



GRUPPO BANCA CARIGE

Consolidated results as at 31 December 2020

Genoa, 10 March 2021

Agenda

- 1** **Highlights**
- 2** **Asset quality**
- 3** **Capital and liquidity**
- 4** **Results as at 31 December 2020**
- 5** **Annexes**

Highlights

	01/2020	12/2020	
CET1 ratio	12.0%	12.8%	+305 ⁽¹⁾ bps vs. regulatory requirement
LCR	337%	172%	Robust liquidity position preserved
Net NPE ratio	4.9%	2.5%	Ratio further down, partly as a result of derisking transactions
Gross NPE ratio	8.5%	5.1%	
Cost of risk ⁽²⁾	384	80	Impacted by Covid-related provisions

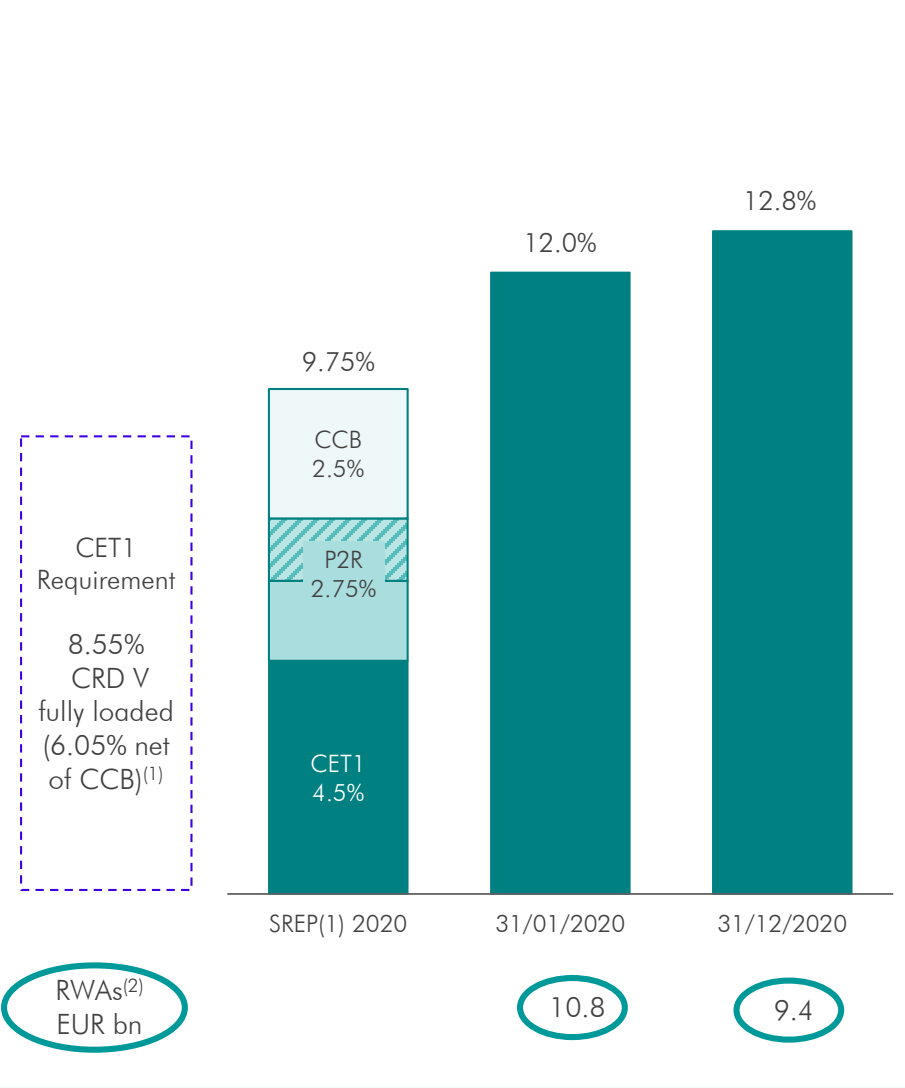
(1) +425 bps vs. regulatory requirement, CRD V fully loaded

(2) Operational data. 01/2020: Jan '19/Jan '20. 12/2020: Feb/Dec '20, annualised

Capital

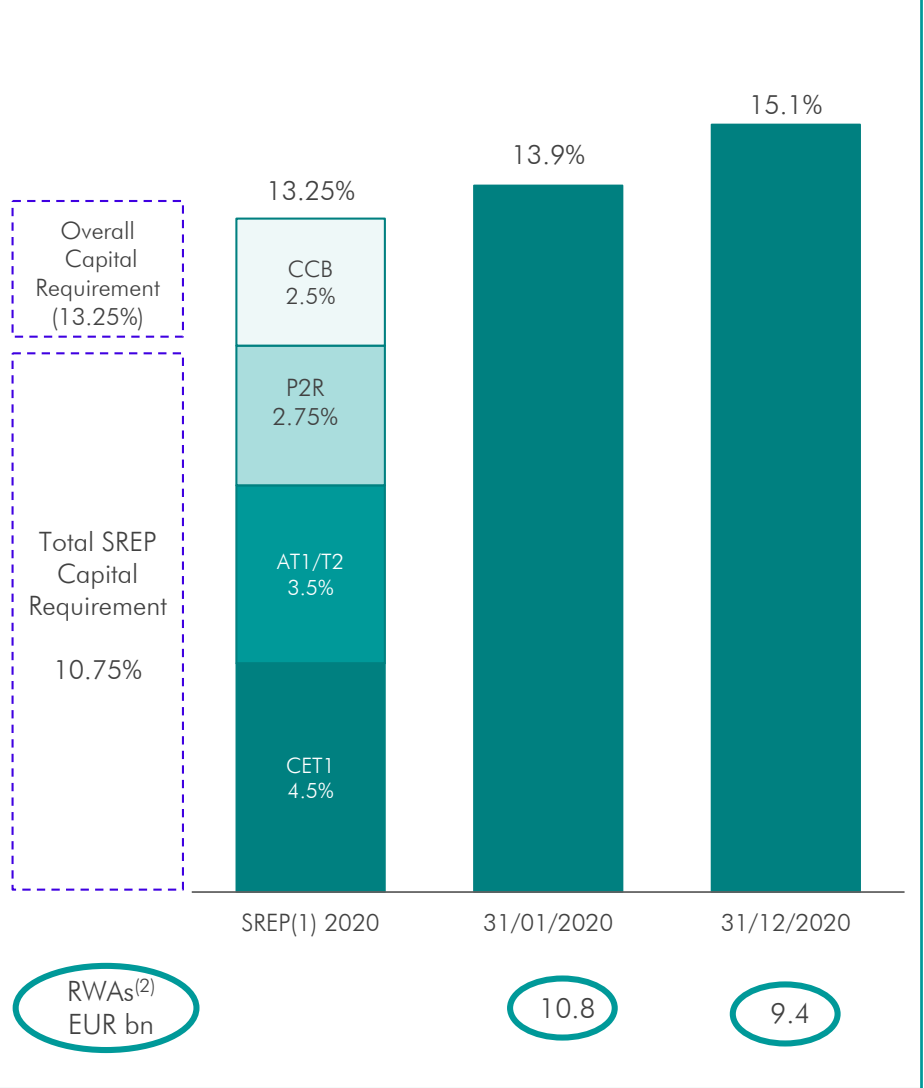
Phased-in CET 1 Ratio

%



Phased-in TC Ratio

%

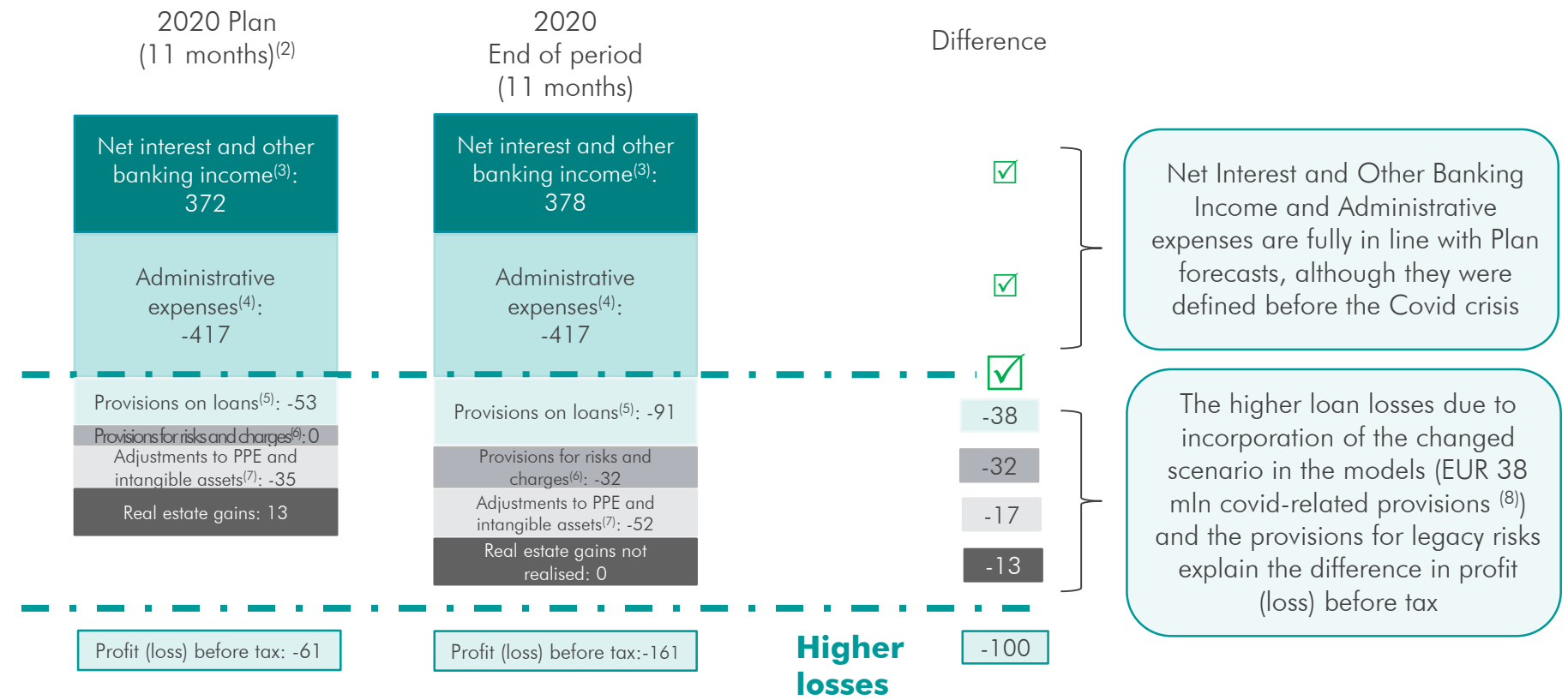


(1) Supervisory Review and Evaluation Process – In 2020, P2R should be held with 56.25% in CET1 and 75% in Tier 1; ECB has introduced a set of measures which will allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance and Capital Conservation Buffer

