

GRUPPO CARIGE

3Q13 results

11 november 2013

The first 9 months of 2013 are characterised by significant discontinuities with the past.

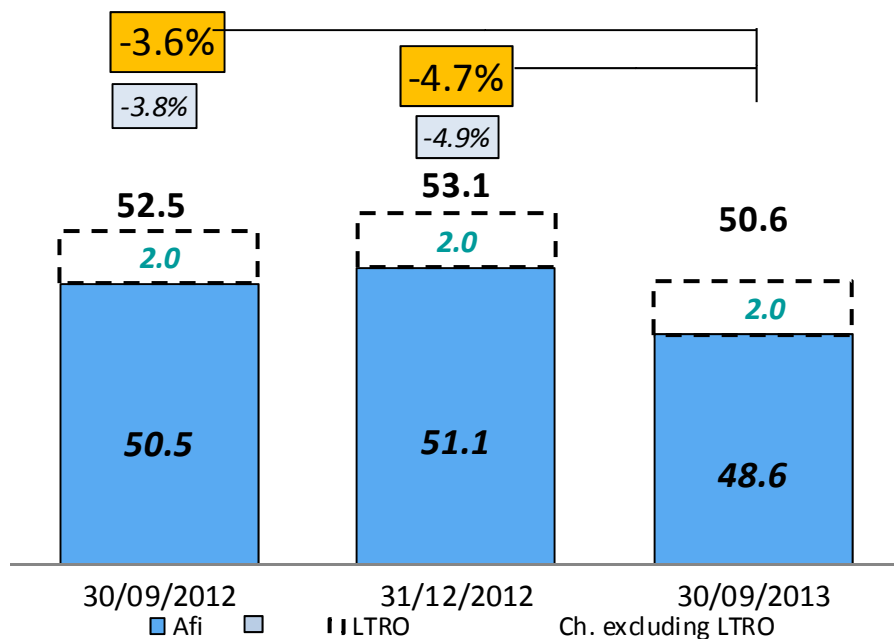
- **Significant impairment of Banks and Insurance subsidiaries goodwill accounting for 1,647.6 million. This impairment impacts only on the net loss for the period and for 2013 (1,170.6 million in the first nine months of the year), with no effect on future profitability and on equity of the Group.**
- **Impairment on loans, securities and tangible assets.**
- **Adjustments on loans and securities totaled 415.1 million of which 401.5 million related to loans and the remaining part in AFS securities. The amount takes into account the inspection of the Bank of Italy, which has affected both performing and non performing loans, and has led to provisions for approximately 190 million.**
- **Impairment on tangible assets of the insurance companies accounts for approx. 35 million.**

Despite the difficult economic environment, the net operating profit in the last quarter closes at breakeven, confirming the effectiveness expressed by the traditional commercial action of the Group.

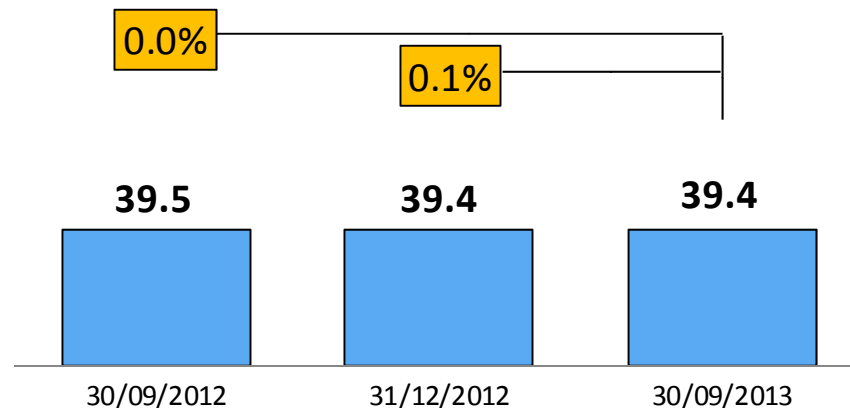
The dynamics of intermediation has confirmed stability of deposits and weakness of loan trend, which was accompanied by a narrowing of spreads to customers, resulting in a decrease in net interest income.

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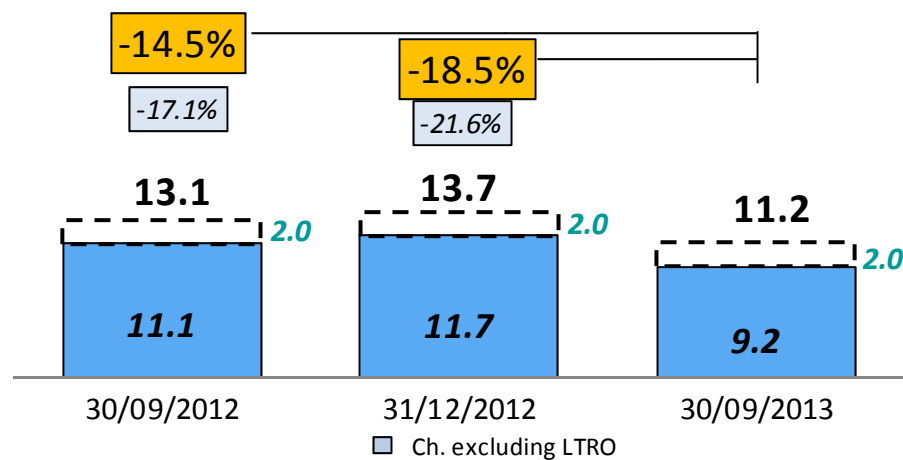
TOTAL DEPOSITS + LTRO



