



Preliminary consolidated results as at 31 December 2016

10 February 2017



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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 document results, books and accounting records.

Voluntary disclosure of preliminary results, approved following the entry into force of the harmonised requirements for statistical and prudential supervisory reporting (CO.REP and FIN.REP), extended to better illustrate the results of the Group to the market. The voluntary disclosure does not represent the consolidated financial statements pursuant to the international accounting standards, IAS/IFRS. The Draft Full-Year Report as at 31/12/2016 is set to be approved by the Board of Directors on 28/2/2017 and may therefore be subject to changes including as a result of events occurring

In compliance with the provisions of IAS 8 (Accounting standards, changes in accounting estimates and errors), the Bank recomputed (i) balance-sheet data as at 1 January 2015 and 31 December 2015, and income statement balances for 2015, in order to correctly recognise the amortised cost of certain bond issuances and (ii) balance-sheet data as at 31 December 2015 and income statement balances for 2015, for proper recognition of the discounting-related component of loan loss provisions.

After tax, the foregoing adjustments entailed an overall EUR 24.1 mln reduction of equity as at 1/1/2015, a EUR 25.9 mln reduction of profit (loss) for the year 2015 and a EUR 50.0 mln reduction of equity as at 31/12/2015 with respect to previously communicated balances. To allow for a like-for-like comparison, comparative data contained in this presentation referring to prior periods, were redetermined on the basis of operational data.

Note: 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.

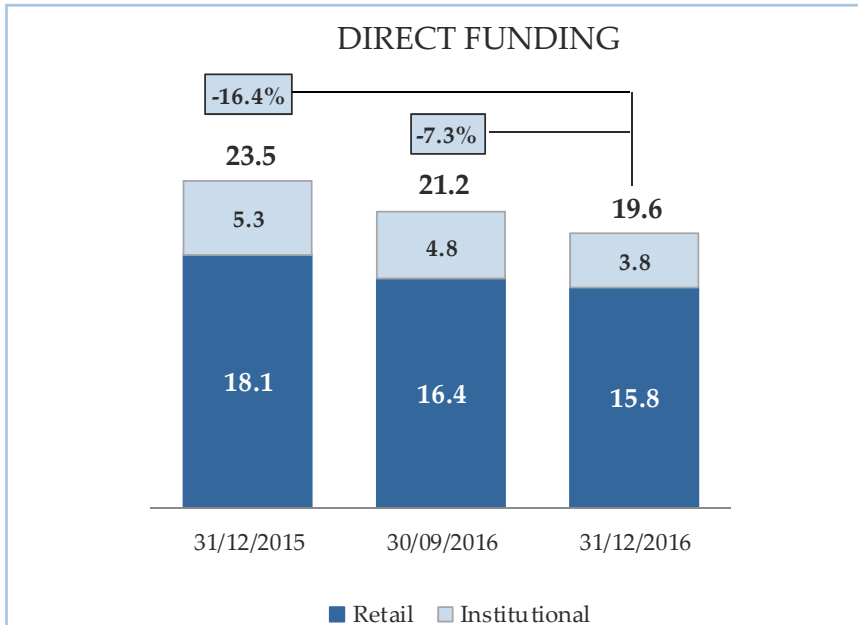


Credit quality	<i>Derisking</i> in place: NPL coverage at 45.4% - Bad loan coverage at 63.0%
Funding/lending	<i>Deleveraging</i> in excess of Plan objectives
Capital	Estimated phased in CET1r at 11.3%
Liquidity	LCR at 124% vs SREP requirement of 90%
Profitability	Gross operating income +9.9%; operating expenses -13,2%; operating income on 3Q16 levels; EUR 70.0 mln gross in contributions and other banking system charges



Direct funding on a downturn

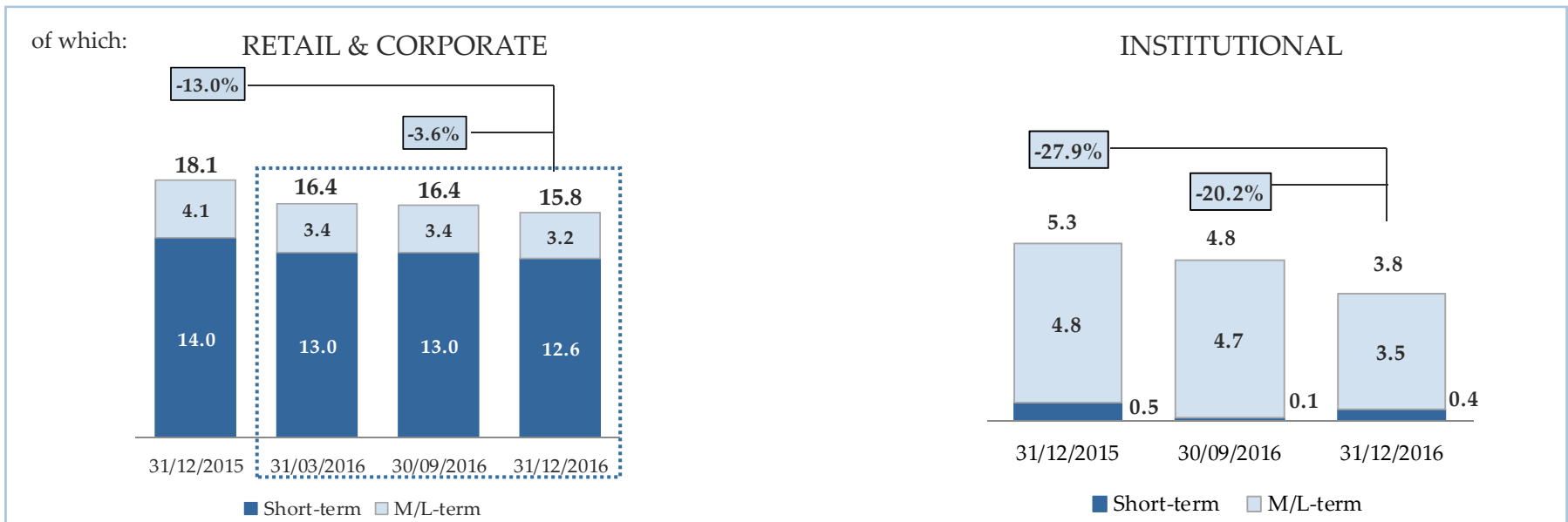
EUR bn



Funding from customers (retail and corporate) registered a downturn primarily in 1Q16, partly in the wake of dynamics unfolding in the banking system

Institutional funding on a downturn, including due to repayment of EUR 1.2 bn in covered bonds in November

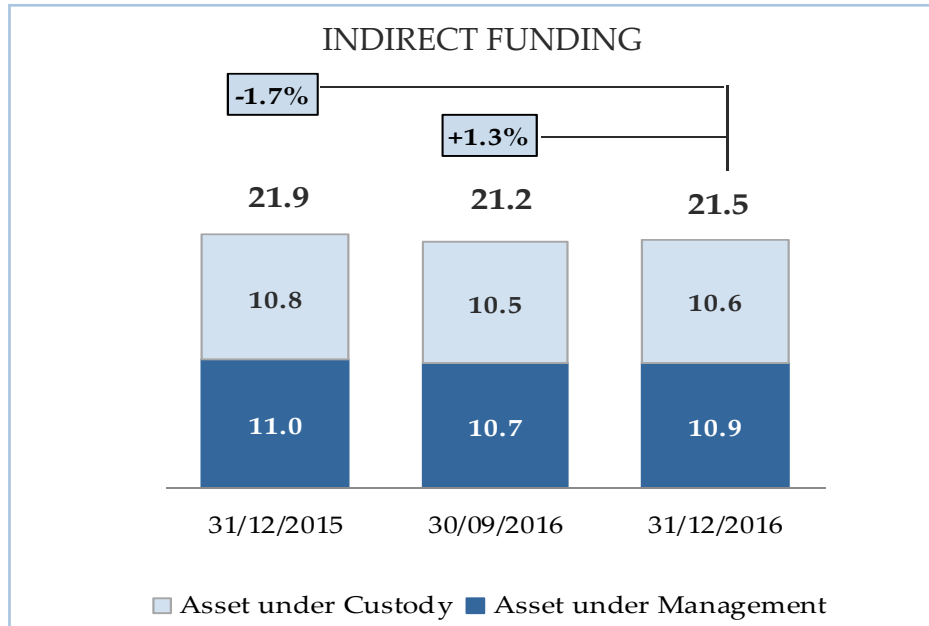
Loan to Deposit ratio of 93.1% as at end-December vs 90.3% as at 30 September 2016





