



Consolidated results as at 31 March 2016

10 May 2016



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The Manager responsible for preparing the company's financial reports of Banca Carige S.p.A., 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.

It is noted that the Bank has classified, measured and presented data relating to discontinued operations (Insurance Group) according to the provisions of IFRS 5. Further to the resolutions adopted by the Board of Directors on 30 June 2015 and 3 December 2015, Banca Cesare Ponti and Creditis have ceased to be classified under groups of assets held for sale. In order to take account of changes made to groups of assets held for sale and to allow for a like-for-like comparison, comparative data contained in this presentation referring to previous periods have consequently been restated, as necessary and even where not provided for by the afore-mentioned accounting standard.

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



● **1Q16 Consolidated Results**

● **Annexes**



Capital position among the highest in the Italian Banking System (12.3%), above ECB's SREP target (11.25%)

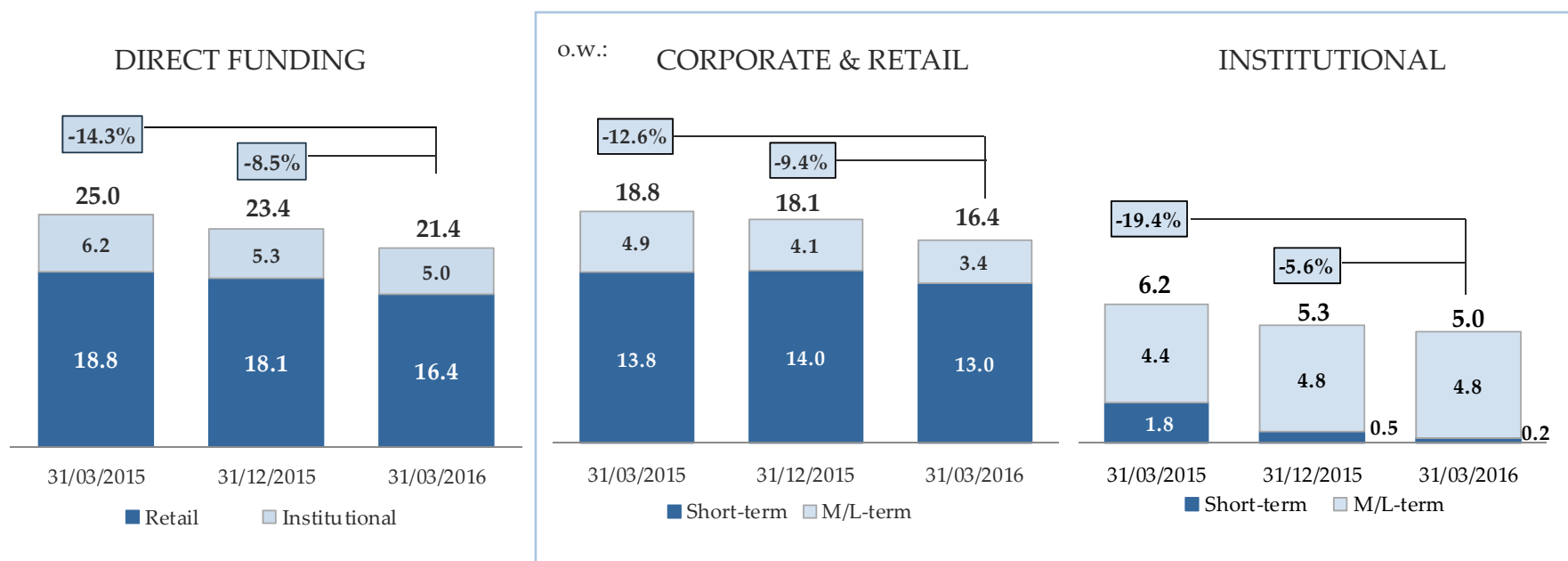
Overall liquidity of over EUR 2 bn (LCR as at 31/03/2016: 129%)

NPLs broadly stable on March 2015 levels (EUR 6.9 bn) and overall coverage further on the rise (43.1%)

In April and May, reversal of the downtrend in funding from customers, back on the rise after 5 months



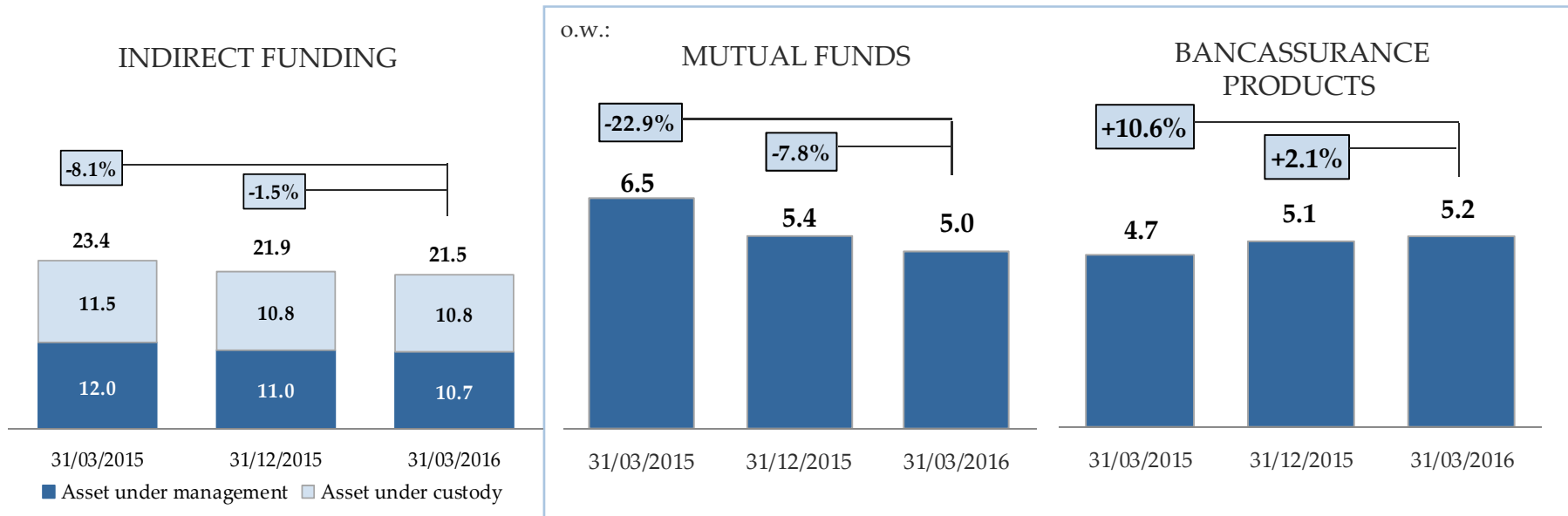
EUR bn



- Customer (corporate & retail) funding was down EUR 1.7 bn in 1Q16 and EUR 2.4 bn on March 2015; this reduction mainly affected the corporate segment
- In 1Q16, short-term funding was down EUR 1 bn due to the reduction in current accounts (-8.6% to EUR 11.4 bn), only partially offset by the uptrend in time deposits (+33.4% to EUR 0.6 bn); the medium/long-term component was down by EUR 0.7 bn, as a result of the reduction in bonds (-8.2% to EUR 6.2 bn) and time deposits (-11.8% to EUR 0.8 bn)



