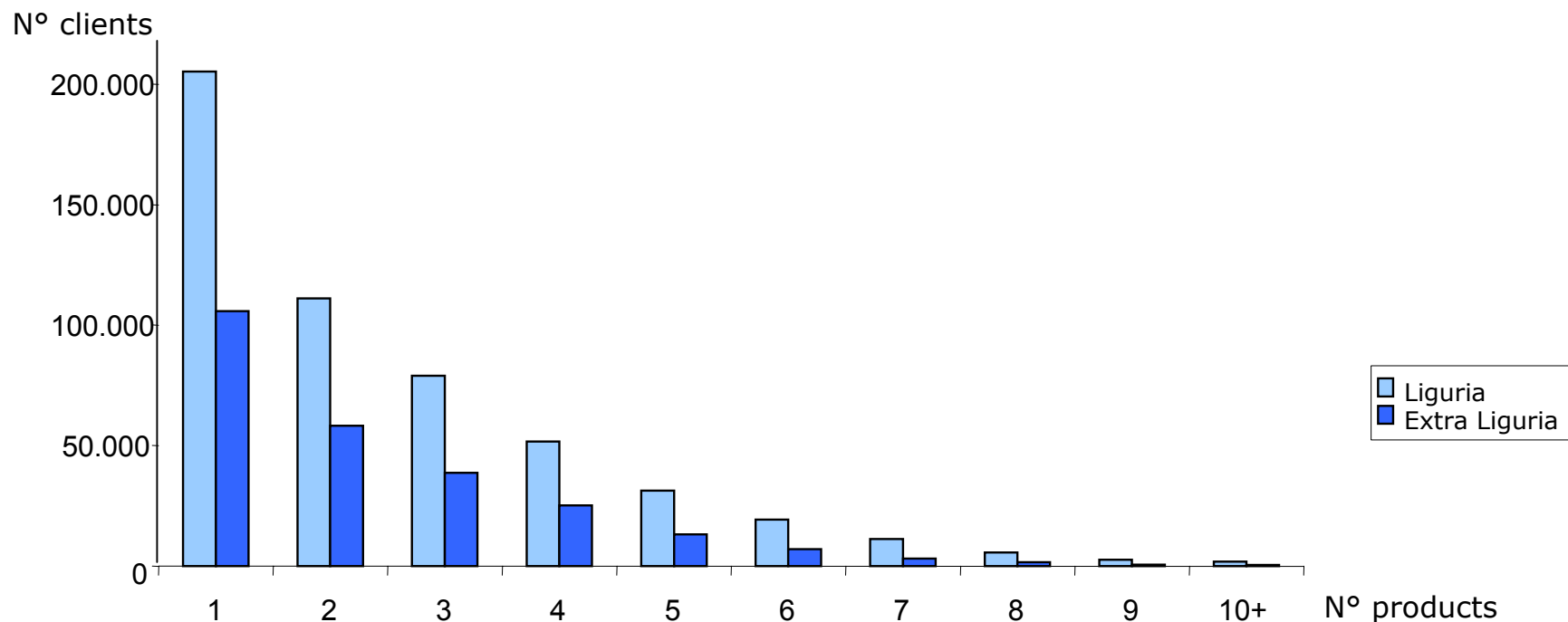
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The actions planned for Ligurian network

Carige is defining a set of interventions all over the client lifecycle process. A further phase of segmentation of customers is being implemented and consultants dedicated to affluent and small business segments have been created in addition to the ones dedicated to private, large corporate and SME segments.



Cross selling opportunities



More than 300,000 clients (40% of the total) have only a product. This potential of growth can be exploited also in Liguria, where, though the historical presence, the cross-selling index is still low.

Affluent and small business: the beginnings

	Affluent	Small business
Start:	July 2005	Sept. 2005
Customers:	34,000	20,000
Consultants:	114	200
Branches:	93	200



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Rationale

New functions at a Group level

**Centralisation
of the purchasing
office**

Cost Management

Key activities

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

Two organisational units were created to manage the Group’s operating costs

Cost Management Program: results for area of intervention