Indirect funding on a slight upturn in Q4

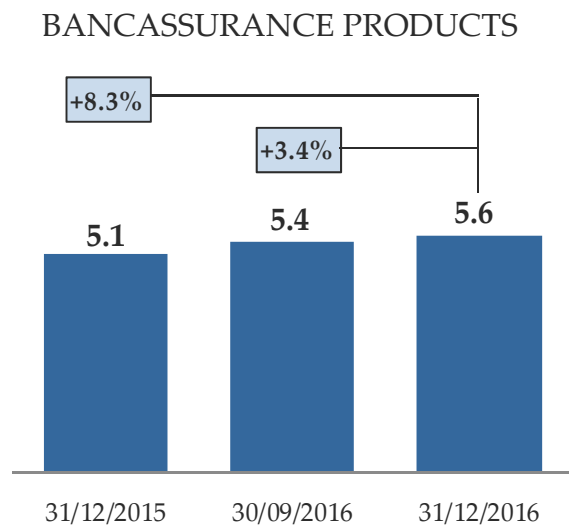
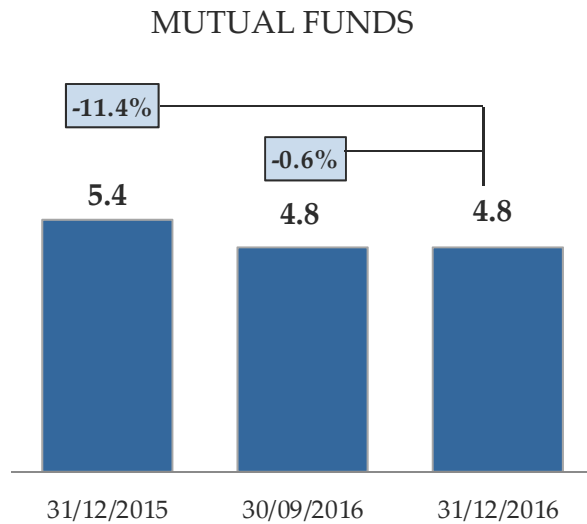
EUR bn



Indirect funding on the increase in 4Q16 (+1.3%), partly on the back of direct deposits invested in asset management products

Assets under Management and Assets under Custody were respectively up 1.3% and 1.2% in 4Q16. Funding from bancassurance +8.3 Y/Y and +3.4% in 4Q16

of which:

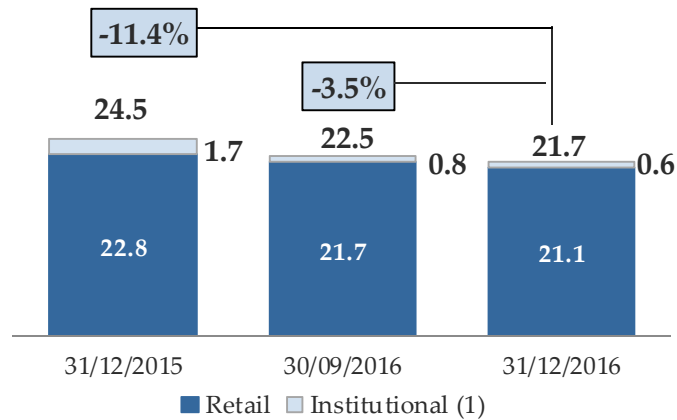




Loan book derisking continues

EUR bn

GROSS LOANS



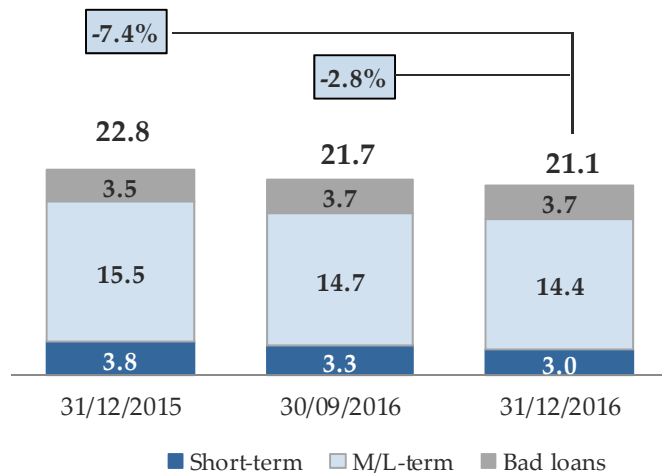
Deleveraging in loans to Retail and Corporate customers continued (-2.8% in 4Q16)

Granting of new mortgage loans to households (EUR 467 mln in the twelve-month period, o.w. EUR 136 mln in 4Q16) and mortgage loans to businesses (EUR 805 mln in the twelve-month period) continued

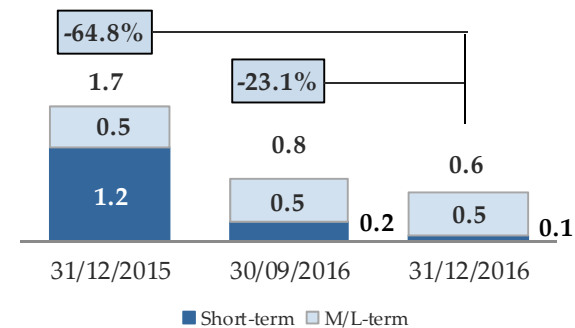
Institutional component on a downturn (-23.1% vs 3Q16) due to the trend in repos, discontinued due to low yield

of which:

CUSTOMERS LOANS



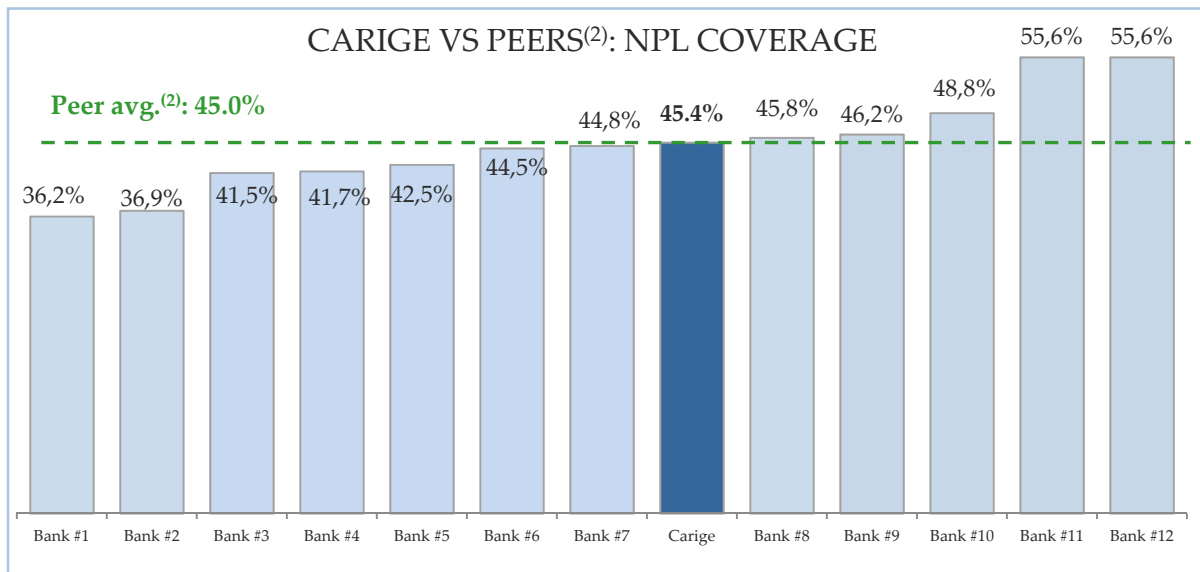
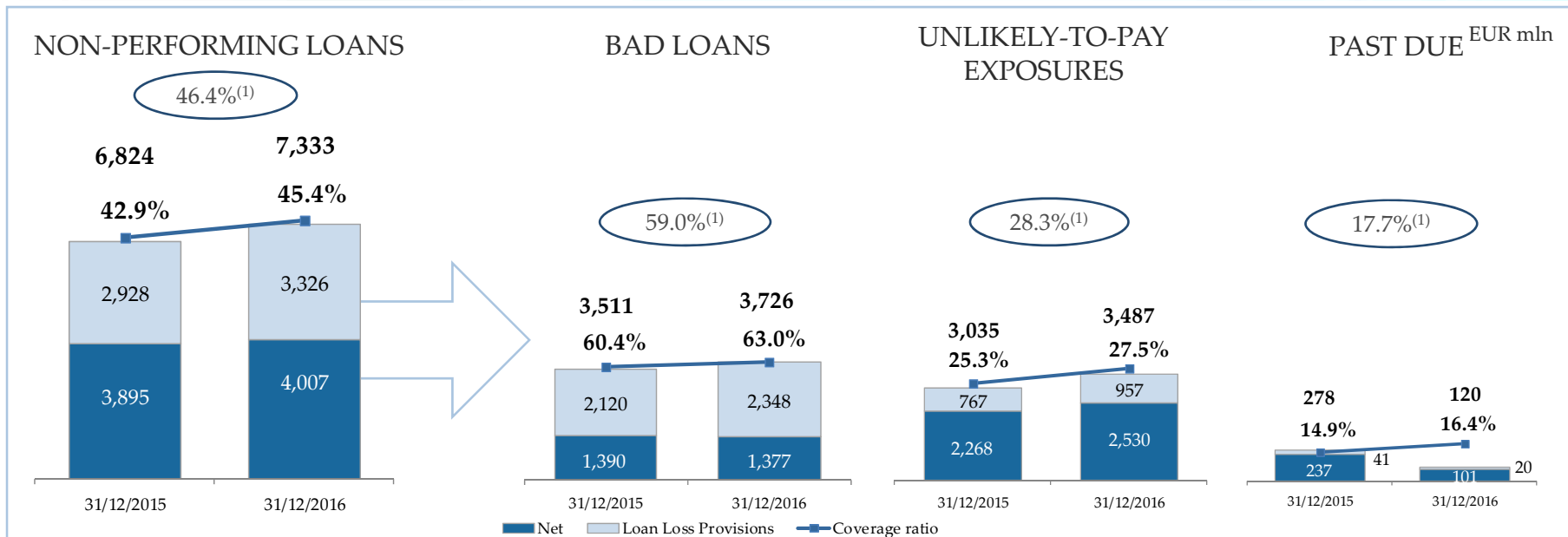
INSTITUTIONAL⁽¹⁾



(1) Includes interest-bearing postal bonds, REPOs with financial institutions and other loans



Higher NPL coverage



The significant increase in coverage levels achieved during the year allowed for net NPLs to be maintained essentially stable

NPL Coverage at 45.4%, up by 2.5 p.p. from December 2015 (46.4% Italian banking system average¹)

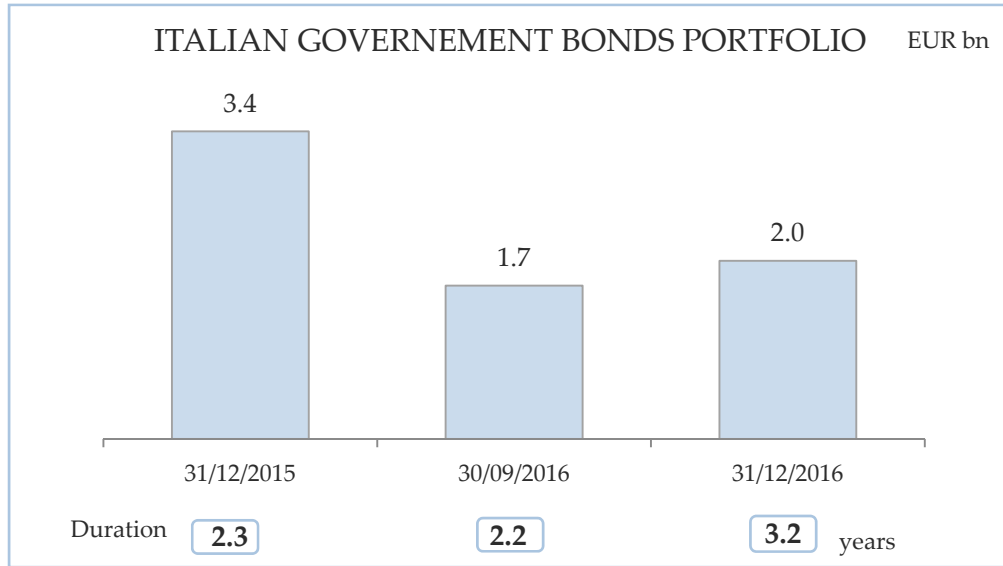
Coverage of bad loans at 63.0% (59.0% Italian banking system average¹)

(1) Italian banking system's coverage, source: Bank of Italy, Financial Stability Report no. 2 of 2016

(2) Source: FY16 reports (Carige, ISP, Creval, BPER, Credem, POPSO, UCG and UBI), 3Q16 reports (BBPM restated) and 1H16 reports (Cariparma, Veneto Banca and BPVi)