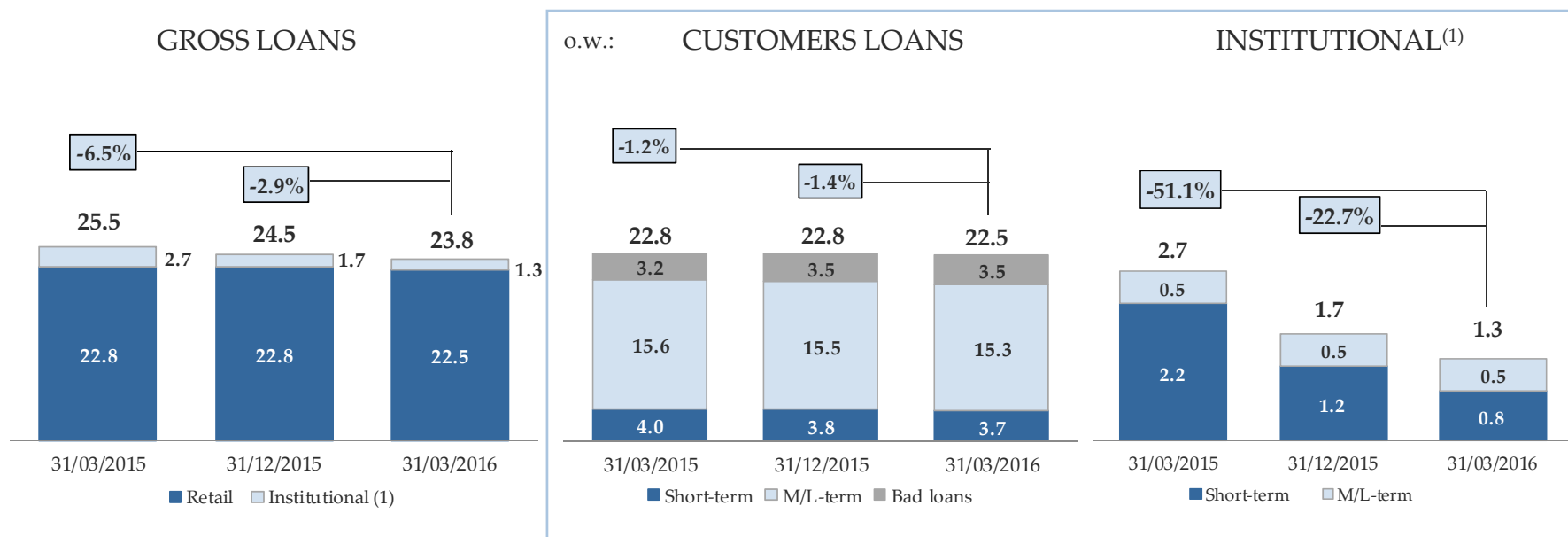
EUR bn



- Indirect funding was down 8.1% compared to March 2015 and 1.5% since the beginning of the year, for both assets under management and assets under custody
- As part of AuM:
 - mutual funds amounted to EUR 5 bn, down EUR 0.4 bn since the beginning of the year
 - bancassurance products amounted to EUR 5.2 bn (+EUR 0.1 bn) with EUR 77.6 mln net inflows of premiums underwritten
 - portfolio management amounted to EUR 0.5 bn (+3.4% since December 2015)
- Assets under Custody, including assets administered by Amissima (around EUR 5.5 bn), broadly stable in 1Q16

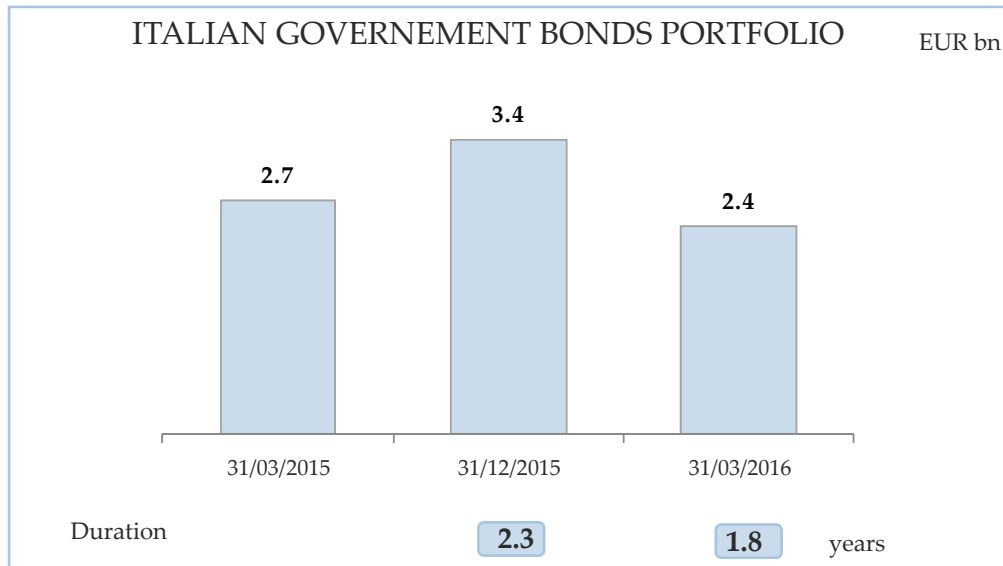


EUR bn

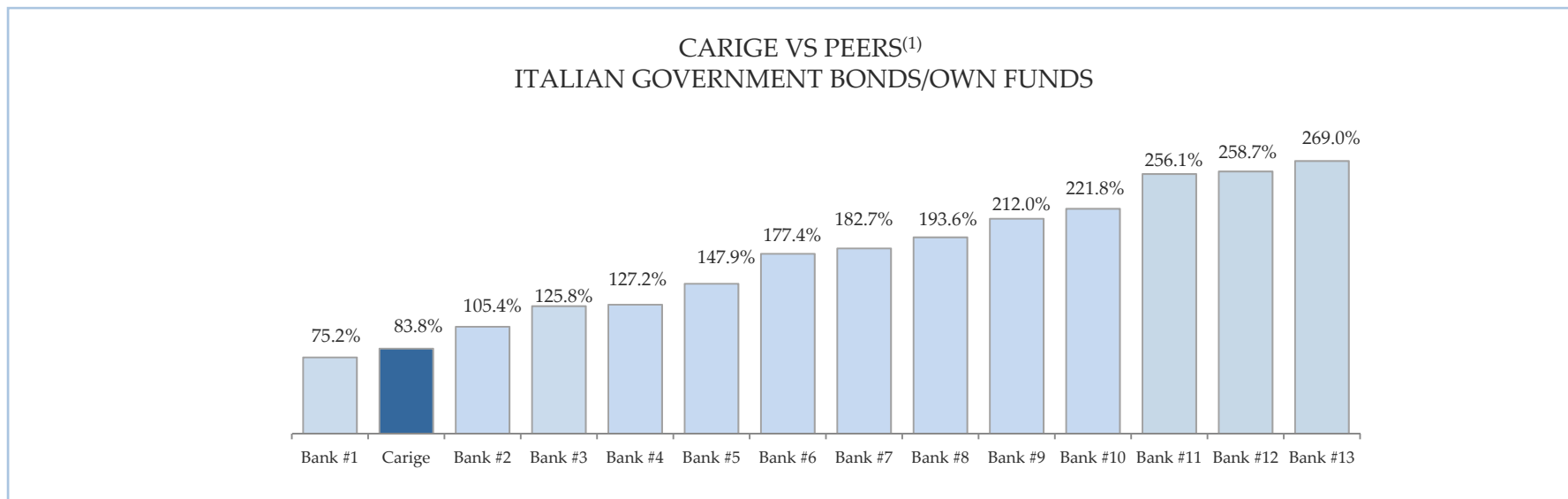


- Loans to customers were down by EUR 0.3 bn both Y/Y and Q/Q, while the reduction in total loans (-6.5% Y/Y and -2.9% Q/Q) was primarily accounted for by trends in the institutional component (-EUR 1.4 bn Y/Y and -EUR 0.4 bn Q/Q)
- Loans to households and loans to businesses down respectively 2.8% (-EUR 198 mln) and 0.3% (-EUR 32 mln), since the beginning of the year
- As part of loans to households, a reduction was registered in current accounts (-1.9%; -EUR 2.3 mln), personal loans (-1.2%; -EUR 8.5 mln) and mortgage loans (-3.1%; -EUR 186.8 mln)
- Despite the stock reduction, loans to businesses by March 2016 amounted to a noteworthy EUR 199 mln as against EUR 180 mln in the first three months of 2015, and new mortgage loans to households amounted to EUR 90 mln compared to EUR 66 mln in the first quarter of 2015
- The corporate segment showed a positive 3.1% increase in mortgage loans (+EUR 176 mln), thus supporting the trend in loans eligible under the T-LTRO programme