RETAIL



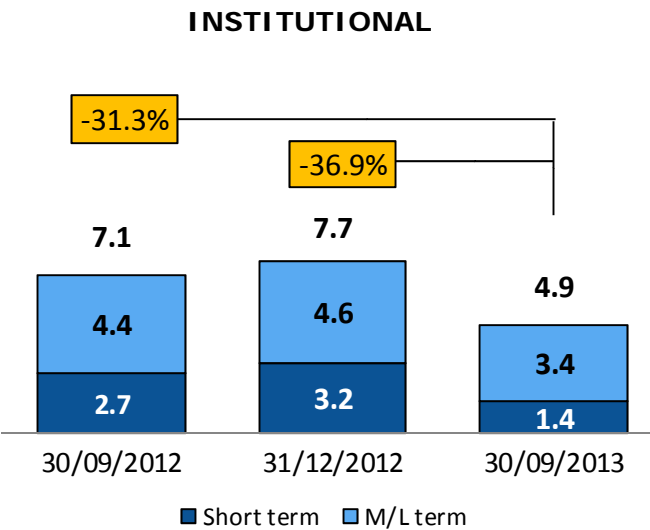
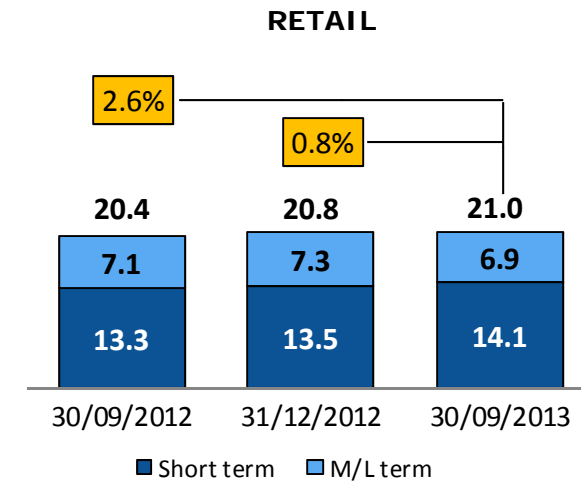
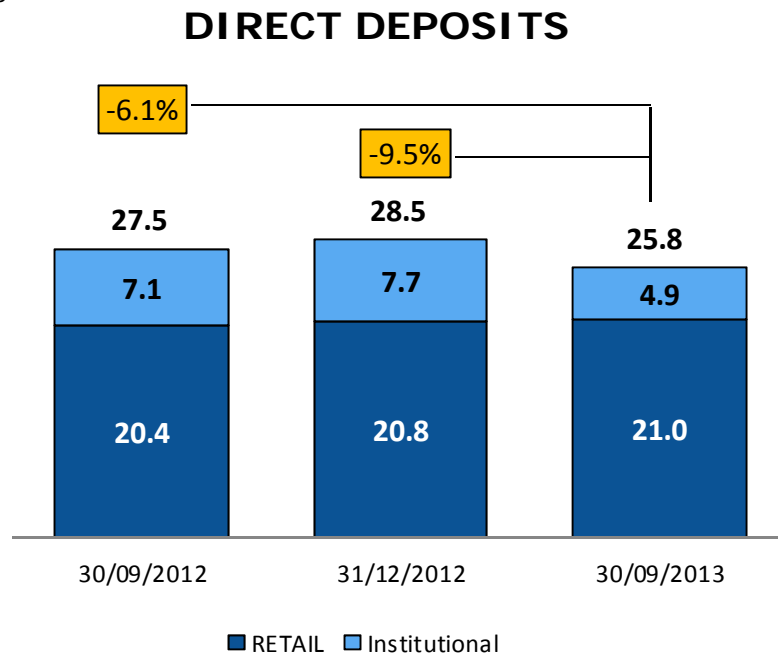
INSTITUTIONAL



- Stable retail deposits
- Decline in wholesale component that determines a contraction of FIA

Direct deposits

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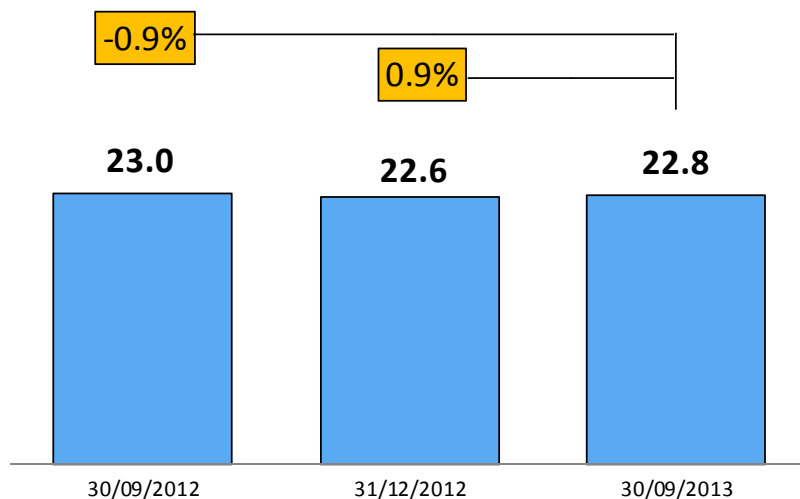


- Retail deposits were up 2.6% over the year and 0.8% over the nine months; households deposits in particular record a positive trend.
- Wholesale component decreased by 31.3% over the year and 36.9% over the nine months for maturing senior bonds for 750 million senior and covered bonds for 550 million

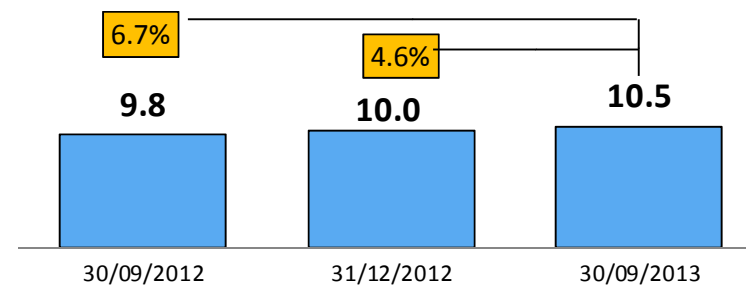
Indirect deposits

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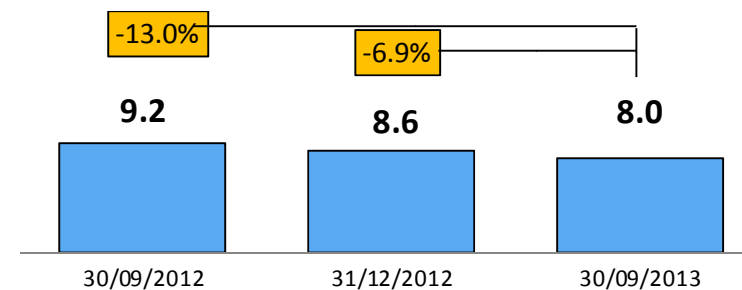
INDIRECT DEPOSITS