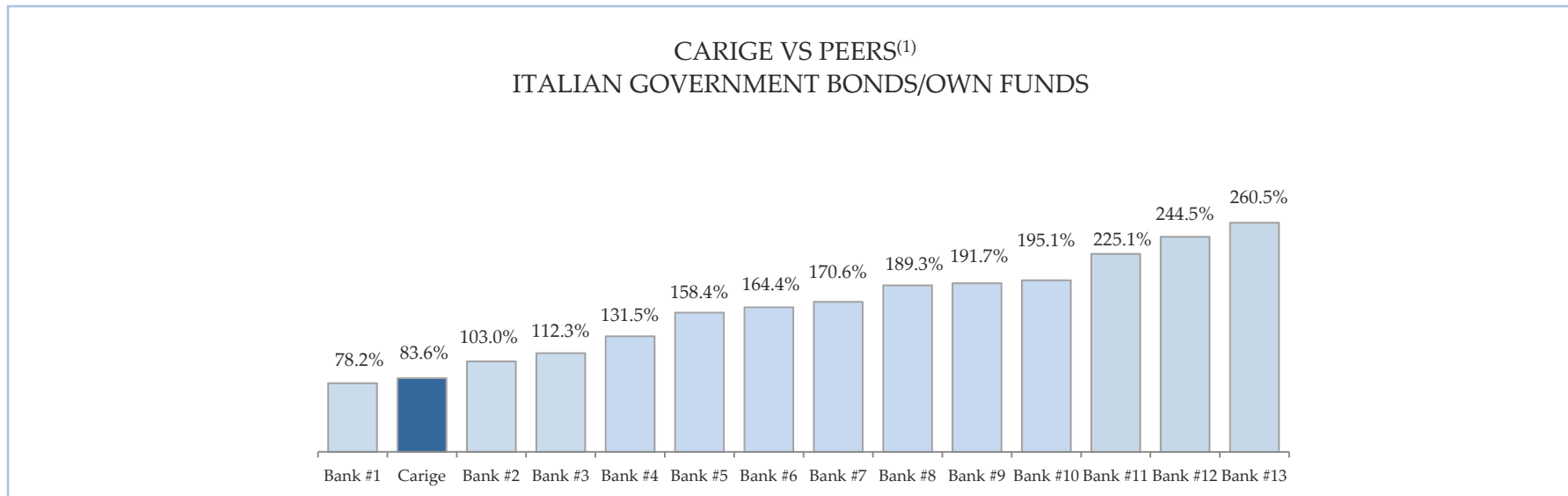


Securities portfolio continues to be low risk



Low risk securities portfolio in sizing and duration

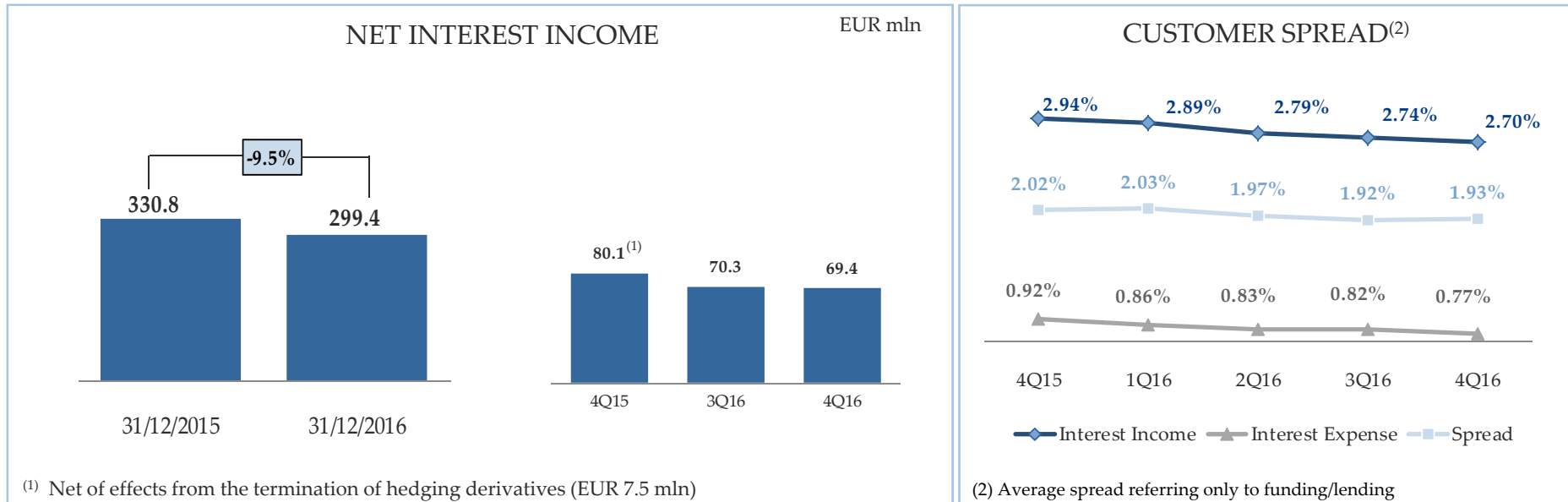
Net of the stake held in the Bank of Italy, 97.2% of the securities portfolio consists of Italian Government bonds



(1) Source: FY16 report (Carige), 1H16 reports (UCG, ISP, MPS, UBI, BP, BPER, BPM, Credem, POPSO, BPVi, Veneto Banca, Creval and Cariparma)



NII impacted by the market cycle

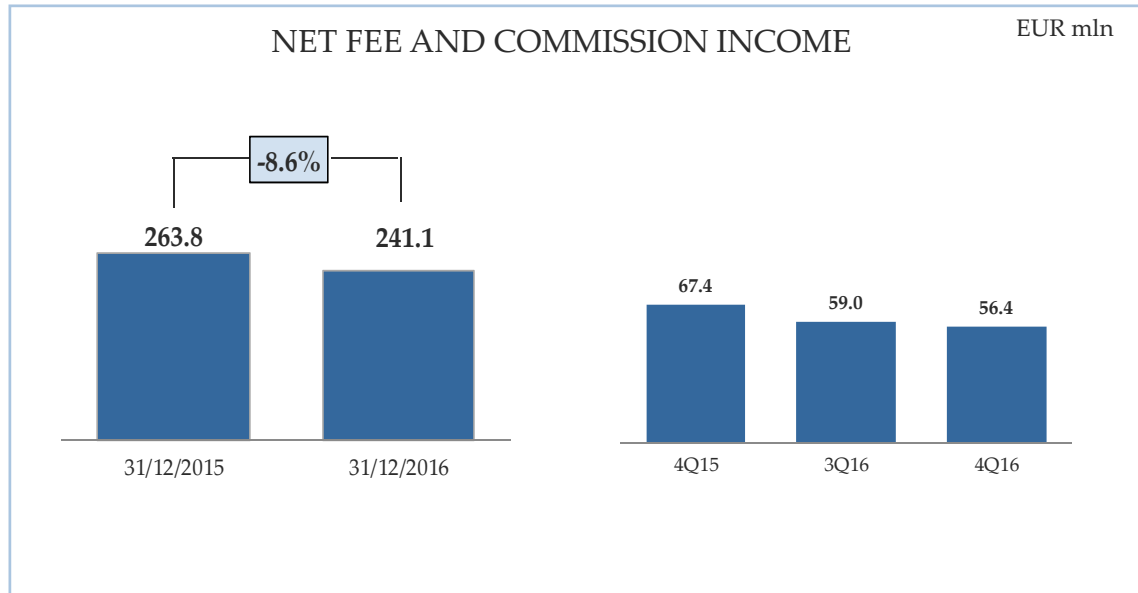


Decrease in Net Interest Income, weighed down by the trend in market rates, reduced funding/lending volumes, and effects from the active management of the securities portfolio that contributed to the good performance of Finance

Average rates on a downturn, with customer spread essentially stable

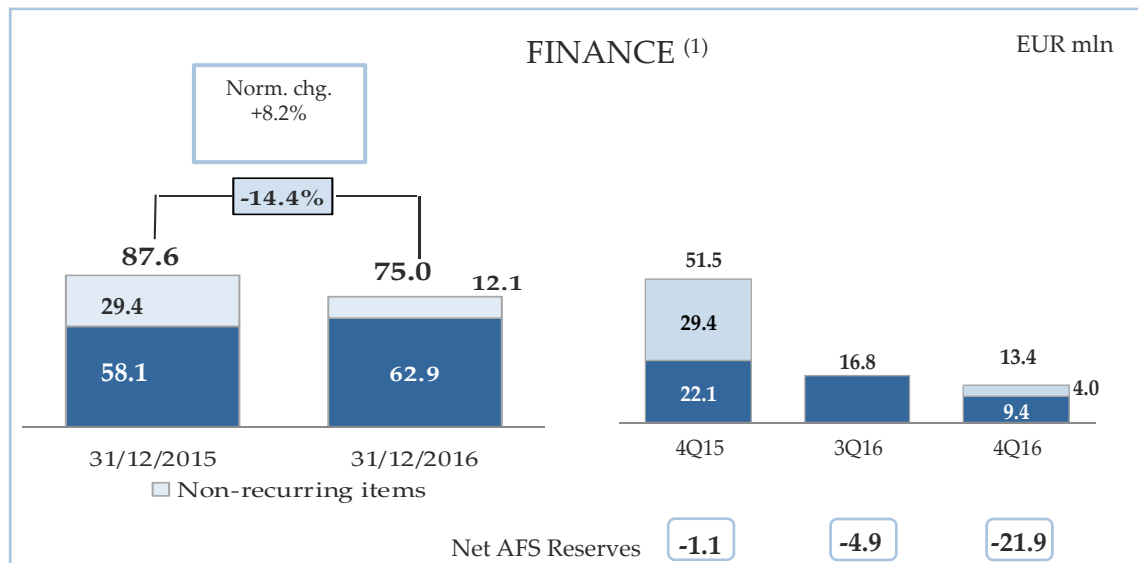


Revenues holding stable in 4Q16



Despite holding essentially stable on Q3 levels, net fees and commissions saw a Y/Y decline primarily associated to the reduction in funding and lending volumes with customers