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



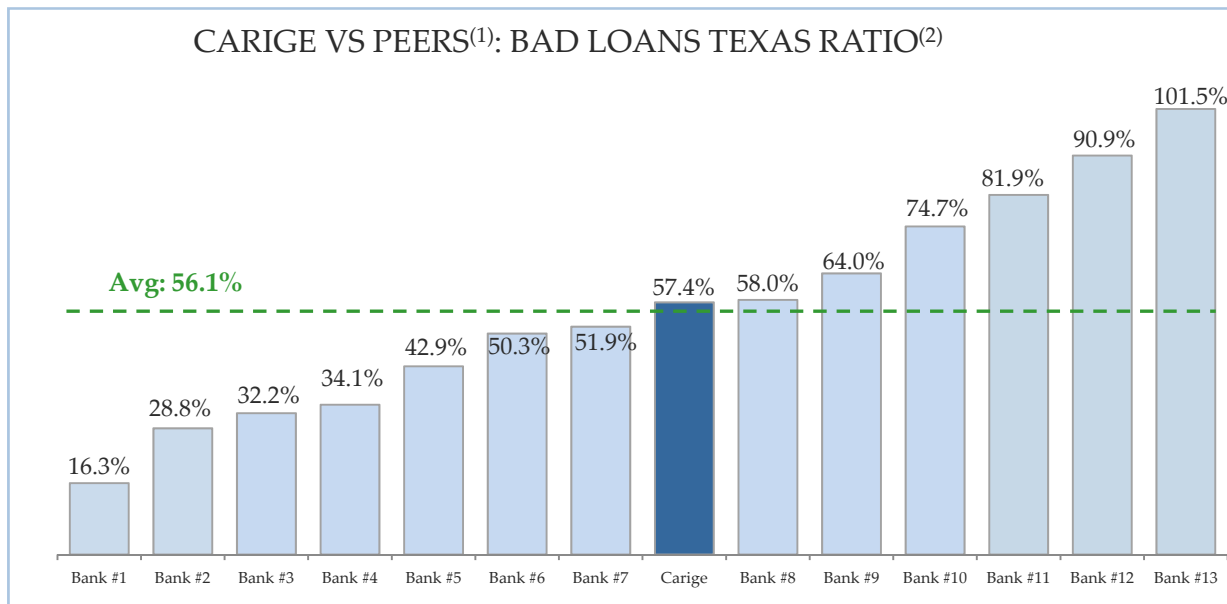
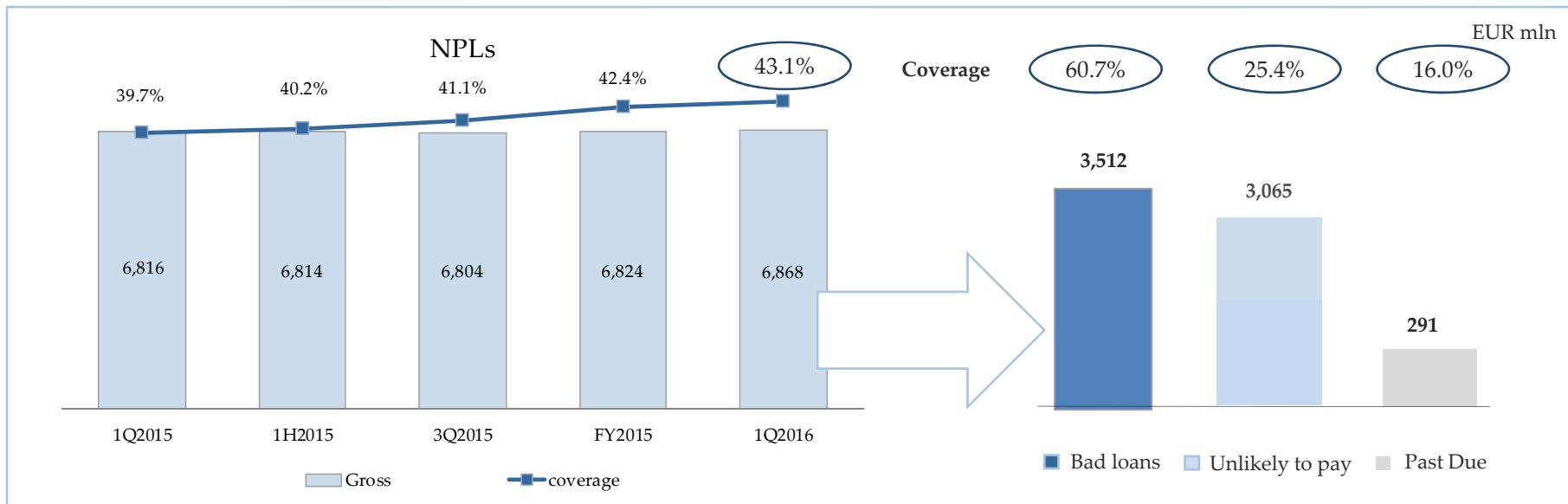
- In the quarter, the risk profile of the securities portfolio was reduced in terms of both sizing and duration
- Excluding the stake held in the Bank of Italy, around 98% of the portfolio consists in Government bonds



(1) Source: FY15 annual reports published by other banking groups (UCG, ISP, MPS, UBI, BP, BPER, BPM, Credem, POPSO, BPVi, Veneto Banca, Creval, Desio) - Banca Carige (1Q16)



Credit quality

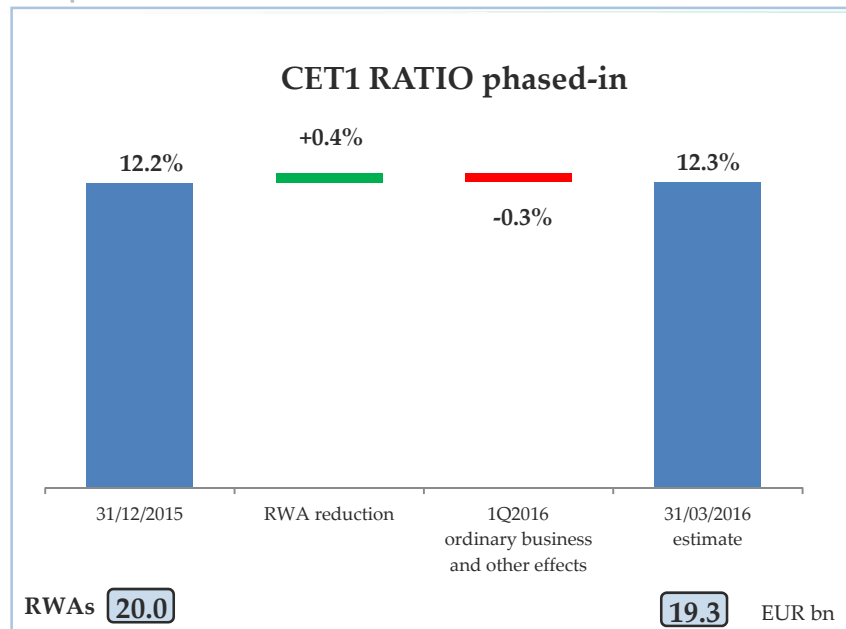


- All Non-Performing Loan components broadly stable
- Coverage still among the highest in the Italian banking system, on the increase for unlikely-to-pay loans