ASSETS UNDER MANAGEMENT

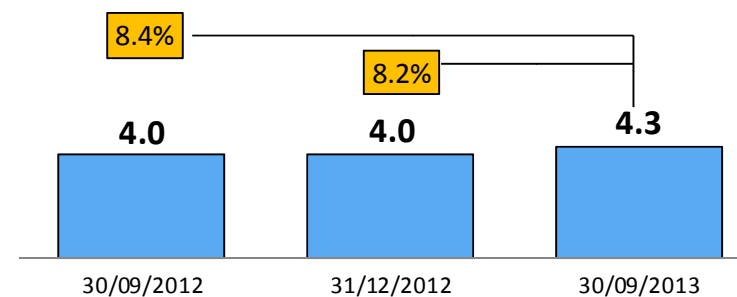


ASSETS IN CUSTODY



Indirect deposits are basically stable, since the growth in assets under management offsets the decrease in assets in custody

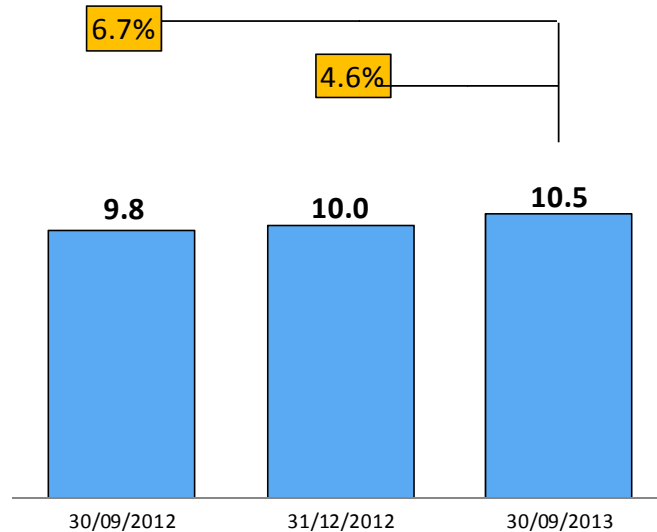
INSURANCE SUBS. ASSETS IN CUSTODY



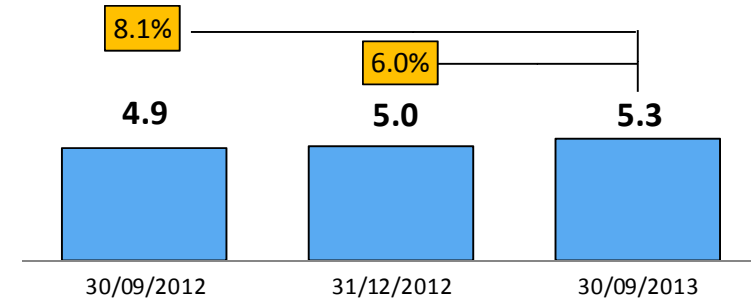
Assets under management

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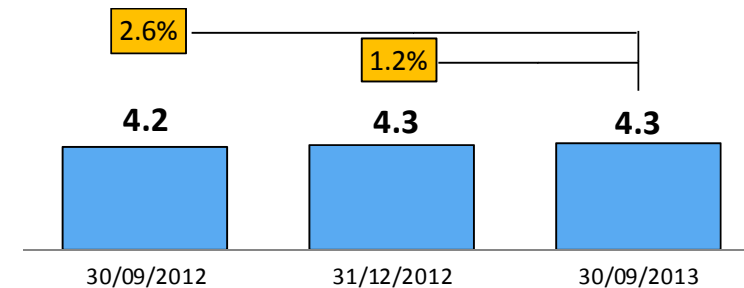
ASSETS UNDER MANAGEMENT



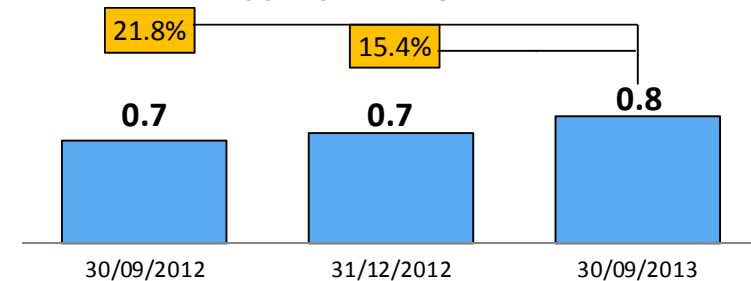
MUTUAL FUNDS



BANCASSURANCE PRODUCTS

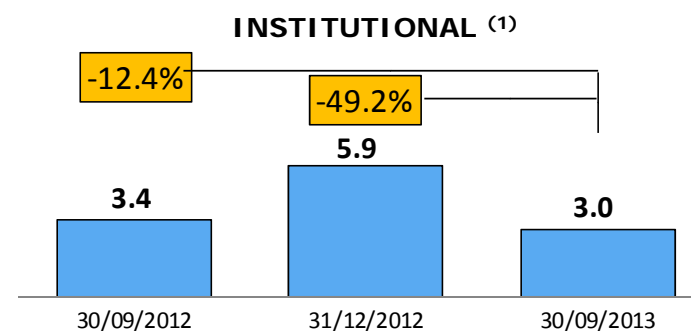
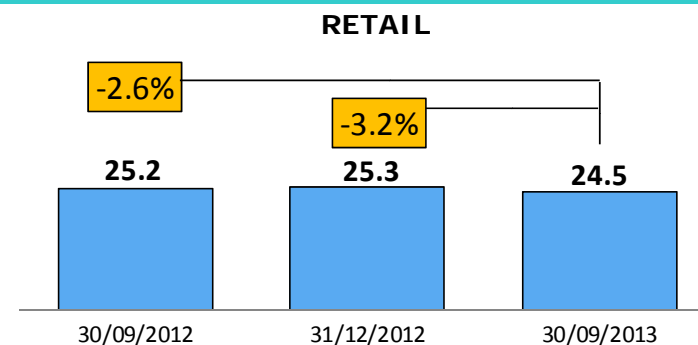
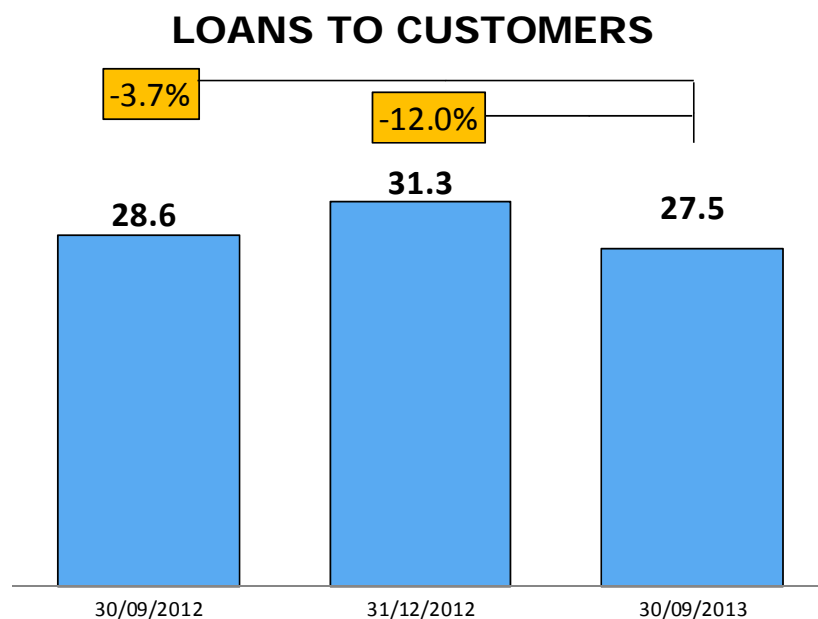