(2) Risk Weighted Assets

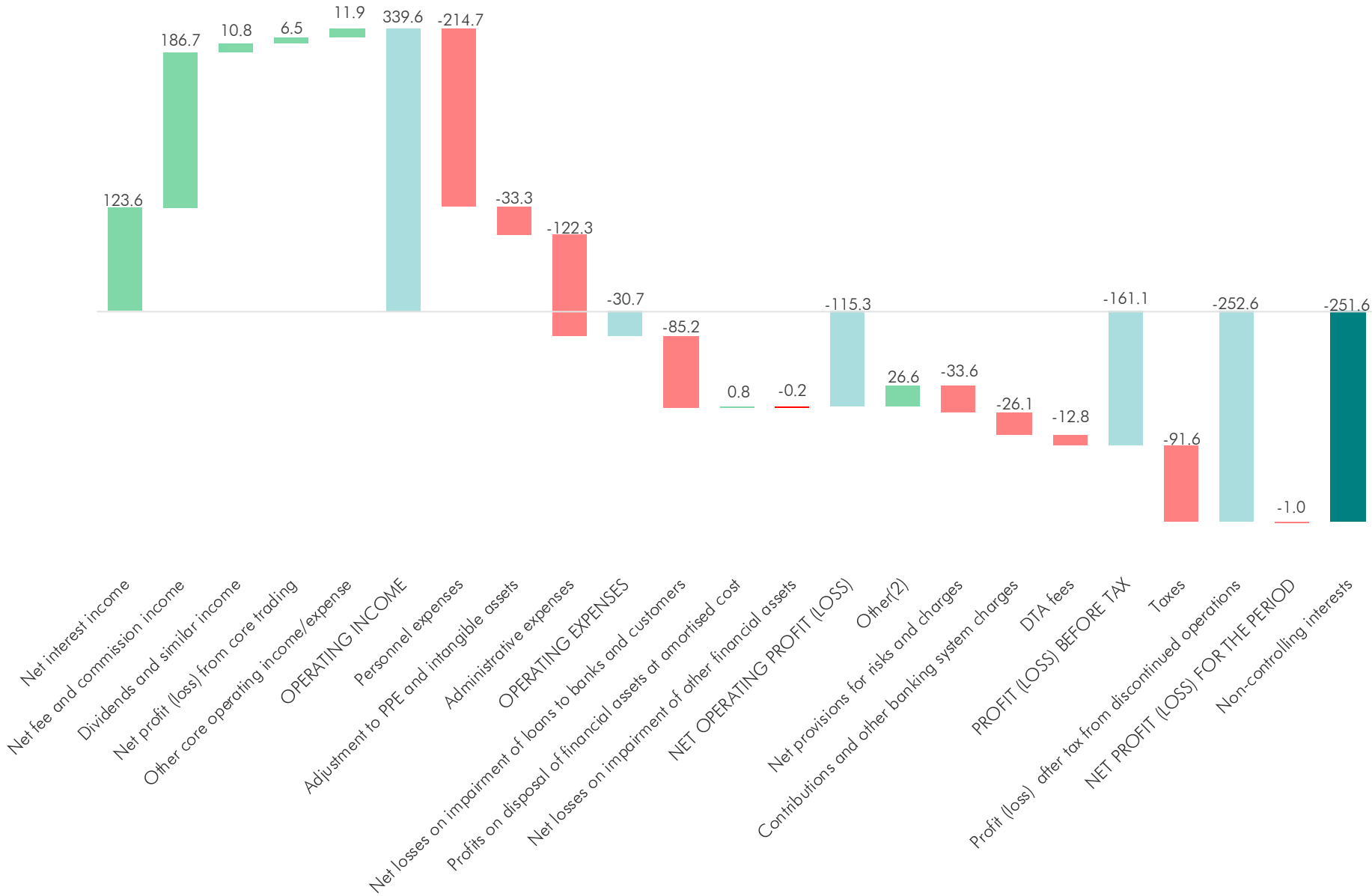
Profit (loss) before tax from continuing operations⁽¹⁾

EUR mln



(1) Key accounting and operational items
 (2) Strategic Plan Targets for 2020 were redetermined on an 11-month basis to make them comparable with the 2020 11-month results
 (3) Income Statement item 120
 (4) Income Statement item 190
 (5) Income statement items 130(a) and 140
 (6) Income Statement item 200
 (7) Income statement items 210 and 220
 (8) Operational data

Feb-Dec '20: Reclassified income statement⁽¹⁾



(1) See slide 21 for more details

(2) Includes: Net profit (loss) from non-core trading, Other non-core operating income (expense), Profits (losses) on equity investments and disposal of investments, Early-retirement costs, Strategic Plan charges relating to non-recurring items, Non-recurring net adjustments to/recoveries on property and equipment and intangible assets

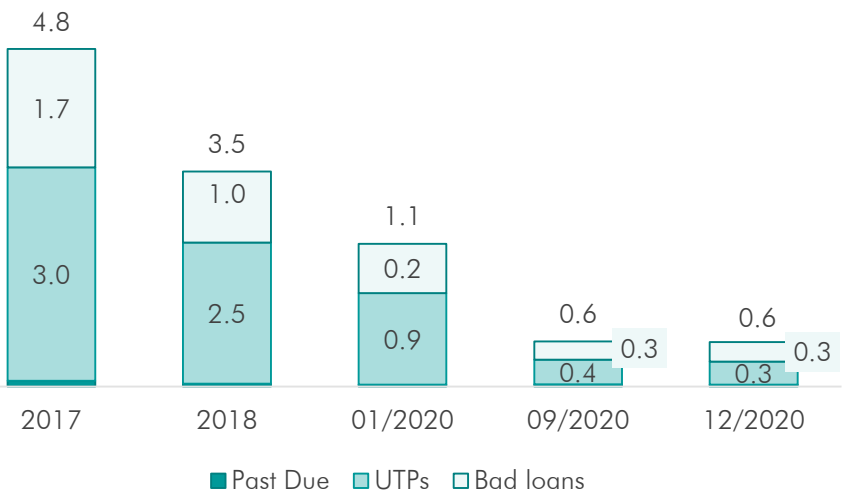
Agenda

- 1 Highlights
- 2 **Asset quality**
- 3 Capital and liquidity
- 4 Results as at 31 December 2020
- 5 Annexes