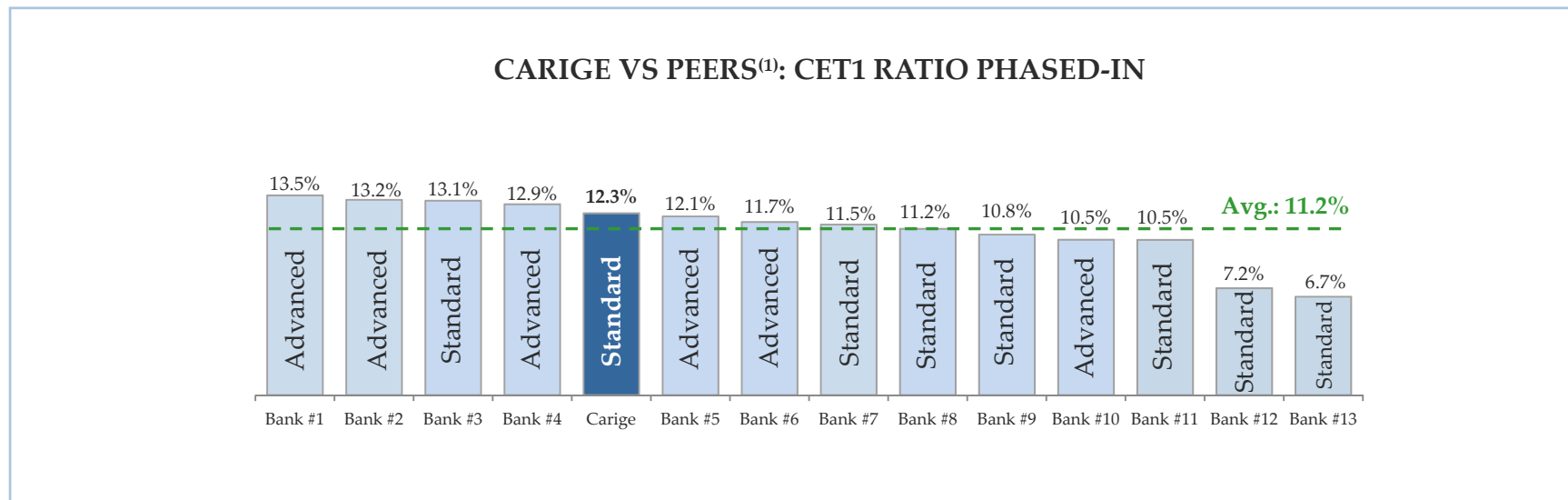
(1) Source: FY15 annual reports published by other banking groups - Banca Carige (1Q16)
 (2) Texas ratio calculated as net Bad Loans to net tangible equity (excluding goodwill)



Strong capital base



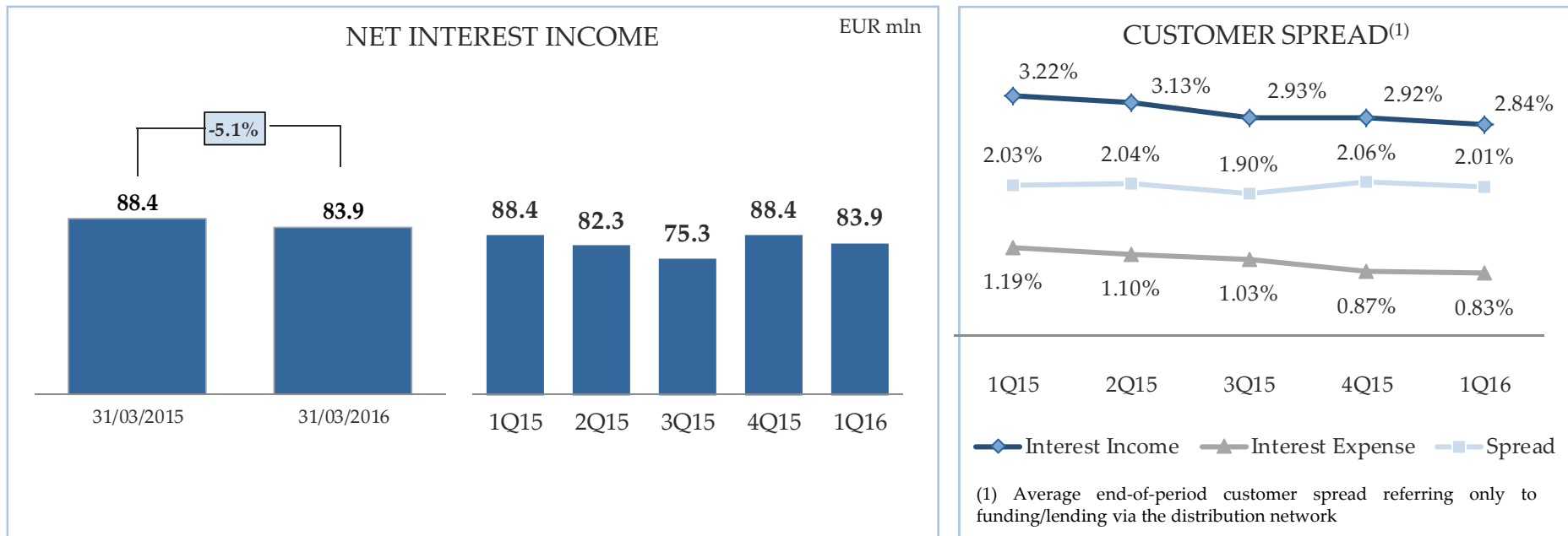
- CET1 Ratio was broadly stable on levels as at 31/12/2015 despite the loss for the period, offset by a reduction in RWAs
- RWAs decreased in the quarter, mainly due to the adoption of ECAI ratings for the Corporate portfolio
- CET1 ratio at 12.3%, among the highest in the Italian Banking System
- Leverage Ratio at an estimated 8.1%, among the highest in the Italian Banking System



(1) Source: FY15 annual reports published by other banking groups – UCG, ISP, MPS, Banca Carige (1Q16)