ASSETS MANAGEMENT



- Recovery of mutual funds, mainly due to new subscriptions (two thirds of the increase)
- With regard to the banking-insurance products in the first 9 months were subscribed 401.1 million (298.2 million in the first 9 months of 2012 and 432.4 million in the entire 2012)
- Assets under management (819 million) increase of 21.8% over the year and 15.4% over the nine months

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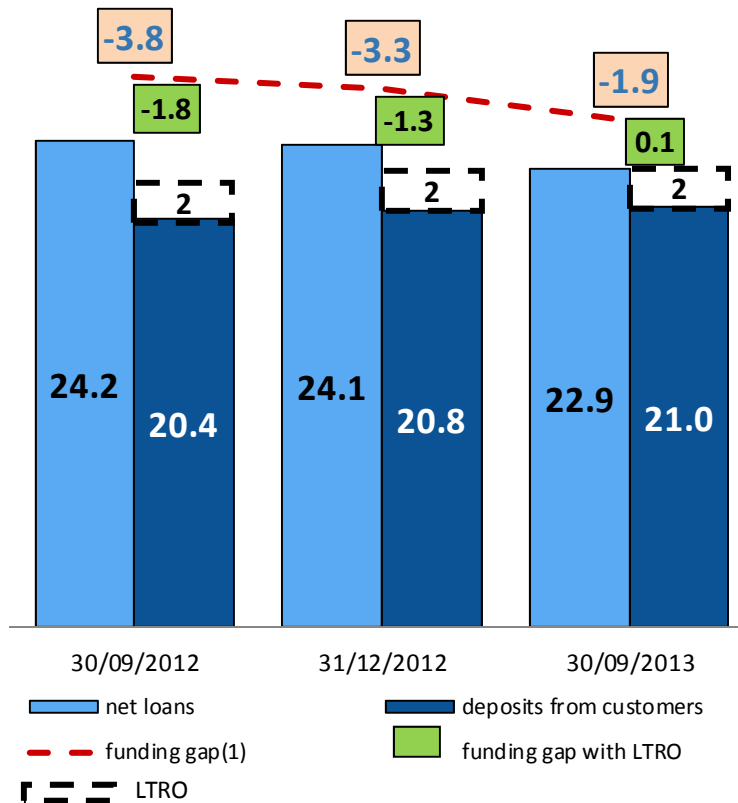
(1) Includes repurchase agreement with financial companies, interest-earning post office bonds and other loans

- Reduction in retail loans (-2.6% compared to September 2012) is in line with the system (- 3.8%^(*))
- Decrease is sharper for firms (-6.8%), compared to households (-3.1%) (operational data)