Net fees on AuM, particularly bancassurance products and mutual funds, increased in 4Q16



Net income from trading/valuation of financial assets (Finance) contributed a positive EUR 75 mln in the 12M period

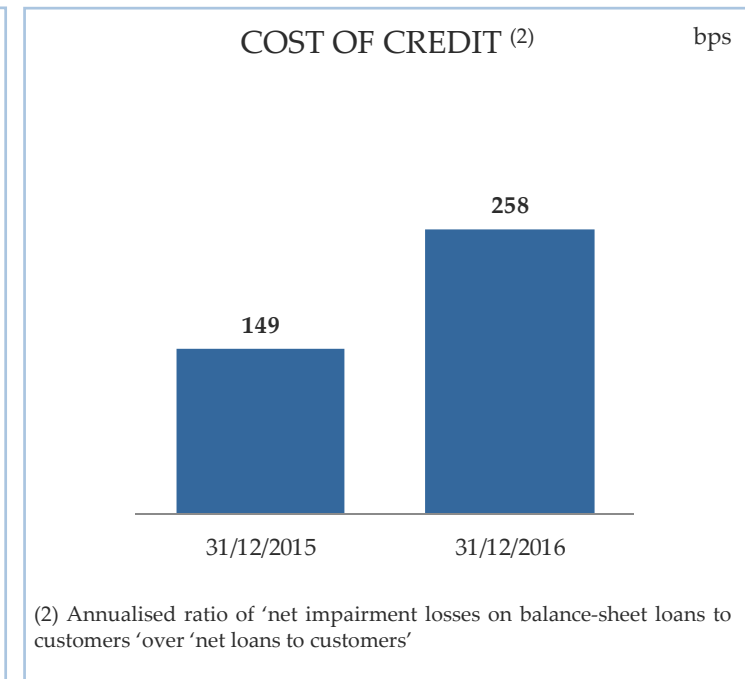
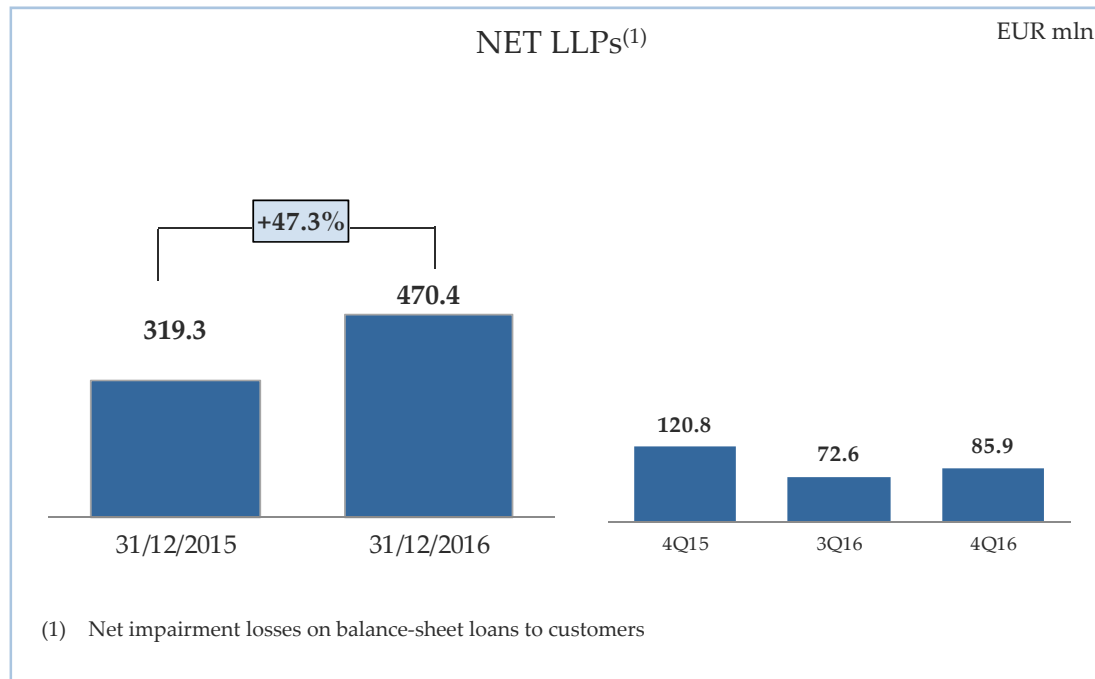
The 12M results include EUR 12.1 mln from disposal of the equity investments in CartaSi S.p.A. (finalised in January 2016, EUR 2.4 mln) and in Visa Europe Ltd. (amounting to EUR 9.7 mln)

Positive contribution continued in 4Q16, with EUR 13.4 mln revenues

(1) Includes items 70, 80, 90, 100(b), 100(c), 100(d) and 110 of the Income Statement



Cost of credit reflective of stronger coverage

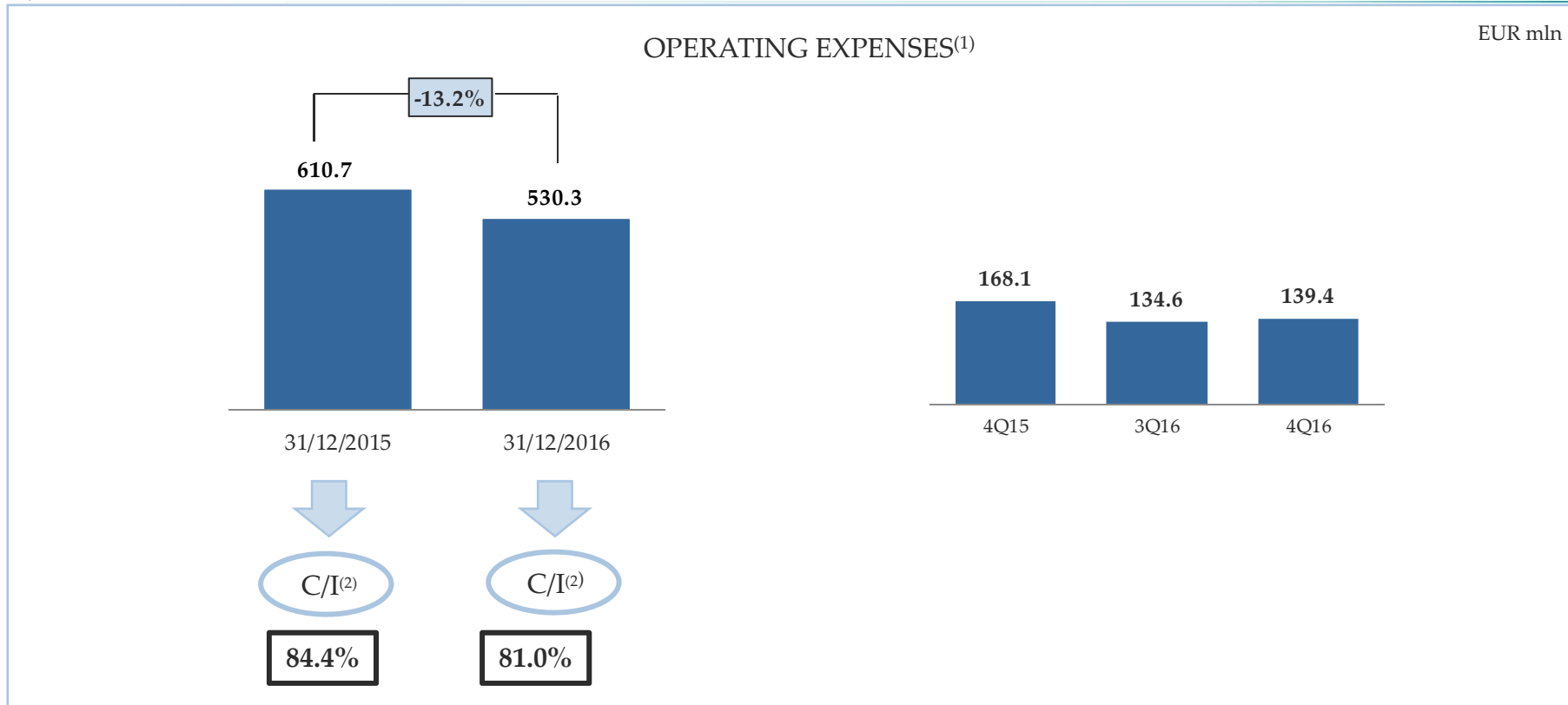


Net loan loss provisions are inclusive of the results agreed upon with the Supervisory Authorities following the extensive Thematic Review conducted on the loan portfolio, mostly posted to the second quarter