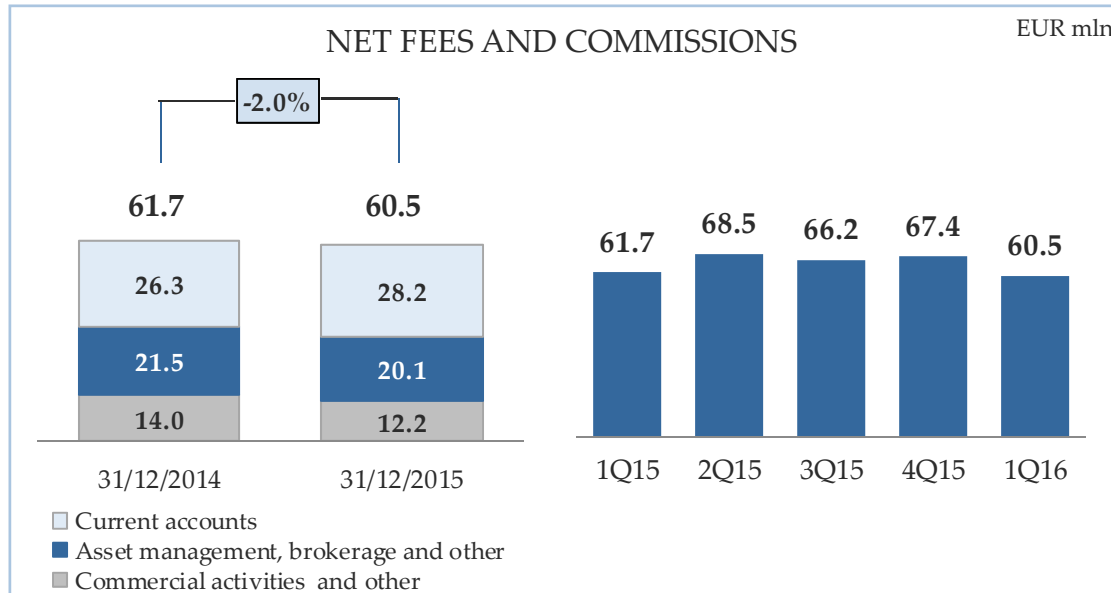
Net Interest Income



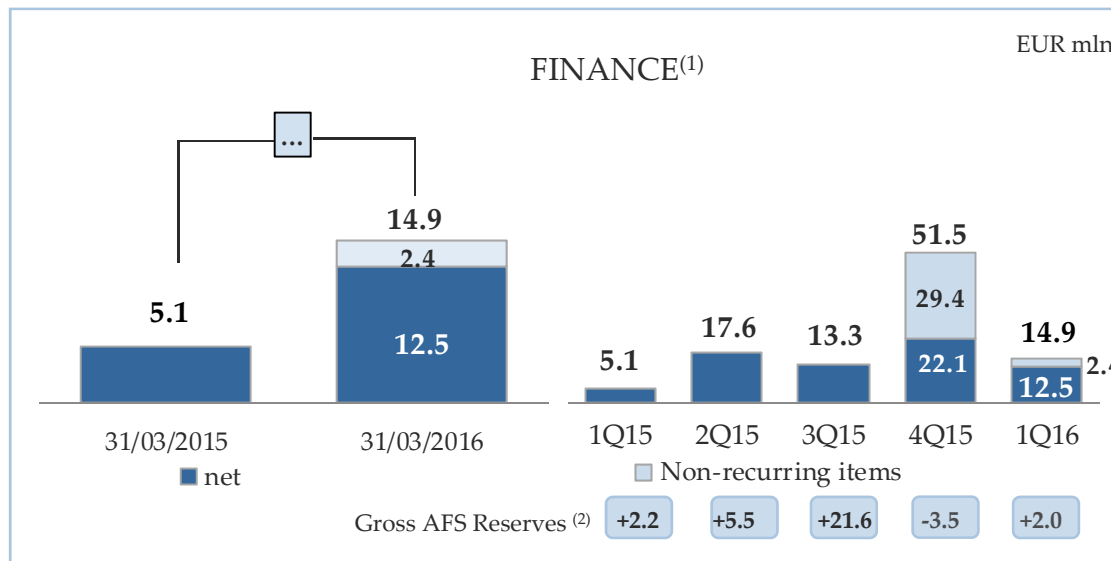
- 1Q16 was down 5.1% on 1Q15. More specifically, a negative interest rate effect is observed as a consequence of market rate trends, which continued to drop in the first months of 2016
- Compared with the last quarter of 2015, a EUR 7.2 mln drop in the return on loans, mainly due to the decrease in interest rates with particular reference to medium/long-term positions, which was only partly offset by the reduction in interest expense (-EUR 3.4 mln)



Non-interest Income



- Net fees and commissions were stable on 1Q15 levels
- The reduction on 4Q15 was mainly due to fees on collection and payment services (-EUR 3.1 mln), asset management (-EUR 2.8 mln) and current account cost recovery fees (-EUR 1.0 mln)
- Income from Finance contributed a positive EUR 14.9 mln (EUR 5.1 mln as at March 2015), primarily as a result of trading

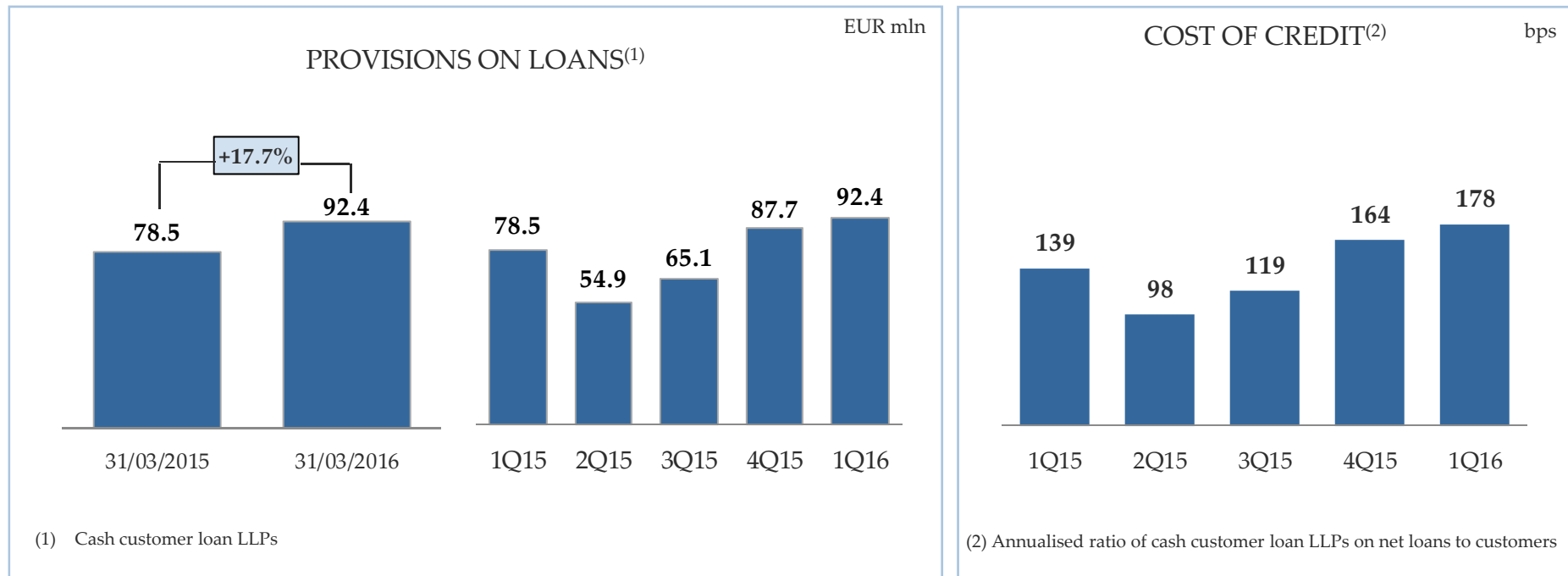


(1) Dividend and similar income, net profit (loss) from trading, gains /losses from valuation