(*) Source ABI – August 2013

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NET LOANS/RETAIL DEPOSITS

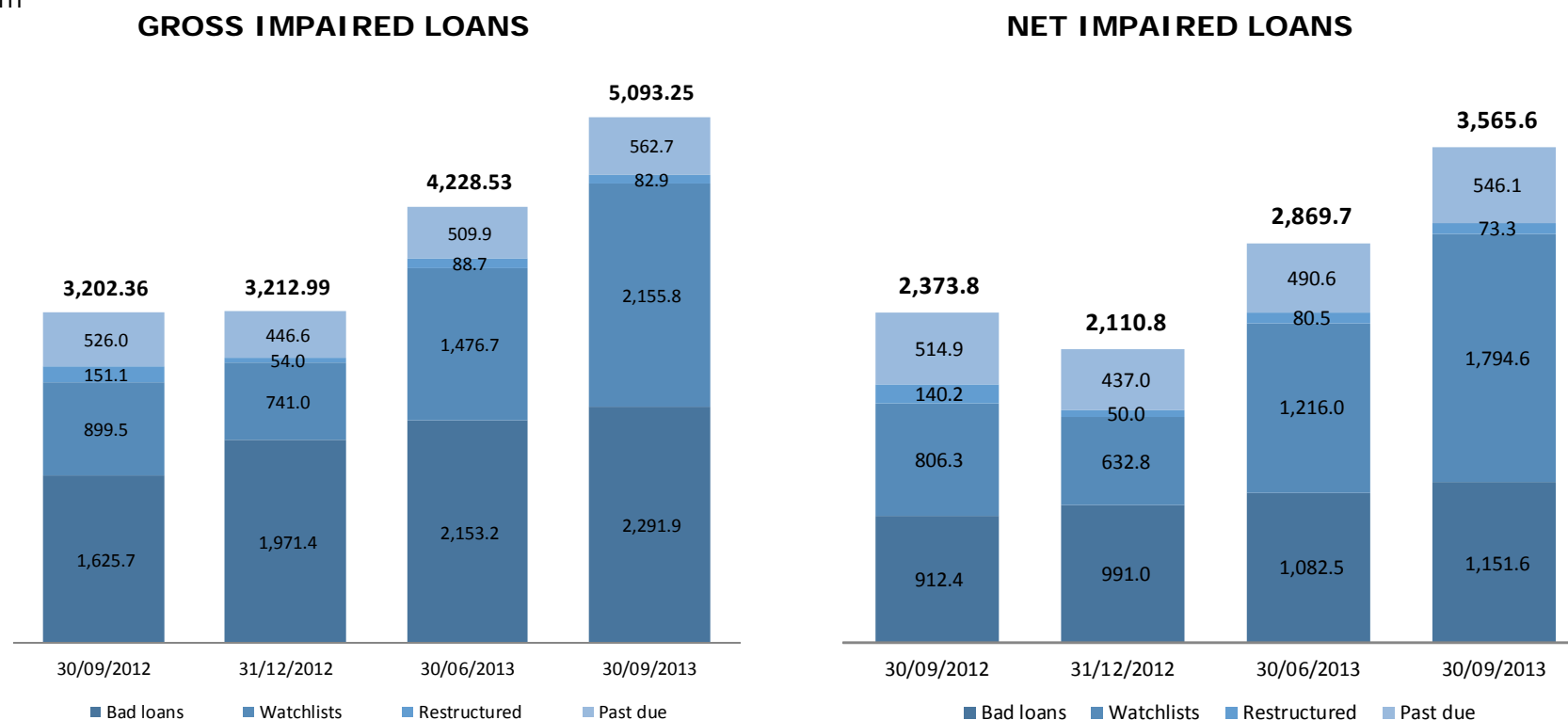


- Loan to deposits ratio from 119% to 109% over the year
- Net funding gap amounts to 1.9 billion net, down from 3.3 billion in December and 3.8 billion in September 2012
- Decrease due both to the growth of deposits, and, above all, to the reduction of net retail loans retail

(1) Loans not financed by retail deposits

Impaired loans

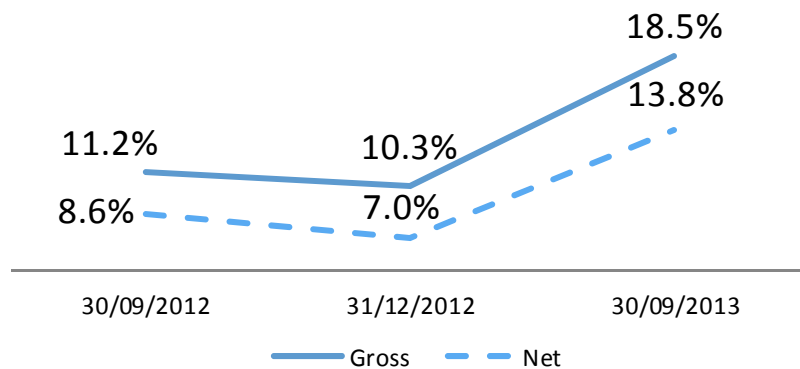
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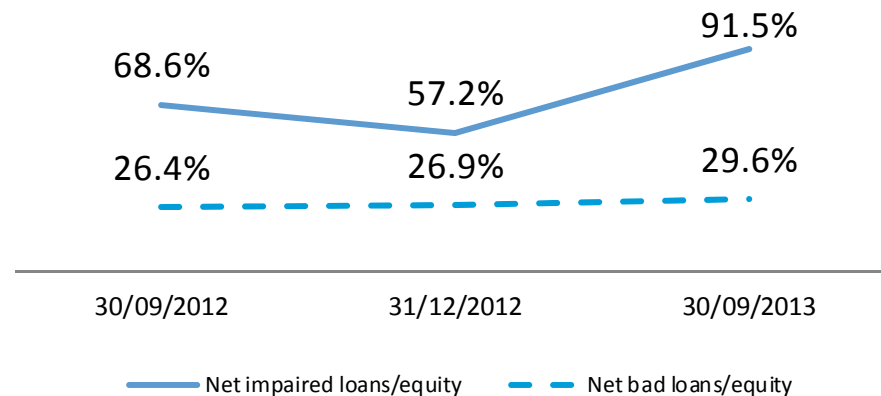
- The growth of non-performing loans occurred in 2012-2013 was conditioned by the dynamics of the macroeconomic framework of Liguria, where the crisis started later than the other Italian regions (delaying factors - facilities, opening towards foreign countries, long-term contracts - and factors mitigating circumstances - the public sector and retirees)
- Requirements of the Bank of Italy regarding impaired loans were almost completely recorded reclassifying 1.1 billion of performing loans (1 billion as watchlist and 86 million admissions as non performing loans).

Credit quality

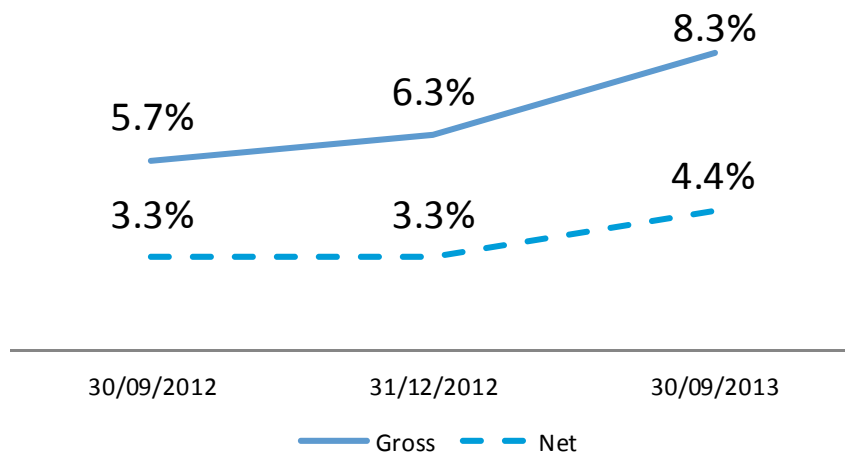
IMPAIRED LOANS/LOANS



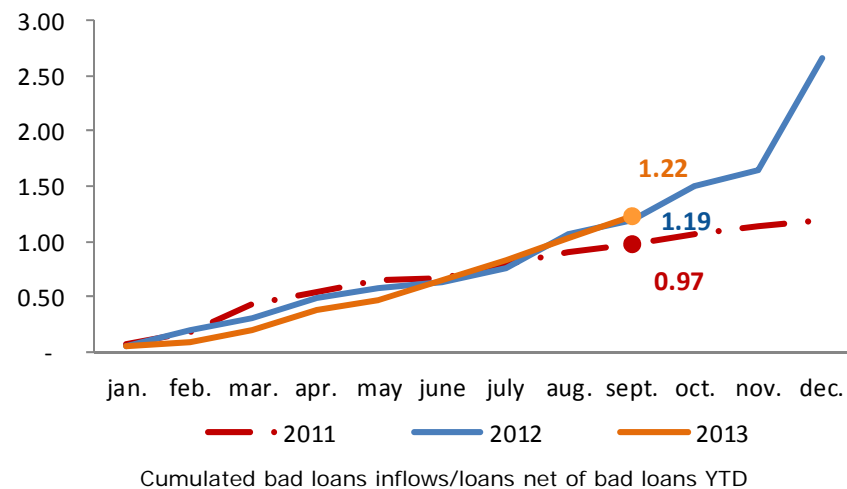
NET IMPAIRED LOANS AND NET BAD LOANS/EQUITY