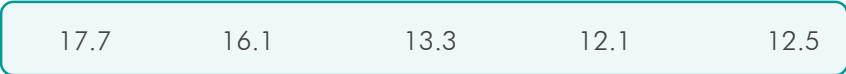
Derisking process

Trend in NPLs GBV

EUR bn

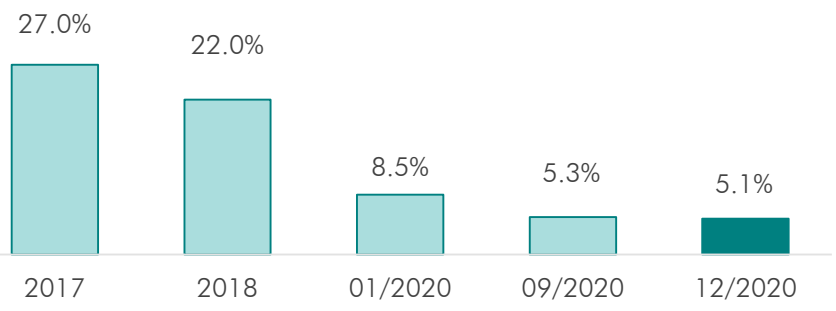


Total gross loans



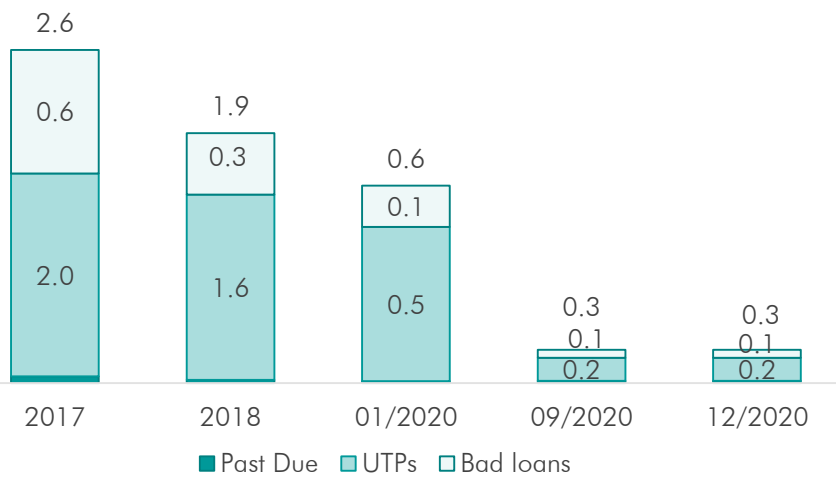
Gross NPE ratio

%

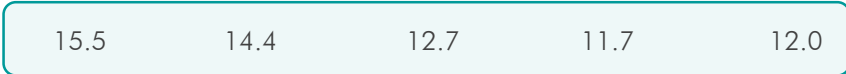


Trend in NPLs NBV

EUR bn

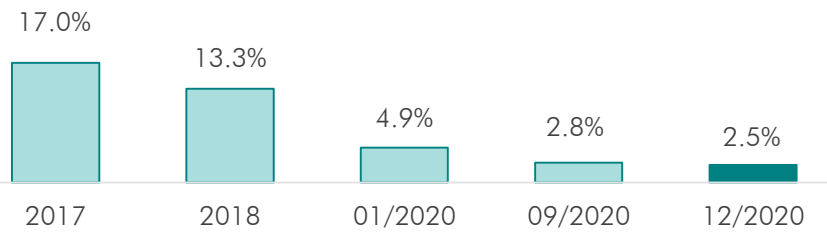


Total net loans

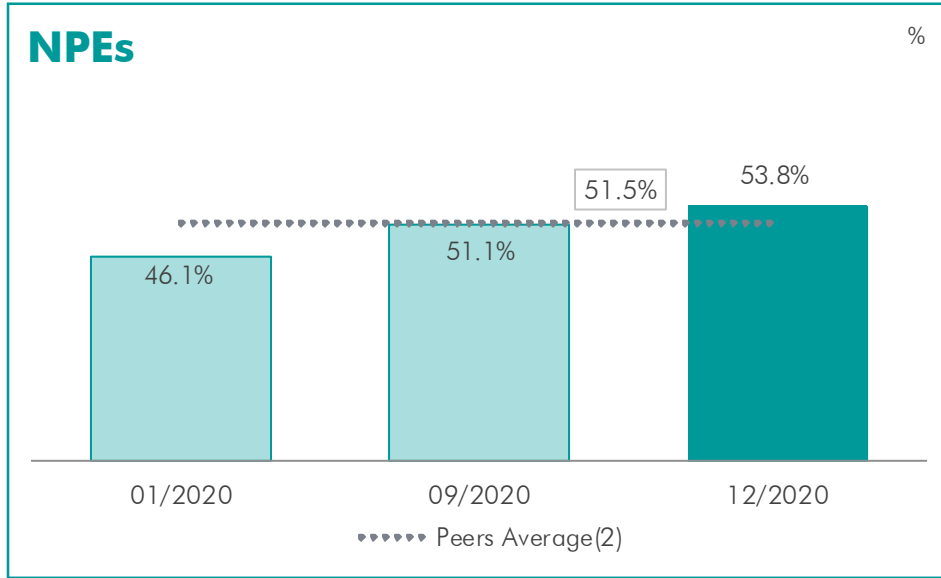
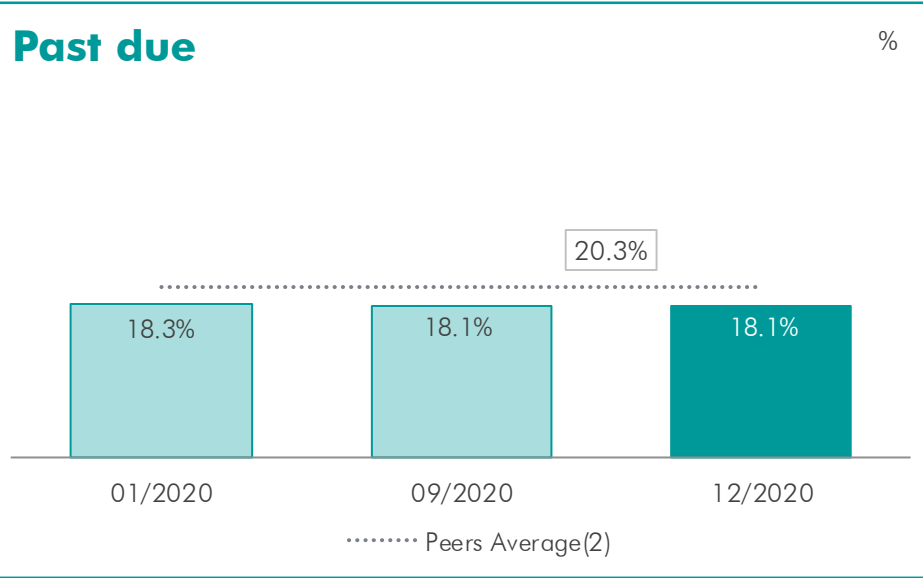
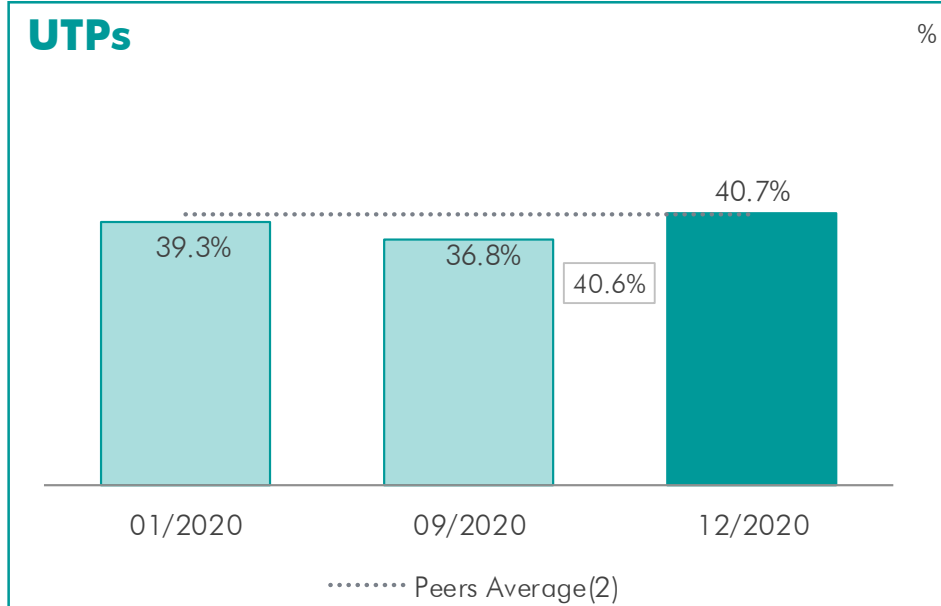
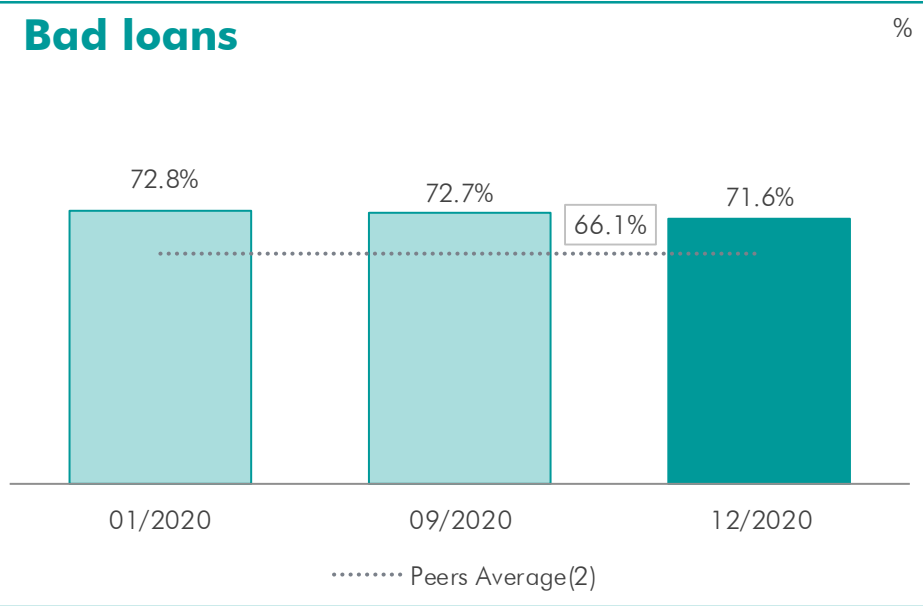