(2) Operational data



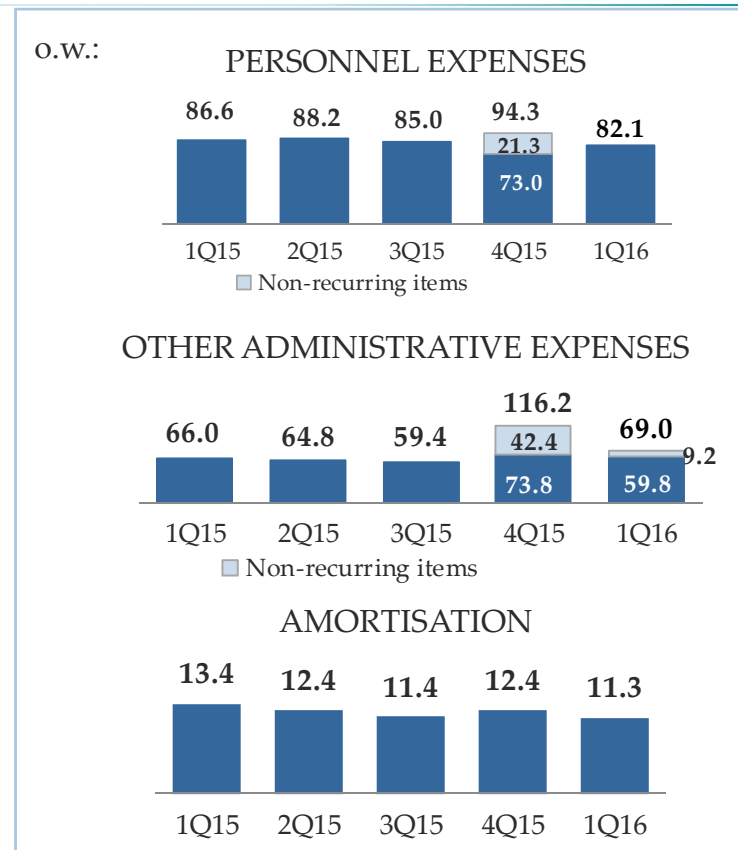
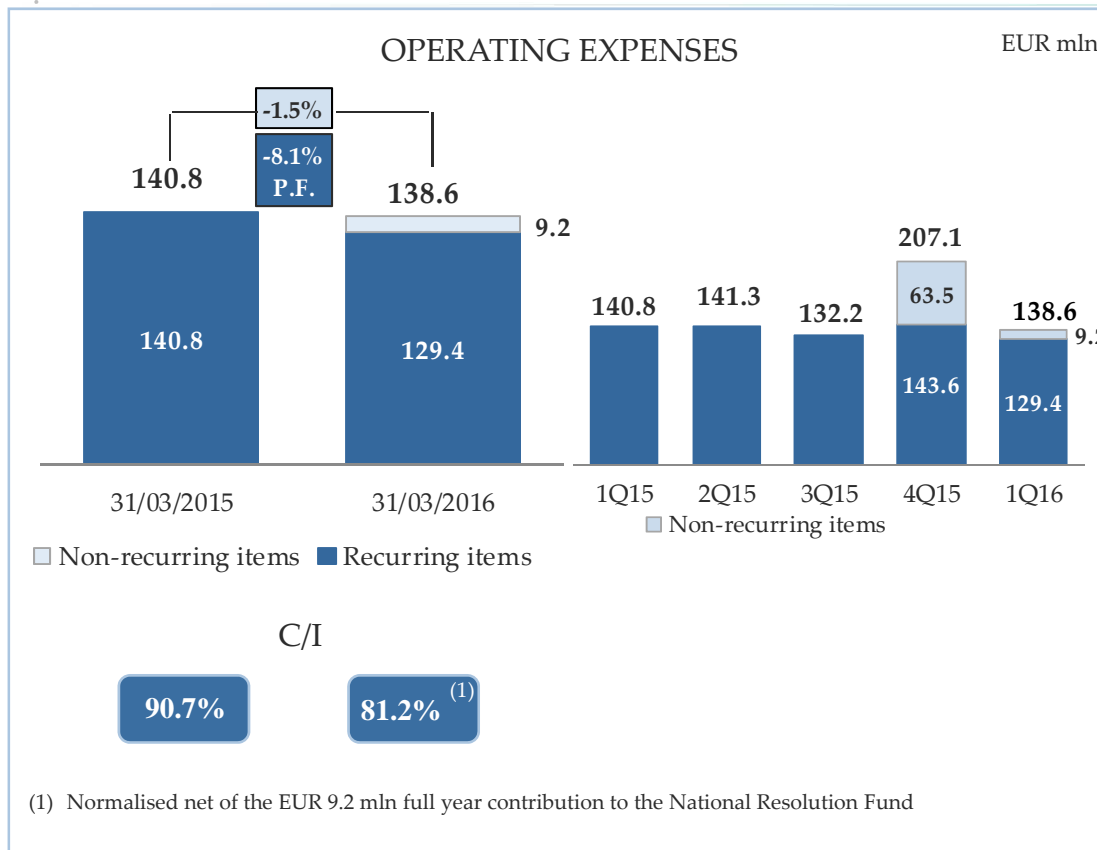
Loan Loss Provisions



- Loan loss provisions amounted to EUR 92.4 mln, up 17.7% compared to EUR 78.5 mln in 2015
- Impairment losses were recognised in Q1 on a number of significant positions, which led to the increase in NPLs coverage
- Annualised cost of credit at 178 bps