BAD LOANS/LOANS



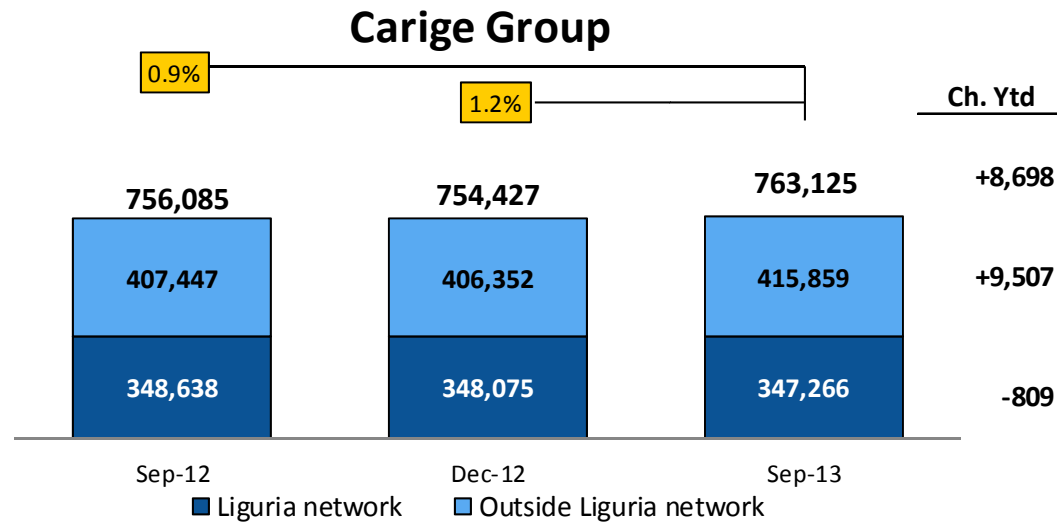
BAD LOANS INFLOWS/LOANS



Items	Loans (1)	Percentage on total loans			Coverage ratio (2)		
	September 2013	September 2013	December 2012	September 2012	September 2013	December 2012	September 2012
Loans to customers	27,534	100,0%	100,0%	100,0%	5,9%	3,9%	3,2%
- performing	22,440	81,5%	89,7%	88,8%	0,5%	0,5%	0,4%
- non performing	5,093	18,5%	10,3%	11,2%	30,0%	34,3%	25,9%
<i>bad loans</i>	2,292	8,3%	6,3%	5,7%	49,8%	49,7%	43,9%
<i>whatchlists</i>	2,156	7,8%	2,4%	3,1%	16,8%	14,6%	10,4%
<i>restructured</i>	0,083	0,3%	0,2%	0,5%	11,5%	7,4%	7,2%
<i>past due</i>	0,563	2,0%	1,4%	1,8%	2,9%	2,2%	2,1%
(1) Gross loans							
(2) Adjustments/gross loans							
Euro billions							

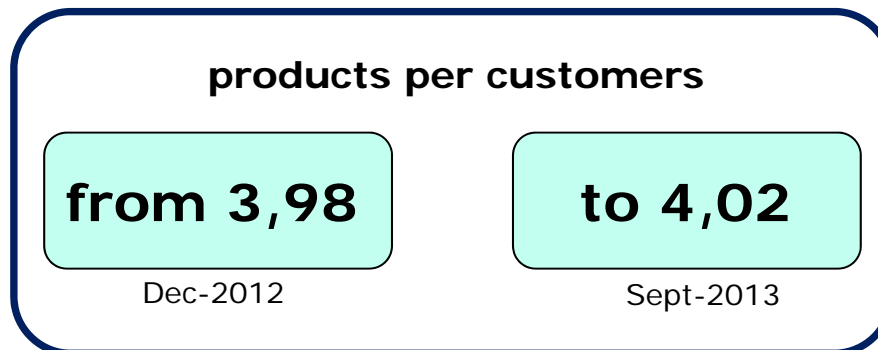
- Both impaired and performing loans coverage improved compared to September and December 2012
- Decrease of total non performing loans coverage from December 2012 is due to the change in the mix with the growth of less risky component

CURRENT ACCOUNTS

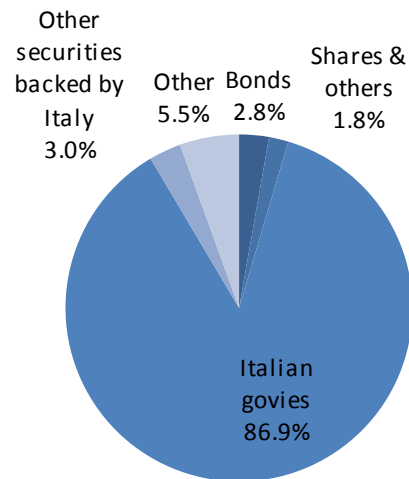
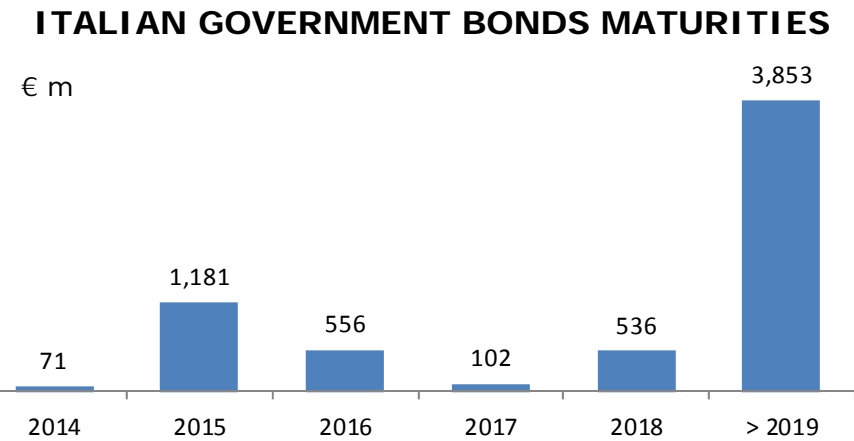
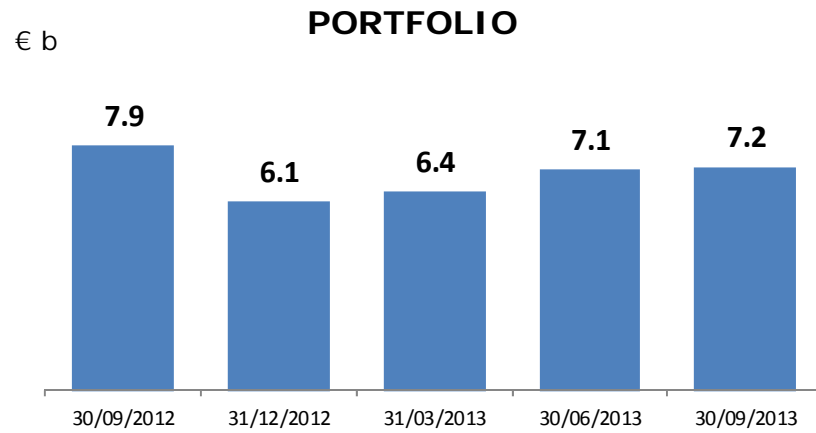