Higher impairment losses on loans to customers (EUR 470.4 mln vs 319.3 mln) led to an increase in NPL coverage, adjusting the assets book value to more prudential levels thus reducing their risk profile



Operating expenses on a sharp downturn



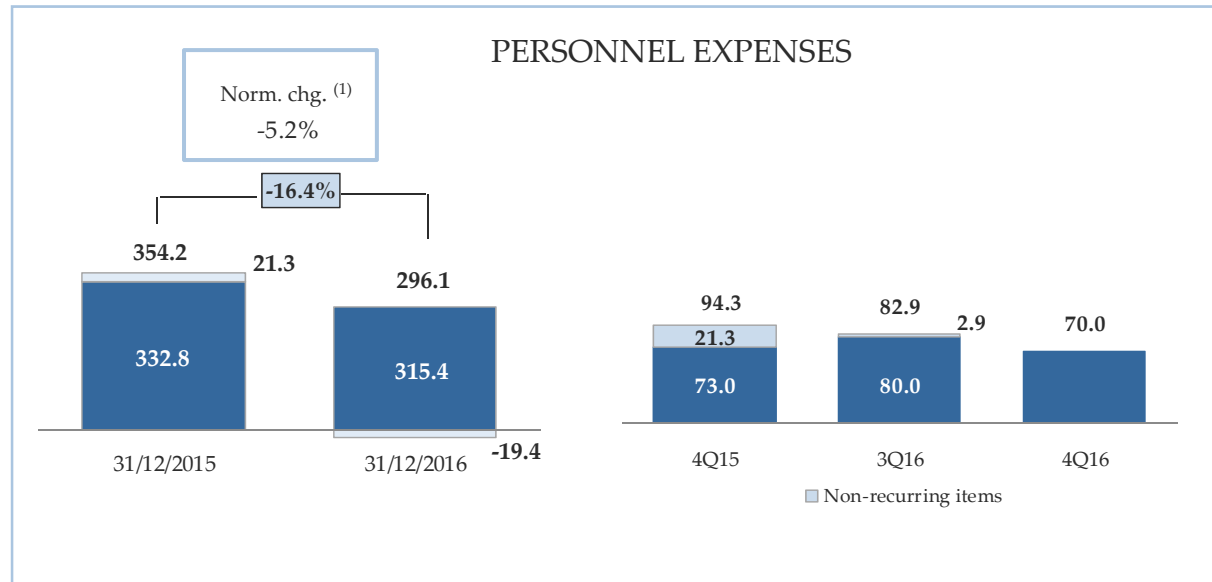
Operating expenses down 13.2% on the back of the cost-curbing actions focusing on personnel expenses and core administrative expenses

Cost income improves by ~ 3.4 p.p.

- (1) Operating expenses include personnel expenses, impairment losses/reversals on property and equipment and intangible assets, and core administrative expenses (see attached Reclassified Consolidated Income Statement)
- (2) Operating expenses/Net operating income. Operating income includes Net Interest Income, net fees and commissions, Net income from trading/valuation of financial assets (Finance) and Other operating income (see attached Reclassified Consolidated Income Statement)

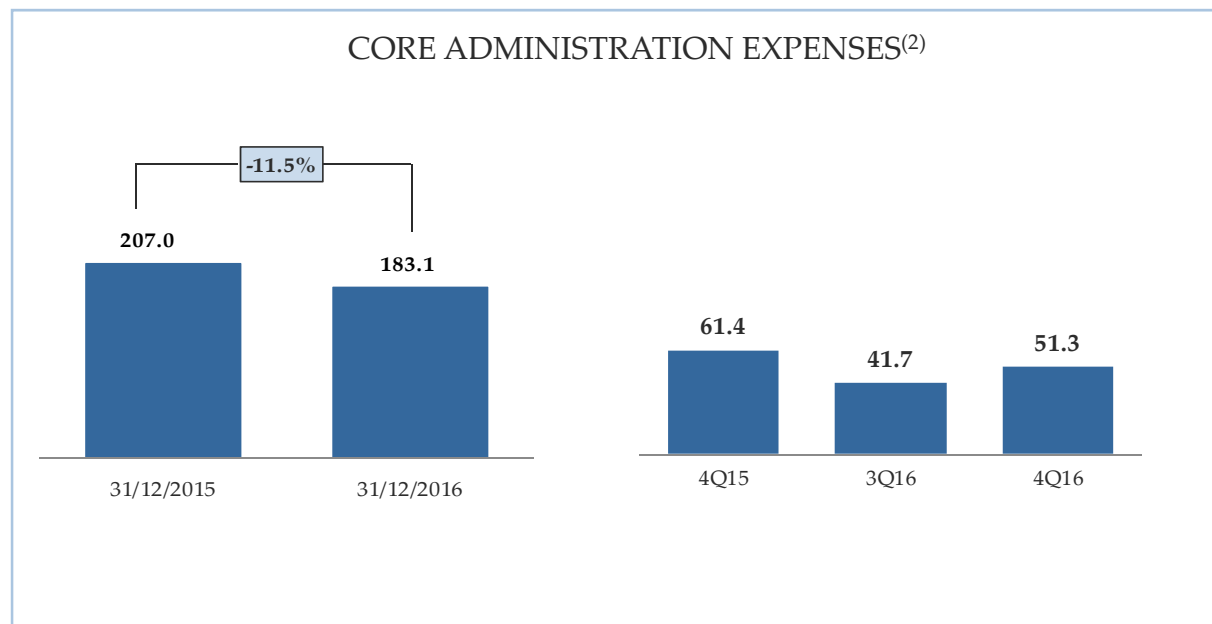


Personnel expenses and core components on a downturn



Personnel expenses down 5.2% net of non-recurring positive items

The structural reduction in labour cost, with EUR 30 mln cost savings when at steady state, is primarily associated to the positive effects from the signing of union agreements (particularly staff exits under retirement schemes) and the discontinuation of one-off provisions taken in 2015