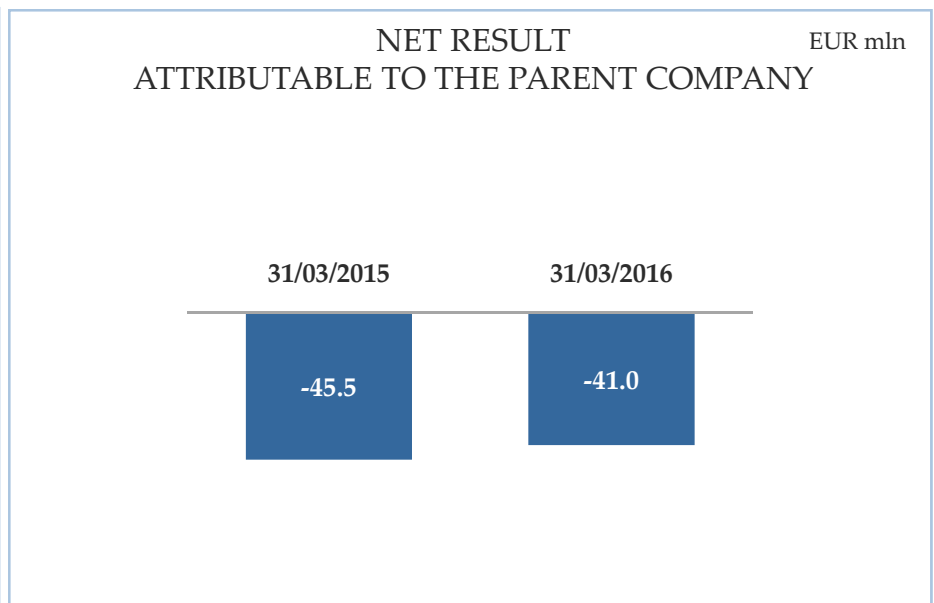
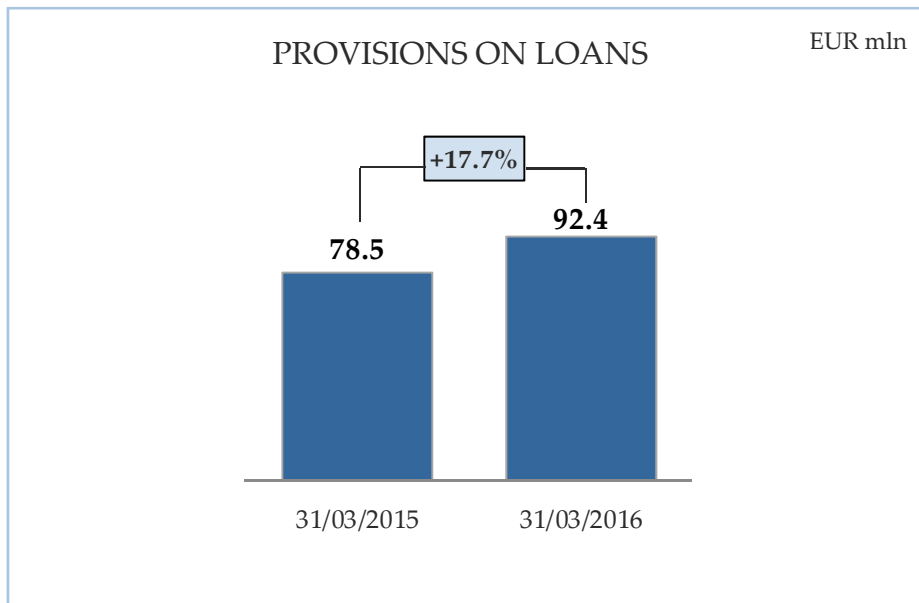
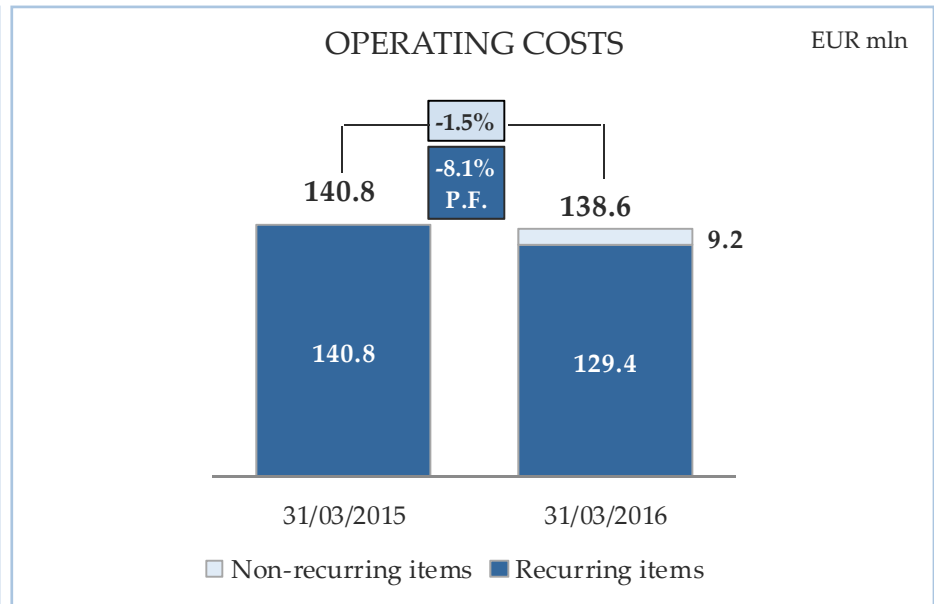
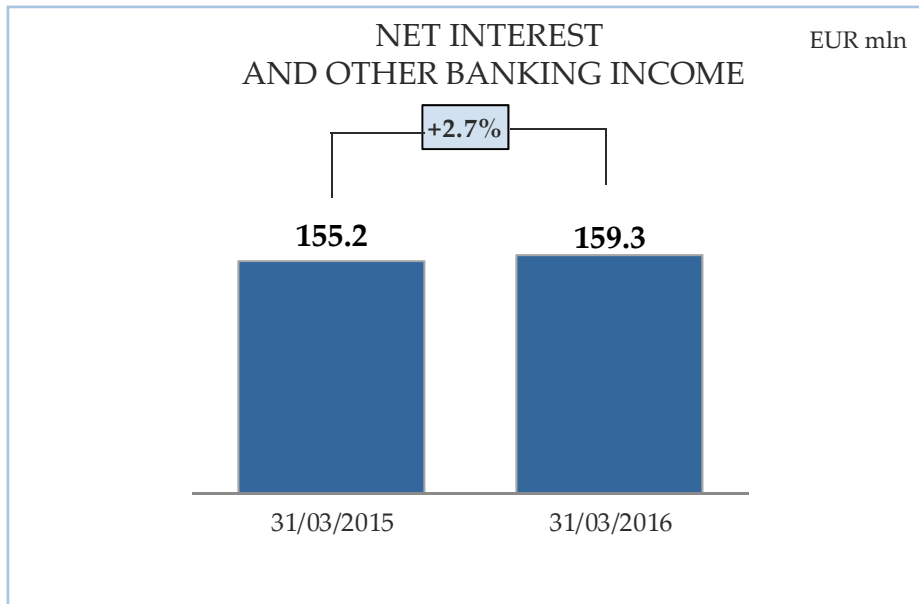
Operating Expenses



- Costs declined as a result of the introduction of the administrative cost cutting programme and the structural reduction in personnel expenses
- Operating expenses stood at EUR 138.6 mln, and are inclusive of the EUR 9.2 mln worth of the yearly contribution to the National Resolution Fund, net of which they would be down by 8.1% compared to 2015, with a cost/income ratio of 81.2% (vs. 90.7% in 1Q15)
- Personnel expenses (EUR 82.1 mln) were down 5.2% compared to 1Q15, on the back of the incentive-based retirement scheme and remuneration structure review following the union agreement entered into in 2014
- Other administrative expenses were up 4.6% Y/Y. The aggregate was penalised by the EUR 9.2 mln yearly contribution to the National Resolution Fund, net of which they decreased by 9.3%
- Pursuant to Legislative Decree 59/2016 on DTAs, figures for 2015 point to an estimated annual DTA fee for the Group of EUR 14 mln, to be accounted for in Q2 2016



Conclusions





- **1Q16 Consolidated Results**

- **Annexes**



Main consolidated data

EUR mln	Situation as at		Change	
	31/03/16	31/12/15	absolute	%
BALANCE SHEET FIGURES				
Total assets	28,161.2	30,298.9	(2,137.7)	(7.1)
Direct deposits (a)	21,424.4	23,421.8	(1,997.4)	(8.5)
Indirect deposits (b)	21,530.7	21,854.7	(324.0)	(1.5)
- o.w. assets under Management	10,749.6	11,044.6	(294.9)	(2.7)
- o.w. assets under Custody	10,781.1	10,810.1	(29.0)	(0.3)
Overall funding (a+b)	42,955.1	45,276.5	(2,321.4)	(5.1)
Loans to customers ⁽¹⁾	20,721.0	21,472.0	(750.9)	(3.5)
Securities portfolio ⁽²⁾	2,755.9	3,815.1	(1,059.2)	(27.8)
Group's shareholders' equity	2,422.5	2,455.7	(33.1)	(1.3)
INCOME STATEMENT FIGURES				
	31/03/16	31/03/2015(*)		
Net interest income	83.9	88.4	(4.5)	(5.1)
Net fee and commission income	60.5	61.7	(1.2)	(2.0)
Income from finance ⁽³⁾	14.9	5.1	9.8	...
Operating expenses	(138.6)	(140.8)	2.2	(1.5)
Profit (loss) before tax from continuing operations	(67.3)	(56.0)	(11.3)	20.1
Net income (loss) attributable to the Parent Company	(41.0)	(45.5)	4.5	(9.9)
RESOURCES (end of period)				
	31/03/16	31/12/15		
Number of branches	625	625	-	-
Headcount	4,995	5,034	(39)	(0.8)
CAPITAL AND CAPITAL RATIOS				
Total weighted assets ⁽⁴⁾	19,276.3	19,976.6	(700)	(3.5)
Common Equity Tier 1 ⁽⁴⁾	2,368.8	2,435.1	(66.3)	(2.7)
Common Equity Tier 1/ Total weighted assets ⁽⁴⁾	12.3%	12.2%	0.1	
Tier 1 capital/ Total weighted assets ⁽⁴⁾	12.7%	12.8%	(0.0)	
Own Funds/ Total weighted assets ⁽⁴⁾	14.8%	14.9%	(0.1)	