- Year to date 60,000 new accounts have been opened, with a net increase of 8,698 accounts drawn from the Extraliguria network
- Cross-selling continued to grow, reaching 4.02 products per customer (+4 cents; +12,000 products sold for each cent)

CROSS SELLING



Banking group securities portfolio

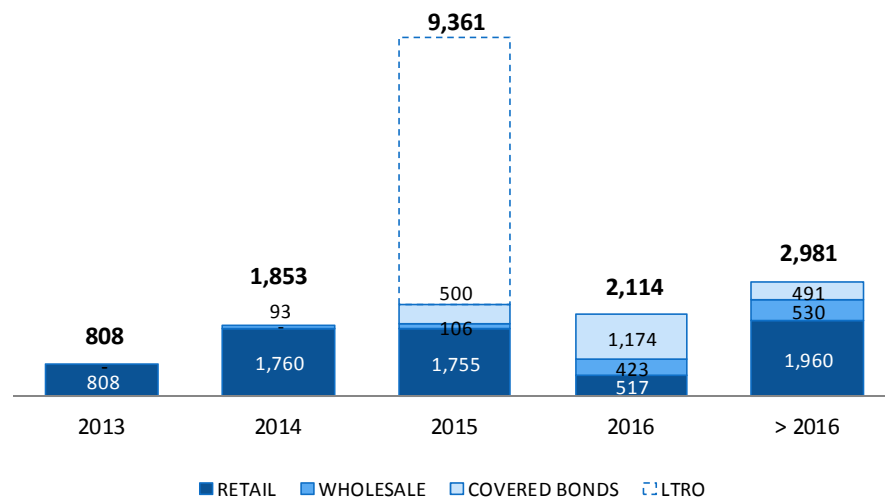


- Almost 90% of the securities portfolio consists of Italian government bonds, with an average duration of approximately 6.5 years

Liquidity position

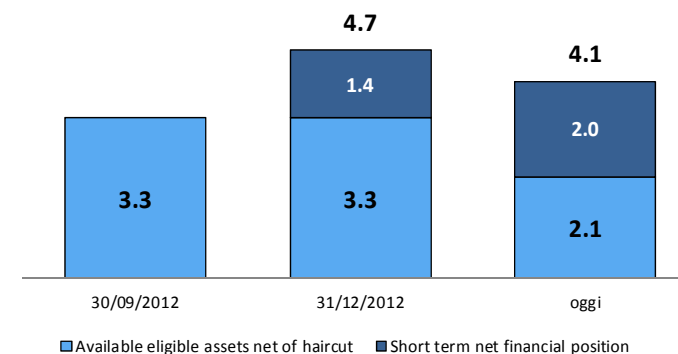
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RETAIL AND WHOLESALE MATURITIES