Net NPE ratio

%



Coverage⁽¹⁾



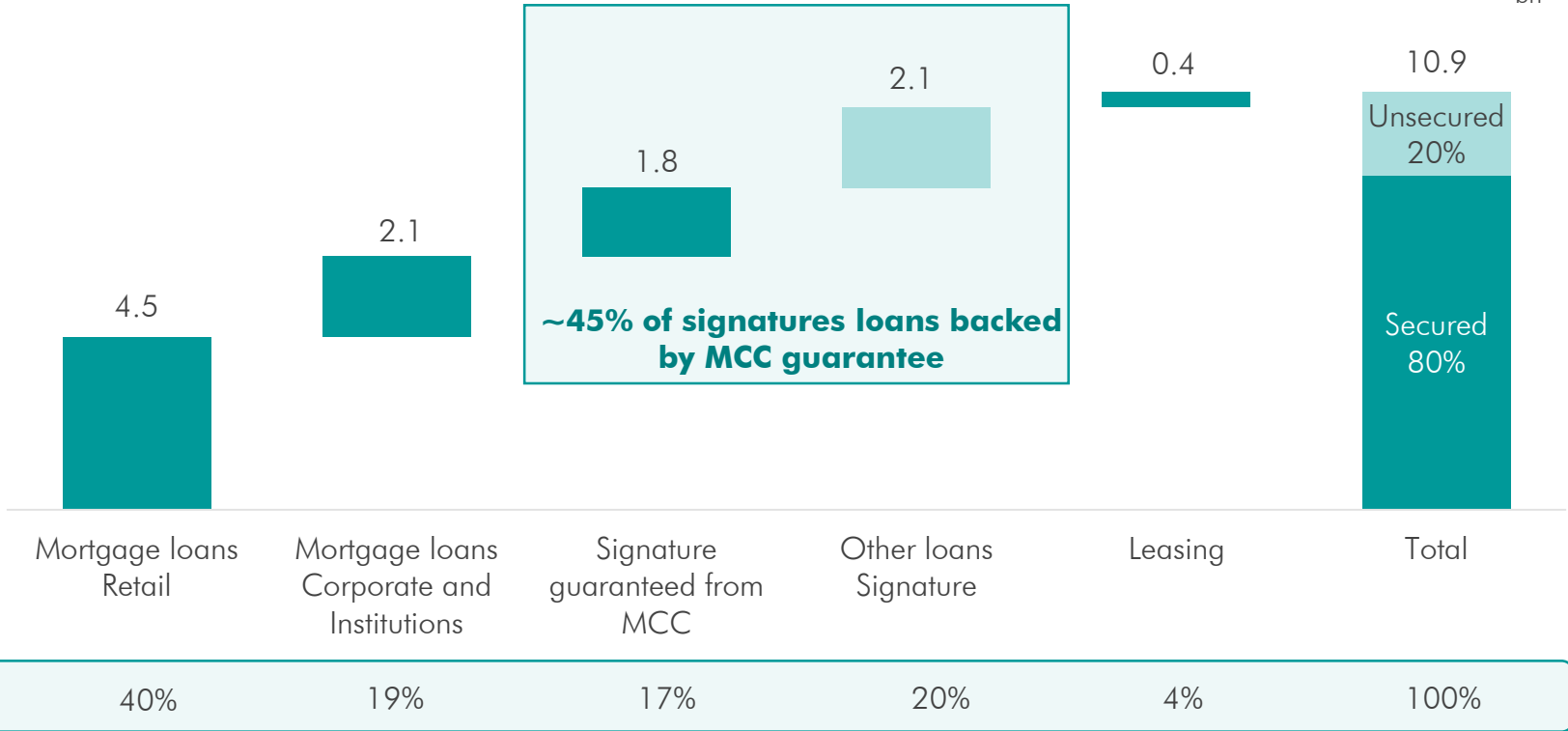
(1) Including write-offs

(2) Source: FY20 preliminary reports (UCG, ISP, MPS, BBPM, BPER, Credem, POPSO, Creval); 1H20 report (CRParma); excluding write-offs

Performing loan portfolio

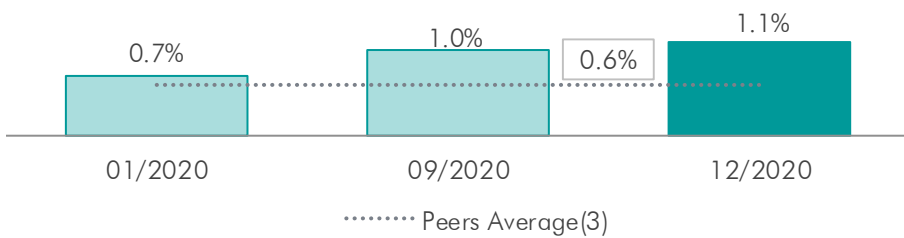
Breakdown of Retail and Corporate portfolio⁽¹⁾

EUR
bn



Performing portfolio coverage⁽²⁾

%



(1) Operational data, net of REPOs
 (2) Including write-offs
 (3) Source: FY20 preliminary reports (UCG, ISP, MPS, BBPM, BPER, Credem, POPSO, Creval); 1H20 report (CRParma); excluding write-offs

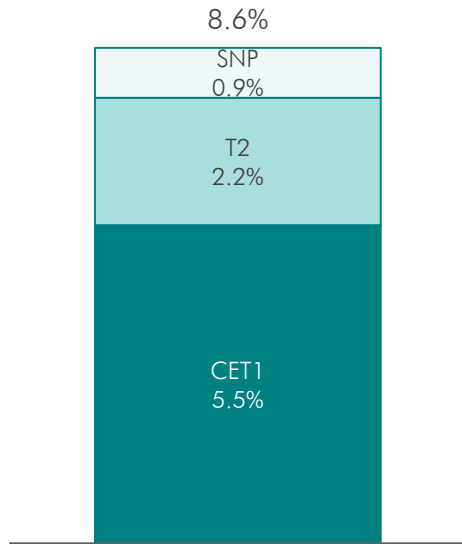
Agenda

- 1** Highlights
- 2** Asset quality
- 3** Capital and liquidity
- 4** Results as at 31 December 2020
- 5** Annexes