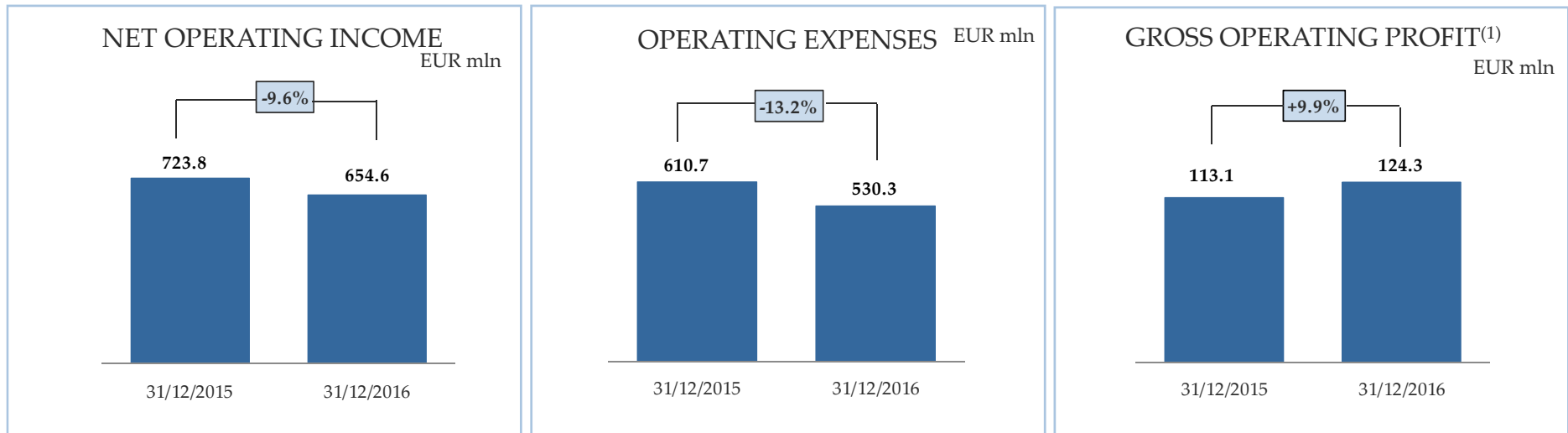
Core administrative expenses down 11.5% as a result of cost-curbing actions implemented

(1) Normalised to reflect non-recurring items consisting in a positive EUR 22.3 mln in 2Q16 driven by the definition of the Company's Supplementary Pension Fund, and a negative -EUR 2.9 mln in 3Q16 driven by the new Union Agreement

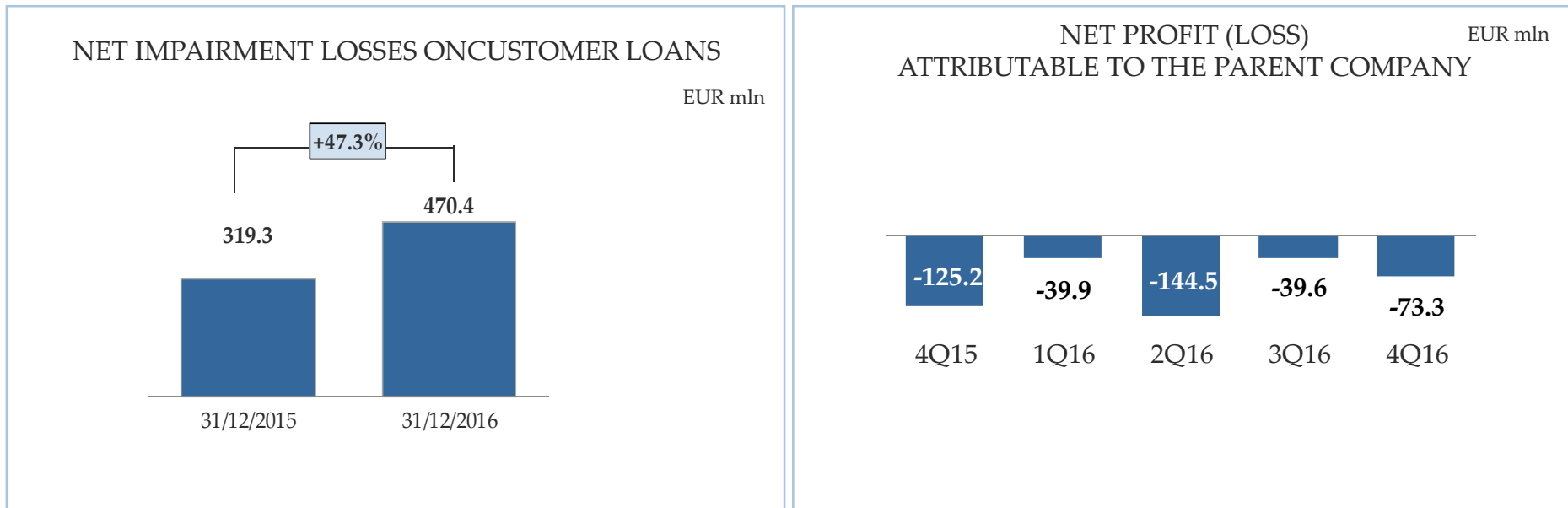
(2) Item 180(b) of the Income Statement net of contributions and other banking system charges, DTA fees and Taxes recovered from customers



Conclusions



(1) Gross operating profit represents the balance of net operating income and operating expenses





Annexes



Reclassified Consolidated Income Statement

Preliminary amounts in EUR/mln

RECLASSIFIED INCOME STATEMENT	Situation as at		Change	
	31/12/2016	31/12/2015(*)	absolute	%
Net interest income	299.4	330.8	(31.4)	(9.5)
Net fee and commission income	241.1	263.8	(22.8)	(8.6)
Income from Finance ⁽¹⁾	75.0	87.6	(12.6)	(14.4)
Other operating income ⁽²⁾	39.1	41.6	(2.4)	(5.9)
NET OPERATING INCOME	654.6	723.8	(69.2)	(9.6)
Personnel expenses	(296.1)	(354.2)	58.1	(16.4)
Net adjustments to/ recoveries on property and equipment, and on intangible assets	(51.1)	(49.6)	(1.5)	3.1
Core administrative expenses ⁽³⁾	(183.1)	(207.0)	23.9	(11.5)
OPERATING EXPENSE	(530.3)	(610.7)	80.4	(13.2)
GROSS OPERATING PROFIT	124.3	113.1	11.2	9.9
Net impairment losses/reversals on loans ⁽⁴⁾	(467.9)	(318.7)	(149.2)	46.8
Profits (losses) on disposal or repurchase of loans	(0.0)	(0.0)	0.0	(93.8)
Net impairment losses/reversals on other financial activities ⁽⁵⁾	8.6	14.4	(5.8)	(40.5)
NET OPERATING PROFIT	(335.1)	(191.3)	(143.8)	75.2
Net provisions for risks and charges	(21.2)	(10.1)	(11.1)	...
Profits (losses) on investments in associates and companies subject to joint control and on disposal of investments ⁽⁶⁾	6.4	6.7	(0.2)	(3.3)
Impairment on goodwill	(19.9)	(57.1)	37.2	(65.1)
PROFIT (LOSS) BEFORE TAX FROM OPERATIONS	(369.7)	(251.8)	(117.9)	46.8
Taxes ⁽⁷⁾	118.5	78.9	39.6	50.1
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante) after tax	(30.3)	(28.5)	(1.9)	6.7
DTA fees after tax	(20.1)	-	(20.1)	...
Profit (loss) after tax from discontinued operations	-	71.2	(71.2)	(100.0)
NET PROFIT (LOSS) FOR THE YEAR	(301.7)	(130.1)	(171.6)	...
Minority interest	(4.4)	(2.5)	(1.9)	73.6
NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	(297.3)	(127.6)	(169.7)	...