(*) Balances as at 31/03/2015 reflect, with respect to those published, changes resulting from the application of IFRS 5 "Non-current assets held for sale and discontinued operations"

- (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)
- (3) Income statement items 70, 80, 90, 100(b), 100(c), 100(d) and 110
- (4) Figures as at 31/03/2016 based on operational estimates pending official reporting



Consolidated income statement

EUR mln	Situation as at		Change	
	31/03/16	31/03/2015(*)	absolute	%
INCOME STATEMENT				
Net interest income	83.9	88.4	(4.5)	(5.1)
Net fee and commission income	60.5	61.7	(1.2)	(2.0)
Income from finance ⁽¹⁾	14.9	5.1	9.8	...
Gains (losses) on disposal/repurchase of loans	-	(0.1)	0.1	(100.0)
Net interest and other banking income	159.3	155.2	4.1	2.7
Net impairment losses/reversals on loans	(92.4)	(78.5)	(13.9)	17.7
Net impairment losses/reversals on other financial activities ⁽²⁾	2.1	5.4	(3.3)	(60.7)
Net income from banking activities	69.0	82.1	(13.1)	(15.9)
Operating expenses	(138.6)	(140.8)	2.2	(1.5)
- o.w. Personnel expenses	(82.1)	(86.6)	4.5	(5.2)
- o.w. other administrative expenses	(69.0)	(66.0)	(3.1)	4.6
- o.w. net provisions for risks and charges	0.6	0.1	0.5	...
- o.w. net adjustments to/ recoveries on property plant and equipment and on intangible assets	(11.3)	(13.4)	2.2	(16.0)
- o.w. other operating expenses (income)	23.1	25.1	(2.0)	(7.9)
Profit (losses) on investments in associates and companies subject to joint control and from disposal on investments ⁽³⁾	2.3	2.6	(0.4)	(14.5)
Profit (loss) before tax from continuing operations	(67.3)	(56.0)	(11.3)	20.1
Taxes	24.4	18.7	5.7	30.6
Profit (loss) from non-current assets held for sale, after tax	-	(8.2)	8.2	(100.0)
Net profit (loss)	(42.9)	(45.6)	2.7	(5.9)
- o.w. minority interest	(1.9)	(0.1)	(1.8)	...
- o.w. Parent Company's	(41.0)	(45.5)	4.5	(9.9)

(*) Balances as at 31/03/2015 reflect, with respect to those published, changes resulting from the application of IFRS 5 "Non-current assets held for sale and discontinued operations"

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

(2) Income statement items 130(b) and 130(d)

(3) Income statement items 240 and 270



Consolidated income statement – quarterly trend

EUR mln

	1Q2015*	2Q2015*	3Q2015*	4Q2015	1Q2016
INCOME STATEMENT					
Net interest income	88.4	82.3	75.3	88.4	83.9
Net fee and commission income	61.7	68.5	66.2	67.4	60.5
Income from finance ⁽¹⁾	5.1	17.6	13.3	51.5	14.9
Gains (losses) on disposal/repurchase of loans	(0.1)	0.0	0.1	(0.0)	-
Net interest and other banking income	155.2	168.4	154.9	207.3	159.3
Net impairment losses/reversals on loans	(78.5)	(54.9)	(65.1)	(87.7)	(92.4)
Net impairment losses/reversals on other financial activities ⁽²⁾	5.4	2.2	(0.4)	7.1	2.1
Net income from banking activities	82.1	115.8	89.5	126.8	69.0
Operating expenses	(140.8)	(141.3)	(132.2)	(207.1)	(138.6)
- o.w. Personnel expenses	(86.6)	(88.2)	(85.0)	(94.3)	(82.1)
- o.w. other administrative expenses	(66.0)	(64.8)	(59.4)	(116.2)	(69.0)
- o.w. net provisions for risks and charges	0.1	(1.3)	(2.8)	(6.0)	0.6
- o.w. net adjustments to/ recoveries on property plant and equipment and on intangible assets	(13.4)	(12.4)	(11.4)	(12.4)	(11.3)
- o.w. other operating expenses (income)	25.1	25.4	26.5	21.8	23.1
Impairment on goodwill	-	-	-	(57.1)	-
Profit (losses) on investments in associates and companies subject to joint control and from disposal on investments ⁽³⁾	2.6	1.5	2.7	(0.2)	2.3
Profit (loss) before tax from continuing operations	(56.0)	(24.0)	(40.0)	(137.7)	(67.3)
Taxes	18.7	5.6	22.8	35.1	24.4
Profit (loss) from non-current assets held for sale, after tax	(8.2)	80.5	-	(1.1)	-
Net profit (loss)	(45.6)	62.1	(17.2)	(103.6)	(42.9)
- o.w. minority interest	(0.1)	0.2	(0.4)	(2.2)	(1.9)
- o.w. Parent Company's	(45.5)	61.9	(16.8)	(101.4)	(41.0)

(*) Quarterly balances reflect, with respect to those published, changes resulting from the application of IFRS 5 "Non-current assets held for sale and discontinued operations"

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

(2) Income statement items 130(b) and 130(d)

(3) Income statement items 240 and 270



EUR mln

Loans	31/03/2016							
	Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs	Coverage Avg. regional peer (1)
Bad loans	3,511.5	14.7%	2,131.3	1,380.2	6.7%	60.7%	62.9%	52.7%
Unlikely to pay	3,065.3	12.9%	779.1	2,286.3	11.0%	25.4%	25.4%	23.7%
Past Due	291.1	1.2%	46.6	244.5	1.2%	16.0%	16.0%	11.8%
Non-performing loans	6,867.9	28.8%	2,956.9	3,911.0	18.9%	43.1%	44.7%	41.1%
Performing loans	16,946.5	71.2%	136.5	16,810.0	81.1%	0.8%	0.8%	0.6%
Total loans to customers	23,814.5	100.0%	3,093.4	20,721.0	100.0%	13.0%	13.7%	7.7%

Loans	31/12/2015						31/03/2015					
	Gross	%	Loan losses	Net	%	Coverage	Gross	%	Loan losses	Net	%	Coverage
Bad loans	3,510.8	14.3%	2,120.4	1,390.5	6.5%	60.4%	3,192.2	12.5%	1,875.8	1,316.4	5.8%	58.8%
Unlikely to pay	3,034.6	12.4%	734.0	2,300.6	10.7%	24.2%	3,445.1	13.5%	805.0	2,640.2	11.7%	23.4%
Past Due	278.1	1.1%	41.3	236.9	1.1%	14.8%	178.7	0.7%	27.6	151.1	0.7%	15.5%
Non-performing loans	6,823.6	27.8%	2,895.7	3,927.9	18.3%	42.4%	6,816.1	26.8%	2,708.4	4,107.7	18.2%	39.7%
Performing loans	17,690.3	72.2%	146.2	17,544.1	81.7%	0.8%	18,648.3	73.2%	189.2	18,459.1	81.8%	1.0%
Total loans to customers	24,513.9	100.0%	3,041.9	21,472.0	100.0%	12.4%	25,464.4	100.0%	2,897.6	22,566.8	100.0%	11.4%

(1) Source: FY15 annual reports published by other banking groups - Banca Carige (1Q16)



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