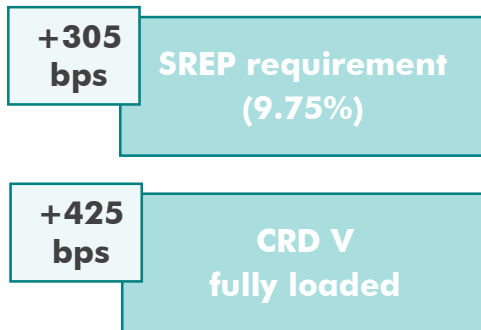
Capital

Capital and SNP (1) – expressed as a % of total assets

%

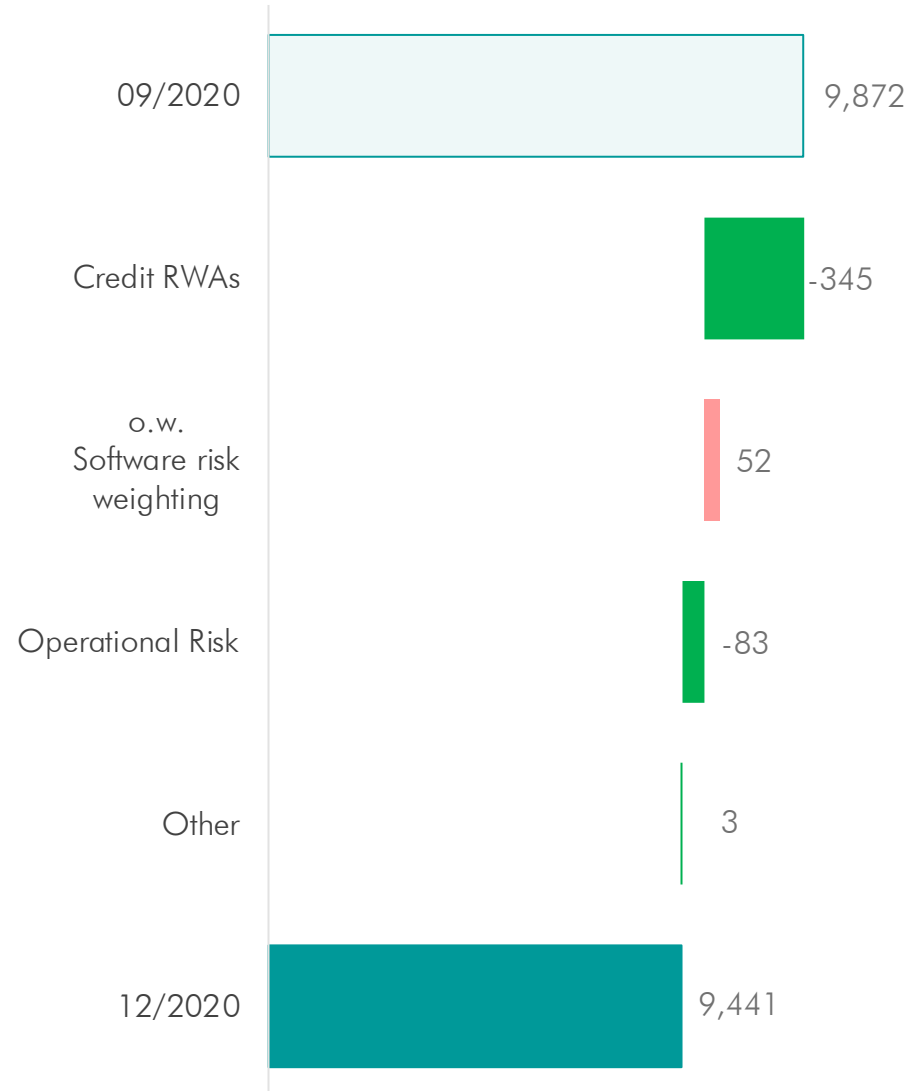


CET1 buffer



Trend in RWAs

EUR mln

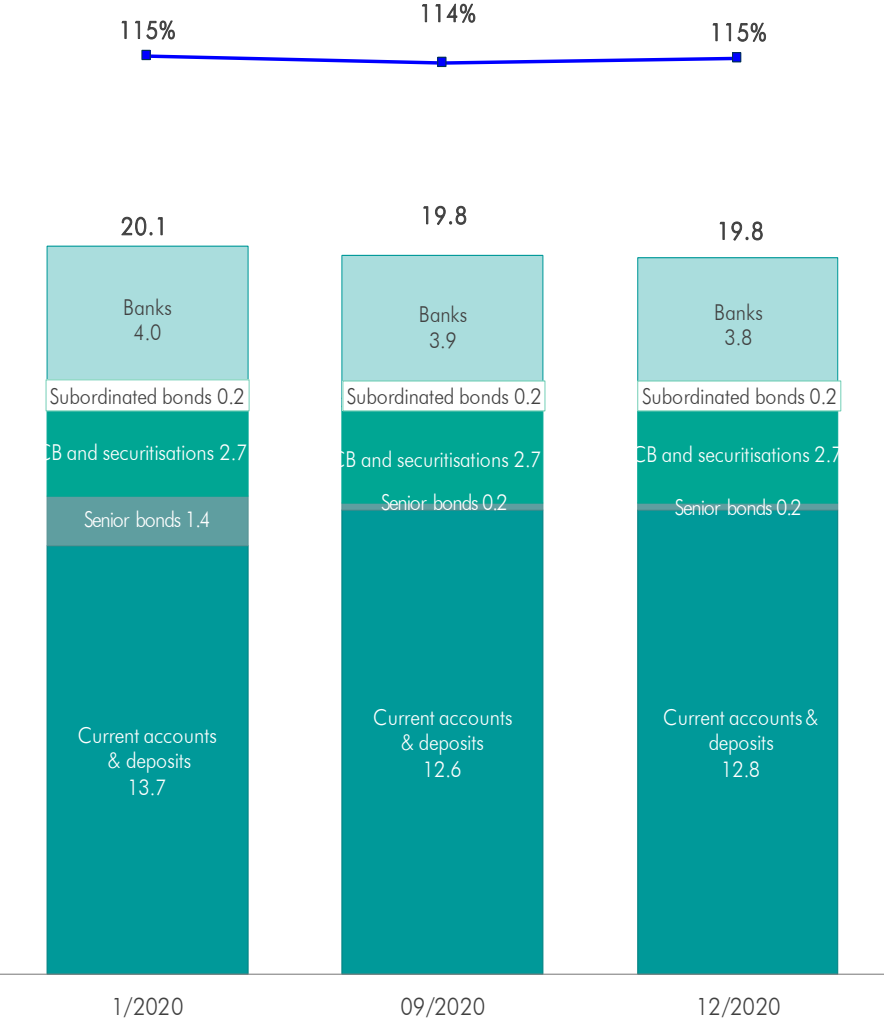


(1) Senior Non Preferred

Liquidity position

Total funding

EUR bn



Cost of Funding⁽²⁾ 1.18%

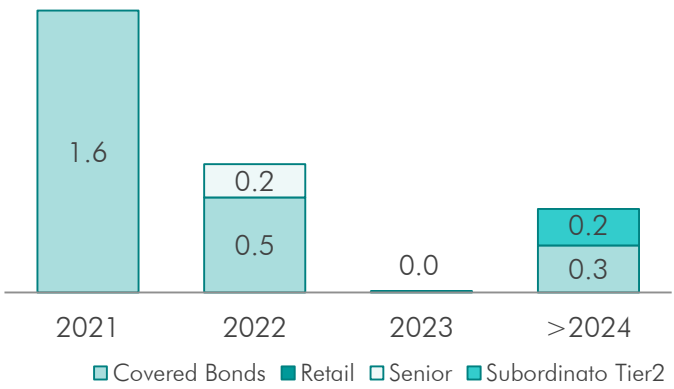
NSFR 0.86%

0.83%

(2) Average rate on average amount of deposits

Bond maturity ladder¹

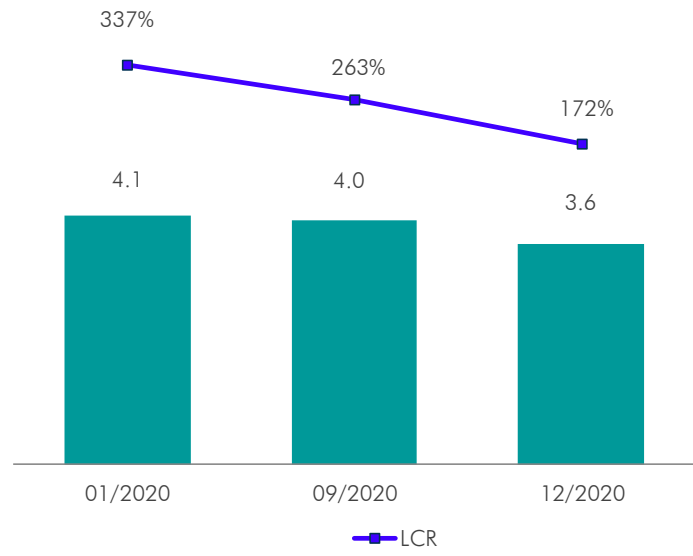
EUR bn



(1) Excluding TLTRO3 (EUR 3.5 bn coming to maturity in 2023) and retained bond issues - as at 31/12/2020