(*) With respect to published accounts, the balances of previous year are reflective of changes from the application of provisions of IAS 8 "Accounting policies, changes in accounting estimates and errors"

(1) Includes income statement items 70, 80, 90, 100(b), 100(c), 100(d) and 110

(2) Income statement item 220 net of tax recoveries

(3) Income statement item 180(b) net of banking system charges, DTA fees and tax recovered from customers

(4) Income statement item 130(a) (net losses on impairment of loans to banks and customers)

(5) Includes income statement items 130(b) and 130(d)

(6) Includes income statement items 240 and 270

(7) Item 290 of the income statement net of the tax effects relating to the components under Contributions and other banking system charges and DTA fees



Reclassified Consolidated Income Statement - quarterly trend

Preliminary amounts in EUR/mln

RECLASSIFIED INCOME STATEMENT	4Q2016	3Q2016(*)	2Q2016(*)	1Q2016(*)	4Q2015(*)	3Q2015(*)	2Q2015(*)	1Q2015(*)
Net interest income	69.4	70.3	76.8	82.9	87.5	74.4	81.4	87.5
Net fee and commission income	56.4	59.0	65.1	60.5	67.4	66.2	68.5	61.7
Income from Finance ⁽¹⁾	13.4	16.8	29.8	15.0	51.5	13.3	17.6	5.1
Other operating income ⁽²⁾	10.5	11.2	8.0	9.4	9.2	11.3	11.6	9.5
NET OPERATING INCOME	149.8	157.4	179.6	167.7	215.6	165.2	179.1	163.9
Personnel expenses	(70.0)	(82.9)	(61.2)	(82.1)	(94.3)	(85.0)	(88.2)	(86.6)
Net adjustments to/ recoveries on property and equipment, and on intangible assets	(18.1)	(10.1)	(11.7)	(11.3)	(12.4)	(11.4)	(12.4)	(13.4)
Core administrative expenses ⁽³⁾	(51.3)	(41.7)	(44.0)	(46.1)	(61.3)	(44.2)	(51.0)	(50.4)
OPERATING EXPENSE	(139.4)	(134.6)	(116.9)	(139.5)	(168.0)	(140.6)	(151.6)	(150.4)
GROSS OPERATING PROFIT	10.4	22.8	62.8	28.3	47.6	24.6	27.6	13.4
Net impairment losses/reversals on loans ⁽⁴⁾	(83.5)	(72.6)	(222.0)	(89.8)	(120.3)	(65.1)	(54.9)	(78.5)
Profits (losses) on disposal or repurchase of loans	0.0	(0.0)	-	-	(0.0)	0.1	-	(0.1)
Net impairment losses/reversals on other financial activities ⁽⁵⁾	4.9	(1.1)	2.7	2.1	7.1	(0.4)	2.2	5.4
NET OPERATING PROFIT	(68.2)	(51.0)	(156.5)	(59.4)	(65.6)	(40.8)	(25.1)	(59.7)
Net provisions for risks and charges	(17.4)	(3.5)	(0.8)	0.6	(6.0)	(2.8)	(1.3)	0.1
Profits (losses) on investments in associates and companies subject to joint control and on disposal of investements ⁽⁶⁾	(0.2)	4.3	0.0	2.3	(0.2)	2.7	1.5	2.6
Impairment on goodwill	-	-	(19.9)	-	(57.1)	-	-	-
PROFIT (LOSS) BEFORE TAX FROM OPERATIONS	(85.8)	(50.1)	(177.2)	(56.5)	(129.0)	(40.9)	(24.9)	(56.9)
Taxes ⁽⁷⁾	30.6	19.0	47.4	21.4	30.8	23.0	5.9	19.0
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante) af	(17.1)	(6.6)	-	(6.7)	(28.2)	-	-	-
DTA fees after tax	(2.5)	(2.5)	(15.1)	-	-	-	-	-
Profit (loss) after tax from discontinued operations	-	-	-	-	(1.1)	0.0	80.5	(8.2)
NET PROFIT (LOSS) FOR THE PERIOD	(74.8)	(40.2)	(144.9)	(41.8)	(127.5)	(17.9)	61.4	(46.2)
Minority interest	(1.5)	(0.6)	(0.4)	(1.9)	(2.2)	(0.4)	0.2	(0.1)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	(73.3)	(39.6)	(144.5)	(39.9)	(125.2)	(17.4)	61.2	(46.2)

(*) Redetermined partly on the basis of operational data, for the quarterly trend to reflect the restatement of yearly comparative balances pursuant to IAS 8 "Accounting standards, changes in accounting estimates and errors"

(1) Includes income statement items 70, 80, 90, 100(b), 100(c), 100(d) and 110

(2) Income statement item 220 net of tax recoveries

(3) Income statement item 180(b) net of contributions and other banking system charges (SRF and DGS), DTA fees and tax recoveries

(4) Income statement item 130(a) (net losses on impairment of loans to banks and customers)

(5) Includes income statement items 130(b) and 130(d) net of banking system charges (Voluntary scheme and Atlante)

(6) Includes income statement items 240 and 270

(7) Item 290 of the income statement net of the tax effects relating to the components under Contributions and other banking system charges and DTA fees



Main consolidated data

Preliminary amounts in EUR/mln

BALANCE SHEET FIGURES	Situation as at		Change	
	31/12/2016	31/12/15(*)	absolute	%
Total assets	26,119.3	30,279.8	(4,160.5)	(13.7)
Direct deposits (a)	19,612.8	23,452.8	(3,840.0)	(16.4)
Indirect deposits (b)	21,487.9	21,854.7	(366.8)	(1.7)
- o.w. Assets under Management	10,864.2	11,044.6	(180.4)	(1.6)
- o.w. Assets under Custody	10,623.7	10,810.1	(186.4)	(1.7)
Overall funding (a+b)	41,100.7	45,307.5	(4,206.8)	(9.3)
Loans to customers ⁽¹⁾	21,713.0	24,513.9	(2,800.9)	(11.4)
Securities portfolio ⁽²⁾	2,326.7	3,815.1	(1,488.4)	(39.0)
Group's shareholders' equity	2,103.7	2,405.7	(301.9)	(12.6)
RECLASSIFIED INCOME STATEMENT FIGURES	31/12/2016	31/12/15(*)		
Net operating income	654.6	723.8	(69.2)	(9.6)
Operating expenses	(530.3)	(610.7)	80.4	(13.2)
Gross operating profit	124.3	113.1	11.2	9.9
Net operating profit	(335.1)	(191.3)	(143.8)	75.2
Profit (loss) before tax from operations	(369.7)	(251.8)	(117.9)	46.8
Net income (loss) attributable to the Parent Company	(297.3)	(127.6)	(169.7)	...
RESOURCES (end of period)	31/12/2016	31/12/2015		
Number of branches	587	625	(38)	(6.1)
Headcount	4,873	5,034	(161)	(3.2)

(*) With respect to published accounts, the balances of previous year are reflective of changes from the application of provisions of IAS 8 "Accounting policies, changes in accounting estimates and errors"

(1) Net of debt securities classified as L&R and after value adjustments

(2) Balance sheet items 20 (net of derivatives), 40, 60 (only for L&Rs) and 70 (only for L&Rs)



Credit Quality

EUR mln

	31/12/2016								31/12/2015(*)					
	Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs	Coverage Avg. regional peer ¹	Gross	%	Loan losses	Net	%	Coverage
Loans														
Bad loans	3,725.6	17.2%	2,348.5	1,377.1	7.5%	63.0%	64.8%	54.9%	3,510.8	14.3%	2,120.4	1,390.5	6.5%	60.4%
Unlikely to pay	3,487.0	16.1%	957.4	2,529.5	13.9%	27.5%	29.2%	25.1%	3,034.6	12.4%	766.7	2,268.0	10.6%	25.3%
Past Due	120.3	0.6%	19.7	100.6	0.6%	16.4%	16.4%	11.2%	278.1	1.1%	41.3	236.8	1.1%	14.9%
performing loans	7,332.9	33.8%	3,325.6	4,007.3	22.0%	45.4%	47.3%	41.0%	6,823.6	27.8%	2,928.3	3,895.2	18.2%	42.9%
Performing loans	14,380.1	66.2%	136.5	14,243.7	78.0%	0.9%	0.9%	0.6%	17,690.3	72.2%	146.2	17,544.1	81.8%	0.8%
Total loans to customers	21,713.0	100.0%	3,462.1	18,250.9	100.0%	15.9%	17.0%	8.9%	24,513.9	100.0%	3,074.5	21,439.4	100.0%	12.5%

(*) Restated following the application of IAS 8 "Accounting policies, changes in accounting estimates and errors"

(1) Source: unweighted mean of 3Q16 figures (BP, BPM, UBI, BPER, Credem, POPSO and Creval) and 1H16 (Cariparma, Veneto Banca and BPVi)



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Preliminary consolidated results as at 31 December 2016

10 February 2017