Counterbalancing Capacity

EUR bn

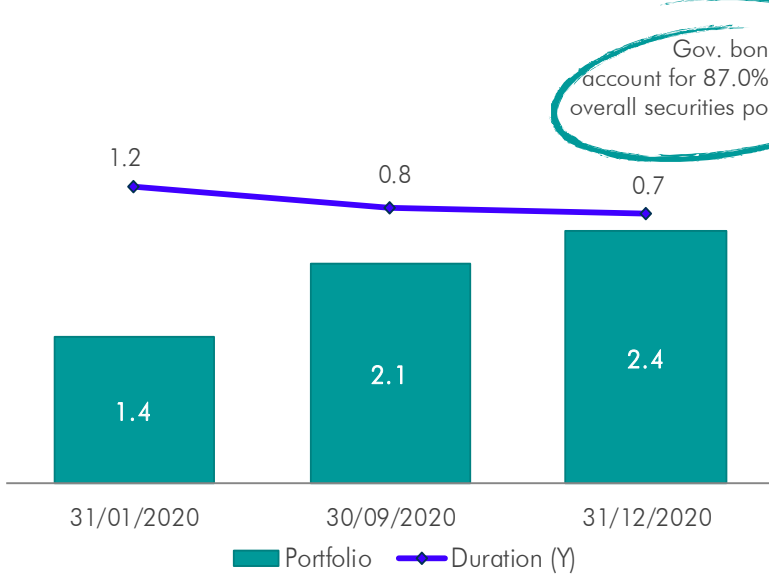


Securities portfolio and TLTRO

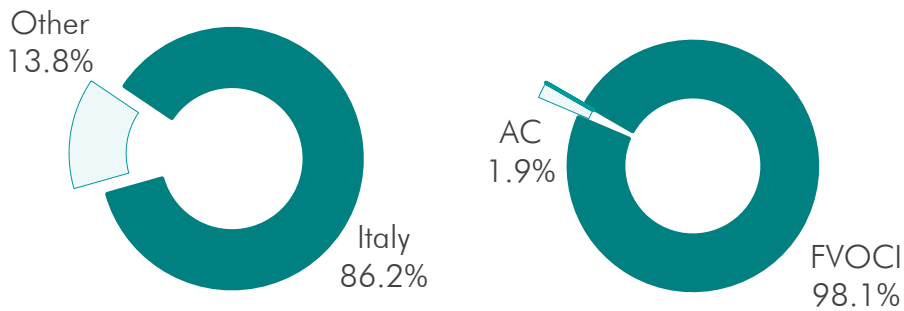
Government bonds and duration

EUR bn

Gov. bonds account for 87.0% of the overall securities portfolio⁽¹⁾

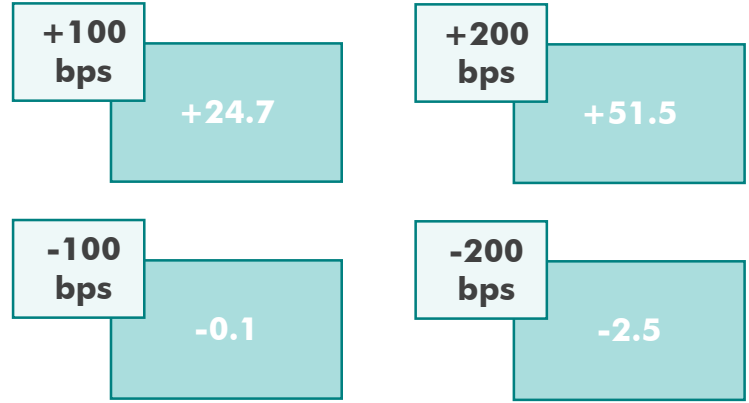


Composition as at 31/12/2020³



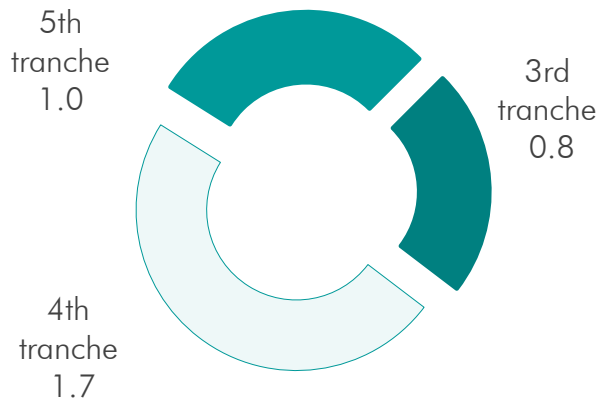
NII sensitivity⁽²⁾

EUR mln



TLTRO3

EUR bn

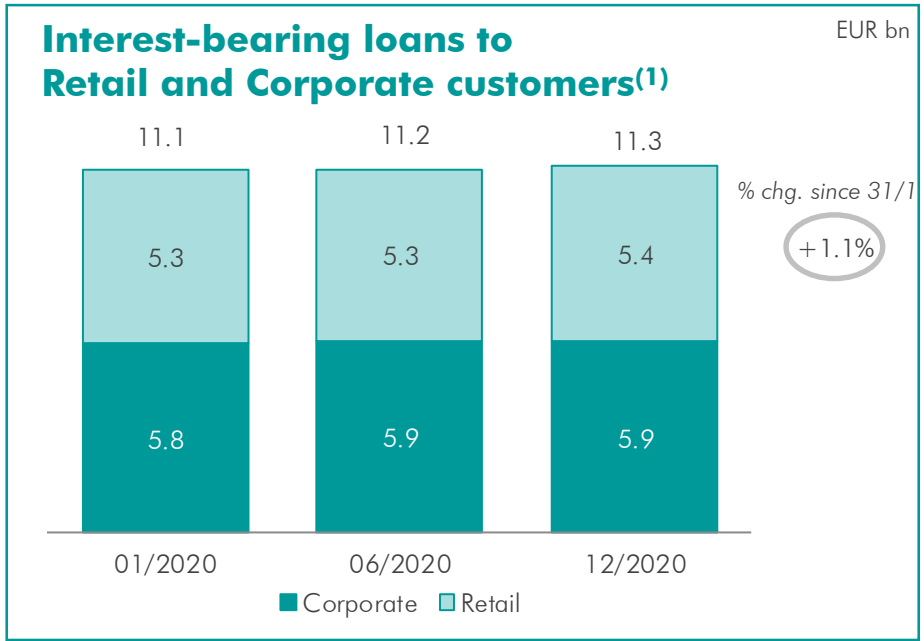
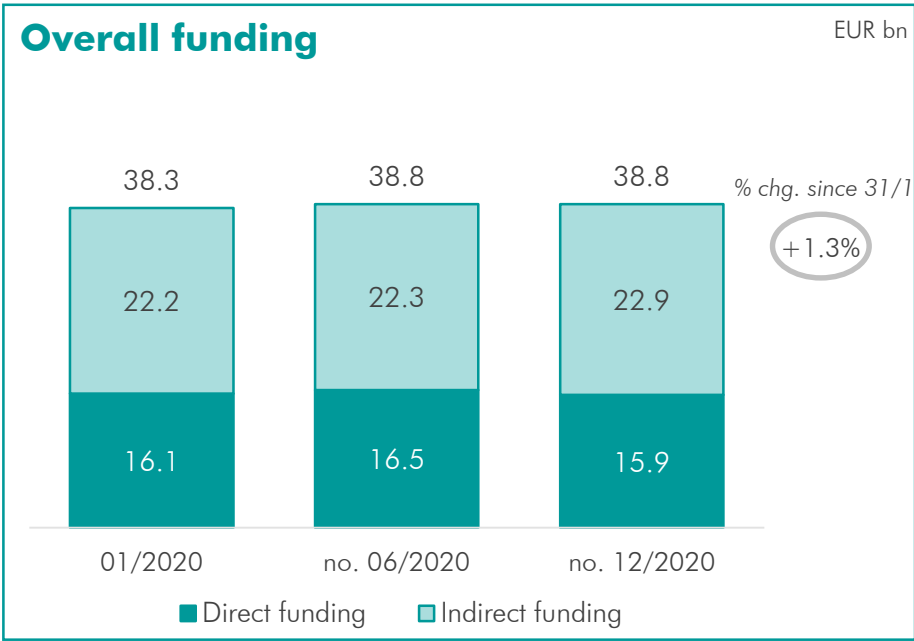
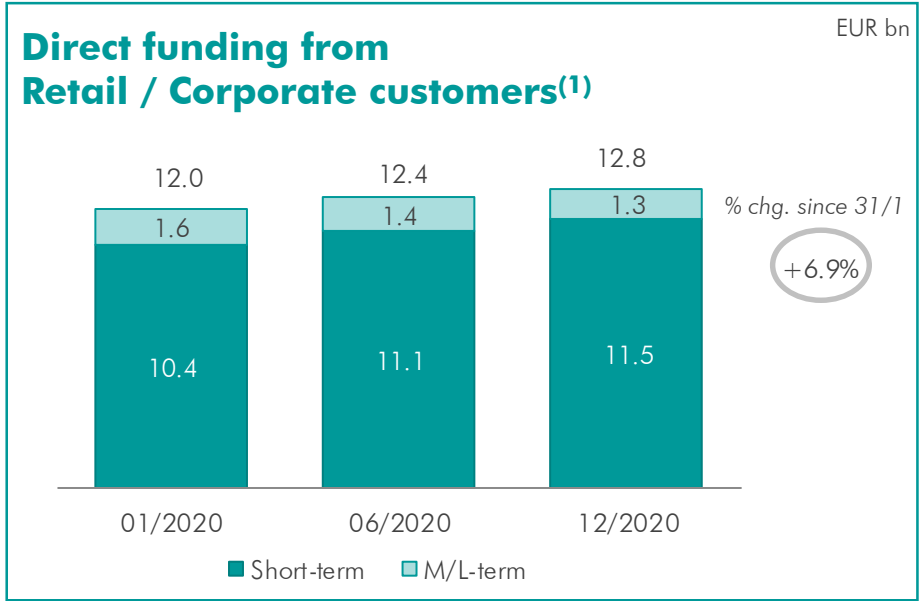
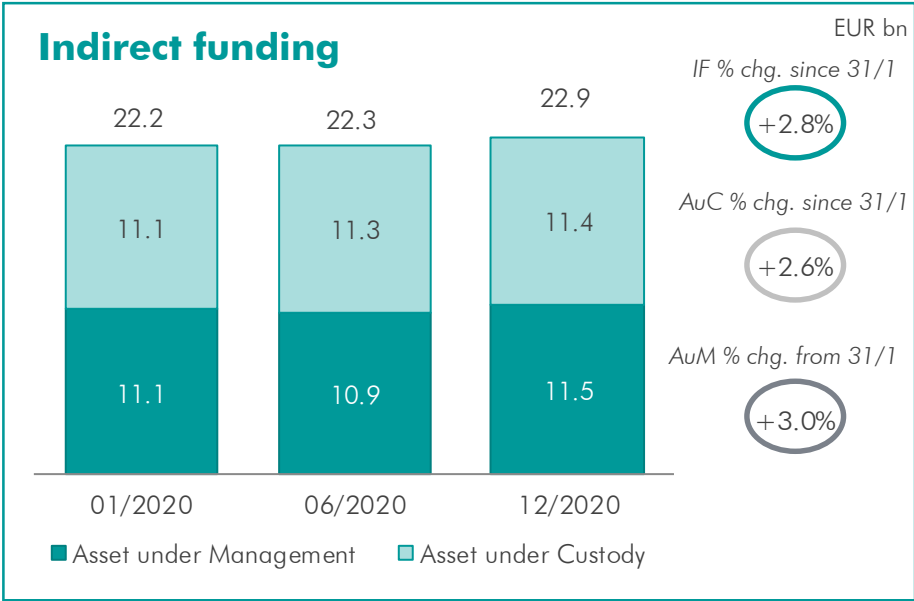


(1) Net of the equity investment in the Bank of Italy
 (2) Operational data. Risk-free market curves
 (3) Operational data

Agenda

- 1 Highlights
- 2 Asset quality
- 3 Capital and liquidity
- 4 Results as at 31 December 2020**
- 5 Annexes

Funding and lending with customers

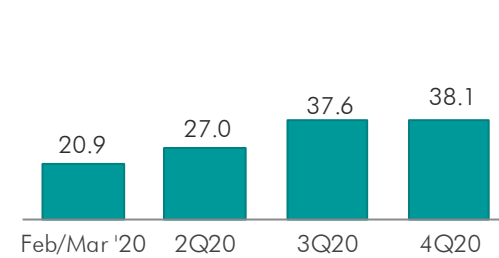
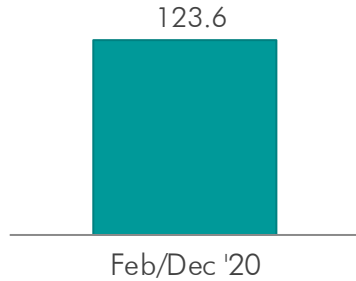


(1) Operational data

Income

Net Interest Income

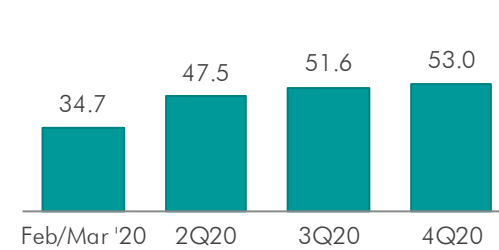
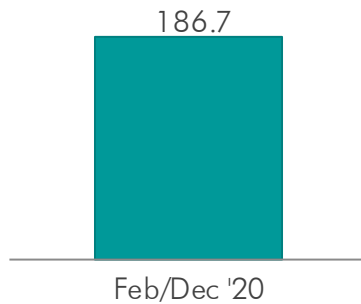
EUR mln



4Q20-3Q20
% chg.
+1.2%

Net fee and commission income

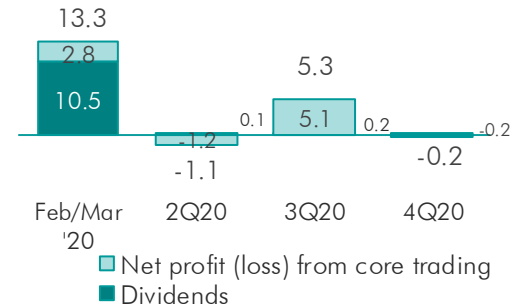
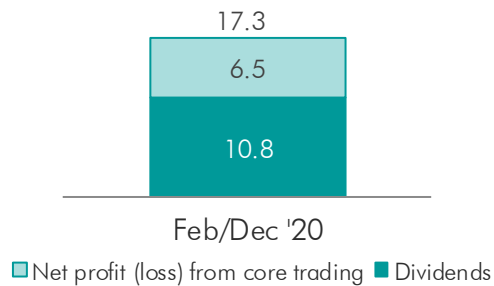
EUR mln



4Q20-3Q20
% chg.
+2.8%

Dividends and core trading⁽¹⁾

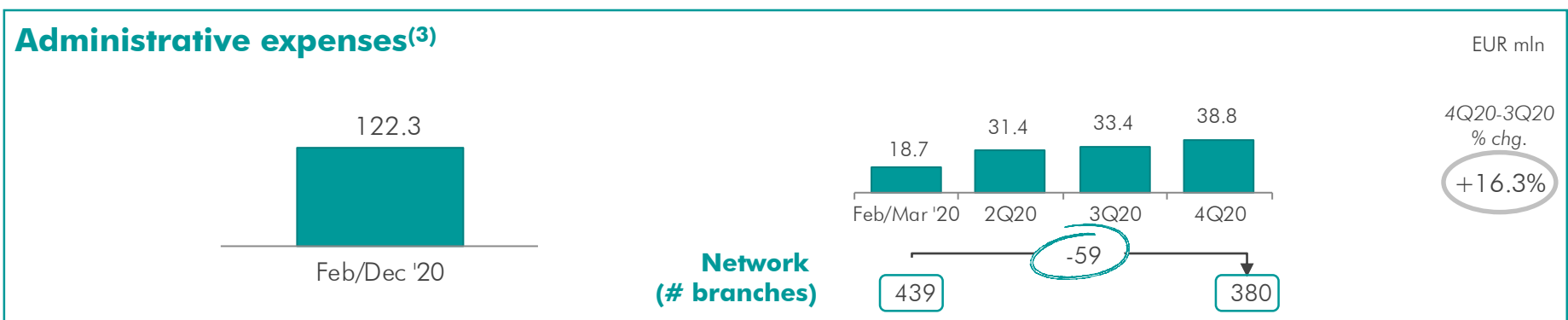
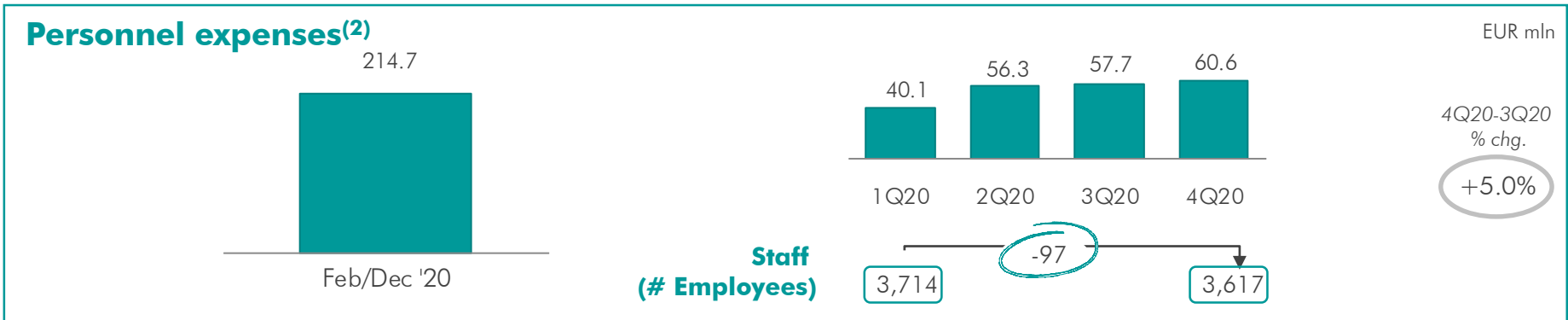
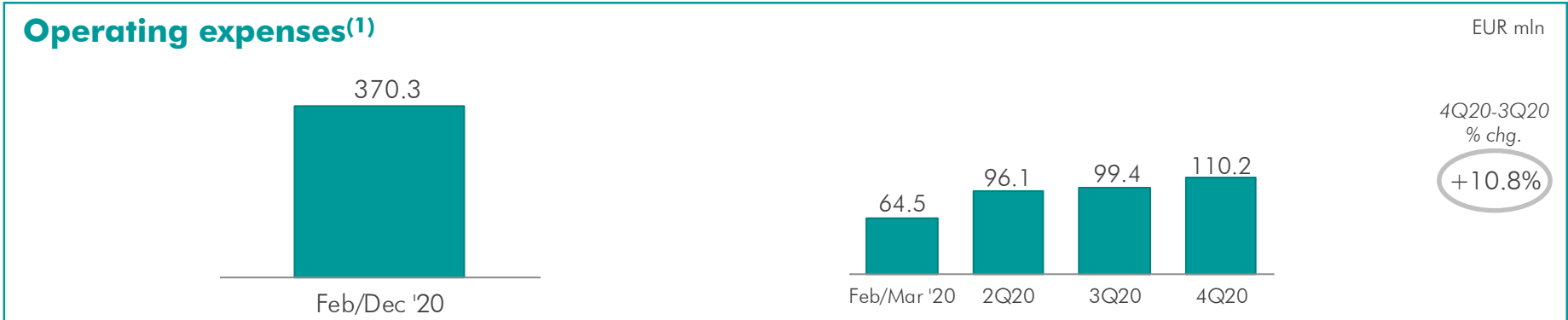
EUR mln



4Q20-3Q20
% chg.
...

(1) Includes Income Statement items 70, 80, 90, 100(a) (for the securities component only), 100(b), 100(c) and 110 (for the securities component only) net of non-recurring items

Expenses

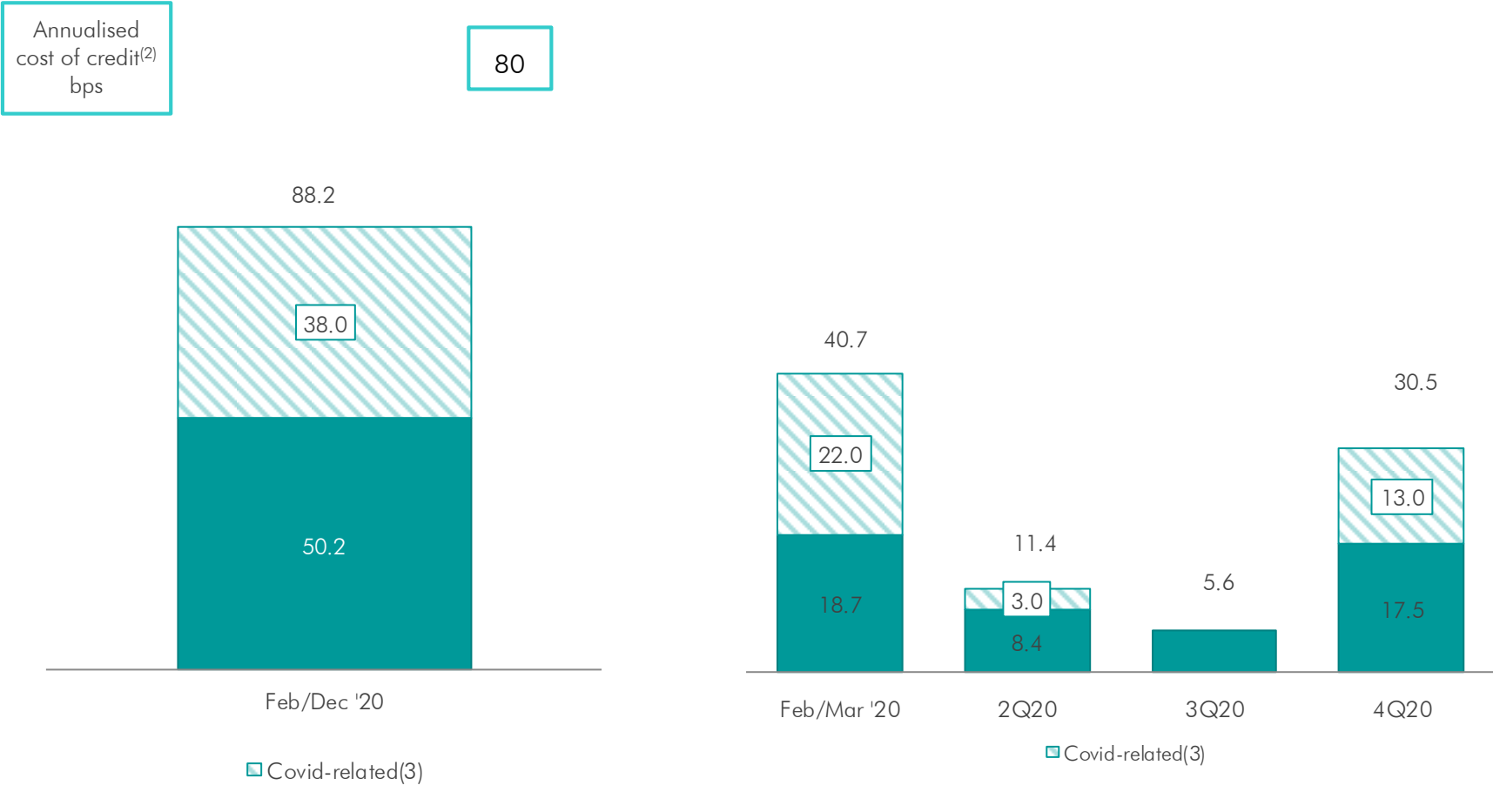


(1) Operating expenses include personnel and administrative expenses, as indicated below, and net adjustments to/recoveries on property, equipment and intangible assets net of non-recurring items
 (2) Item 190(a) net of early-retirement costs
 (3) Income Statement item 190(b) net of banking system charges (SRF and DGS), DTA fees, tax recoveries and Strategic Plan charges related to one-off transactions carried out during the period (operational data in the latter case)

Cost of risk

Net impairment losses on loans and losses on disposal⁽¹⁾

EUR mln



(1) Income Statement items 130(a) for the loans to customers component only, 100 (a) (for the loans component only, net of profits on the disposal of performing loans) and 140
 (2) Sum of Income statement items 130(a) for the loans to customers component only, 100(a) (for the loans component only, net of profits on the disposal of performing loans) and 140 on net loans to customers (net of securities measured at amortised cost)
 (3) Operational data

Agenda

- 1** Highlights
- 2** Asset quality
- 3** Capital and liquidity
- 4** Results as at 31 December 2020
- 5** Annexes

Reclassified Consolidated Income Statement

Amounts in EUR/mln

RECLASSIFIED CONSOLIDATED INCOME STATEMENT	4Q20	3Q20	2Q20	Feb/Mar '20	11 months 2020
Net interest income	38.1	37.6	27.0	20.9	123.6
Net fee and commission income	53.0	51.6	47.5	34.7	186.7
Dividends and similar income	0.0	0.2	0.1	10.5	10.8
Net profit (loss) from core trading ⁽¹⁾	(0.2)	5.1	(1.2)	2.8	6.5
Other core operating income/expense ⁽²⁾	1.6	3.9	3.9	2.5	11.9
OPERATING INCOME	92.6	98.4	77.3	71.3	339.6
Personnel expenses net of early-retirement costs ⁽³⁾	(60.6)	(57.7)	(56.3)	(40.1)	(214.7)
Recurring net adjustments to/recoveries on property and equipment, and intangible assets ⁽⁴⁾	(10.9)	(8.4)	(8.4)	(5.7)	(33.3)
Recurring administrative expenses ⁽⁵⁾	(38.8)	(33.4)	(31.4)	(18.7)	(122.3)
OPERATING EXPENSES	(110.2)	(99.4)	(96.1)	(64.5)	(370.3)
GROSS OPERATING PROFIT (LOSS)	(17.6)	(1.1)	(18.8)	6.8	(30.7)
Net losses/recoveries on impairment of loans to banks and customers ⁽⁶⁾	(26.6)	(4.0)	(12.0)	(42.6)	(85.2)
Profits (losses) on disposal or repurchase of financial assets at amortised cost ⁽⁷⁾	0.1	0.7	-	-	0.8
Net losses/recoveries on impairment of other financial assets ⁽⁸⁾	(0.0)	(0.0)	(0.1)	(0.0)	(0.2)
NET OPERATING PROFIT (LOSS)	(44.2)	(4.4)	(30.9)	(35.8)	(115.3)
Net profit (loss) from non-core trading ⁽⁹⁾	10.7	1.6	1.5	6.2	19.9
Other non-core operating income/expense ⁽¹⁰⁾	23.0	-	-	-	23.0
Profits (losses) on equity investments and on disposal of investments ⁽¹¹⁾	(0.1)	3.9	7.8	(6.8)	4.8
Early retirement costs ⁽¹²⁾	(2.9)	-	-	0.1	(2.8)
Strategic Plan charges relating to non-recurring items ⁽¹³⁾	1.0	(0.0)	(0.2)	(0.0)	0.8
Non-recurring net adjustments to/ recoveries on property and equipment and intangible assets	(14.3)	-	(4.8)	-	(19.1)
Net provisions for risks and charges ⁽¹⁴⁾	(21.9)	(5.5)	(6.3)	0.1	(33.6)
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(3.7)	(11.1)	(2.7)	(8.5)	(26.1)
DTA fees	(3.5)	(3.5)	(3.5)	(2.3)	(12.8)
PROFIT (LOSS) BEFORE TAX	(55.9)	(19.0)	(39.1)	(47.0)	(161.1)
Taxes	(74.3)	(5.4)	(3.3)	(8.6)	(91.6)
Profit (loss) after tax from discontinued operations	(0.0)	-	-	0.0	0.0
NET PROFIT (LOSS) FOR THE PERIOD	(130.2)	(24.4)	(42.5)	(55.6)	(252.6)
Non-controlling interests	(0.4)	(0.3)	0.2	(0.5)	(1.0)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	(129.8)	(24.1)	(42.7)	(55.1)	(251.6)

(1) Includes Income Statement items 80, 90, 100(a) (for the component relating to securities only), 100(b), 100(c) and 110 (for the component relating to securities only) net of non-core items

(2) Income statement item 230 net of tax recoveries and other non-core operating income/expense

(3) Income Statement item 190(a) net of non-recurring items (early retirement costs, operational data)

(4) Income Statement items 210 and 220 net of non-recurring items

(5) Income Statement item 190(b) net of contributions and other banking system charges (SRF and DGS), DTA fees, tax recoveries and Business plan charges, associated with the one-off transactions carried out during the period (with the latter being operational data)

(6) Includes Income Statement item 130(a), item 110 (for loan component only) and item 140

(7) Income Statement item 100(a) (for the loans component only), net of the component now now recognised under Non-core operating income/expense

(8) Income Statement items 130(b)

(9) Fair value adjustment of financial assets arising from securitisation and, for the 1Q20, from capital gains on disposal of HTC securities

(10) Income Statement item 230 for the part of non-core operating income/expense. In the fourth quarter of 2020, the item also came to include the profits on disposal of financial assets at amortised cost, for the performing loans component only (recognised under item 100a in the Consolidated Income Statement)

(11) Income Statement items 250 and 280

(12) Operational data

(13) Non-recurring expenses, in connection with one-off transactions carried out during the period (operational data)

(14) Income Statement item 200, stripped of Strategic Plan charges relating to non-recurring items

Credit quality

EUR mln

31/12/2020							
Loans	Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs
Bad loans	277.8	2.2%	194.5	83.4	0.7%	70.0%	71.6%
Unlikely to pay	329.9	2.6%	132.0	197.9	1.6%	40.0%	40.7%
Past Due	24.3	0.2%	4.4	19.9	0.2%	18.0%	18.1%
Non-performing loans	632.0	5.1%	330.8	301.2	2.5%	52.3%	53.8%
Performing loans	11,859.9	94.9%	124.9	11,735.0	97.5%	1.1%	1.1%
Total loans⁽¹⁾ to customers	12,491.9	100.0%	455.7	12,036.2	100.0%	3.6%	3.8%

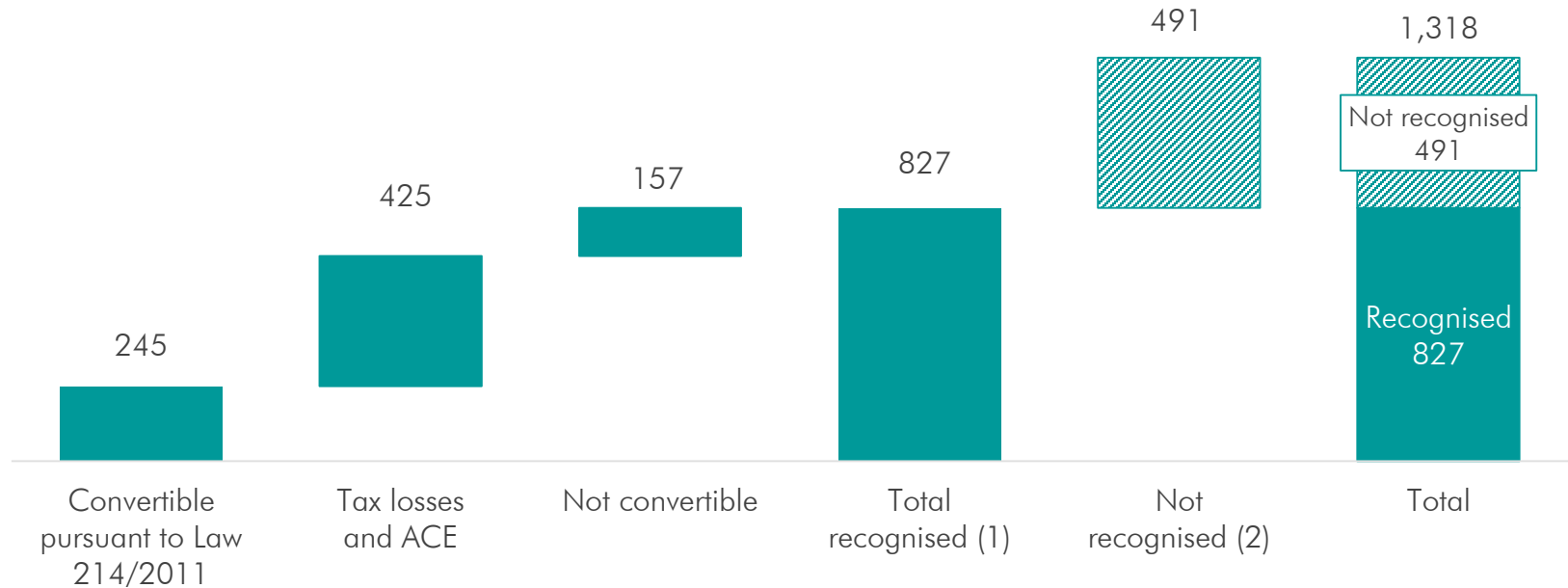
30/09/2020								31/01/2020					
Loans	Gross	%	Loan losses	Net	%	Coverage	Regional peers ⁽²⁾	Gross	%	Loan losses	Net	%	Coverage
Bad loans	258.9	2.1%	183.3	75.6	0.6%	70.8%	63.9%	227.2	1.7%	158.9	68.3	0.5%	69.9%
Unlikely to pay	350.6	2.9%	126.6	224.0	1.9%	36.1%	39.7%	879.4	6.6%	339.0	540.5	4.2%	38.5%
Past Due	29.3	0.2%	5.3	24.0	0.2%	18.0%	17.3%	24.6	0.2%	4.4	20.1	0.2%	18.1%
Non-performing loans	638.7	5.3%	315.2	323.5	2.8%	49.3%	50.9%	1,131.2	8.5%	502.3	628.9	4.9%	44.4%
Performing loans	11,505.5	94.7%	114.8	11,390.8	97.2%	1.0%	0.8%	12,208.3	91.5%	88.7	12,119.7	95.1%	0.7%
Total loans to customers⁽¹⁾	12,144.3	100.0%	430.0	11,714.3	100.0%	3.5%	4.5%	13,339.5	100.0%	591.0	12,748.6	100.0%	4.4%

(1) Balance Sheet Item 40(b) net of debt securities measured at amortised cost

(2) Source: unweighted average of 9M20 data (BBPM,UBI, MPS, BPER, Credem, POPSO, Creval); 1H20 data (Cariparma)

Breakdown – December 2020

EUR
mln



Prudential treatment

100% weighted

Deducted from own funds

250% weighted and deducted if in excess of deductibles

In continuity with prior quarters, EUR 65 mln new DTAs based on future taxable profits were not recognised in the financial statements as at 31 December 2020. In addition, EUR 66 mln⁽¹⁾ worth of DTAs from prior periods were derecognised.

(1) The amount of DTAs recognised in the financial statements was subject to a probability test with a view to also verifying the recoverability of the DTAs over time, in light of the pandemic scenario
 (2) In the event of a business combination, such DTAs could be recognised again in the financial statements, in view of different prospects for future income and in light of the provisions for conversion into tax credits under law No. 178/2020

Disclaimer

The manager responsible for preparing Banca Carige's financial reports, Mr. Mauro Mangani, 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 underlying documentary evidence, books and accounting records.

This document has been prepared by Banca Carige S.p.A. solely for information purposes and for use in presentations of the Group's financials. The information contained herein has not been independently verified. The company and its representatives shall have no liability whatsoever for any loss howsoever arising from any use of this document or its contents. The forward-looking information contained herein has been prepared on the basis of assumptions which may prove to be incorrect and, accordingly, results presented herein may vary. All of the above factors should be considered by readers in forming their own opinions. The distribution of this presentation in certain jurisdictions may be restricted by law or regulations in force. Recipients of this presentation should therefore inform themselves about and observe such restrictions. This document does not constitute an offer or invitation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The information contained herein may not be reproduced, published or distributed, in whole or in part, for any purpose whatsoever.

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

Head of Communication, Investor Relations & Regulatory Affairs

Roberta Famà

roberta.fama@carige.it

+39 010 579 4877

Fixed Income, Equity Coverage & Ratings

Massimo Turla

massimo.turla@carige.it

+39 010 579 4220

Benchmarking & Analysis

+39 010 579 2794

investor.relations@carige.it