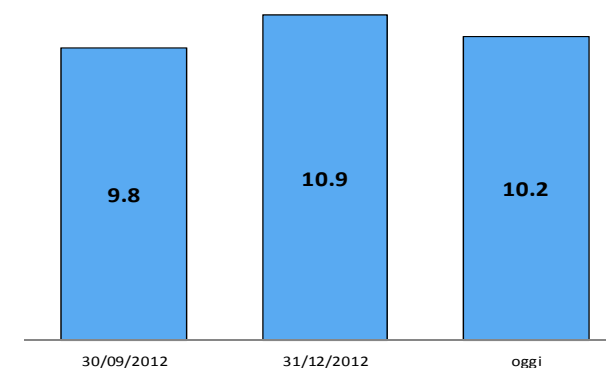
TOTAL LIQUIDITY

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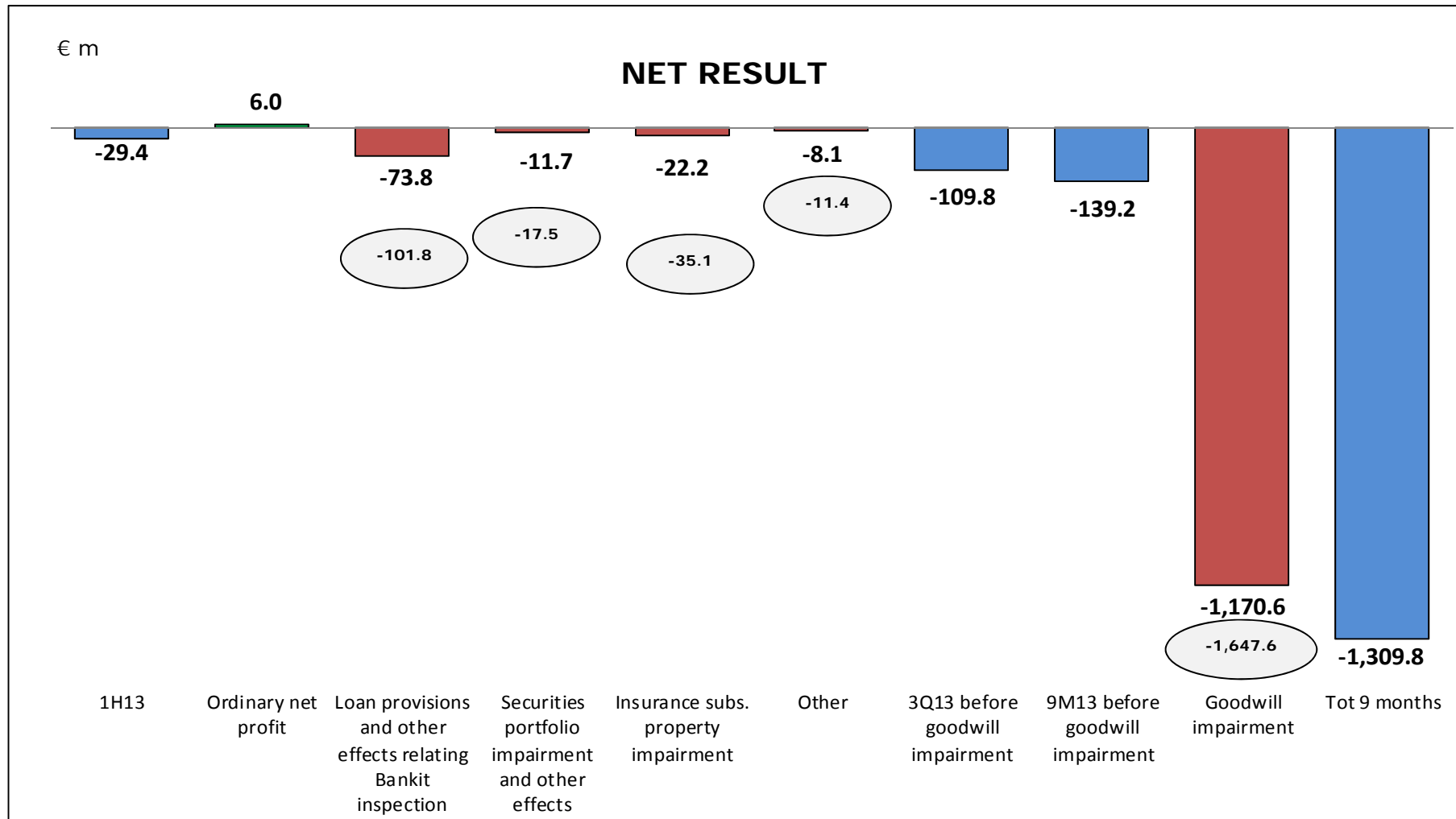
ELIGIBLE ASSETS

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- Liquidity remains satisfactory: total liquidity and eligible assets (net of haircut) amount to over 4 billion
- LTRO repayment (€ 7 billion) due between the end of 2014 and beginning of 2015 will be made using available liquidity, a decrease in securities portfolio, issuance of covered bonds and securitisations.

Income statement: net result development



Gross amounts

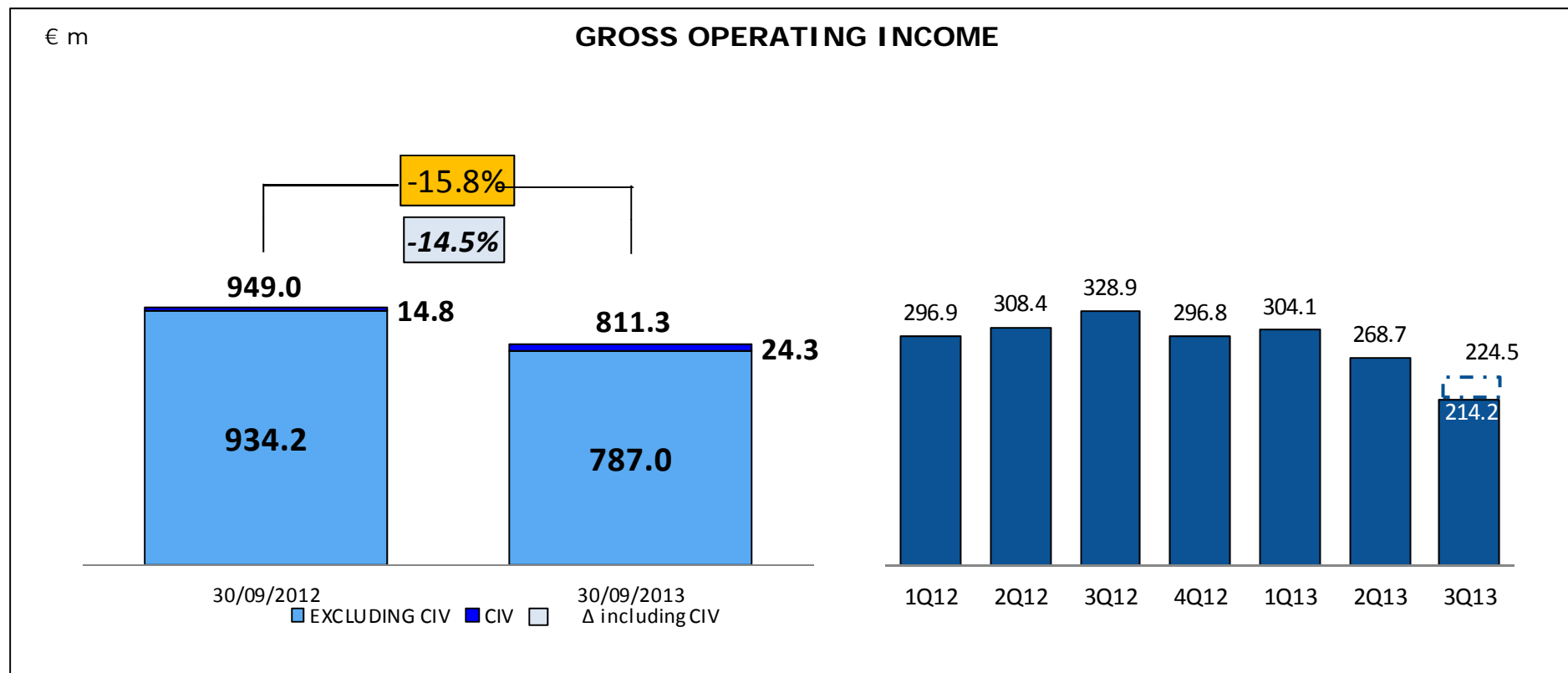
Goodwill impairment

	Goodwill 30/06/2013	Goodwill impairment	Goodwill 30/09/2013
Banca Carige Italia	1,526,407	-1,526,407	-
Carisa	57,144	-	57,144
Carrara	92,334	-69,645	22,688
BML	51,541	-51,541	-
BCP	38,585	-	38,585
Total banks	1,766,011	-1,647,593	118,417
Carige Assicurazioni	13,478	-	13,478
Total Carige Group	1,779,489	-1,647,593	131,895

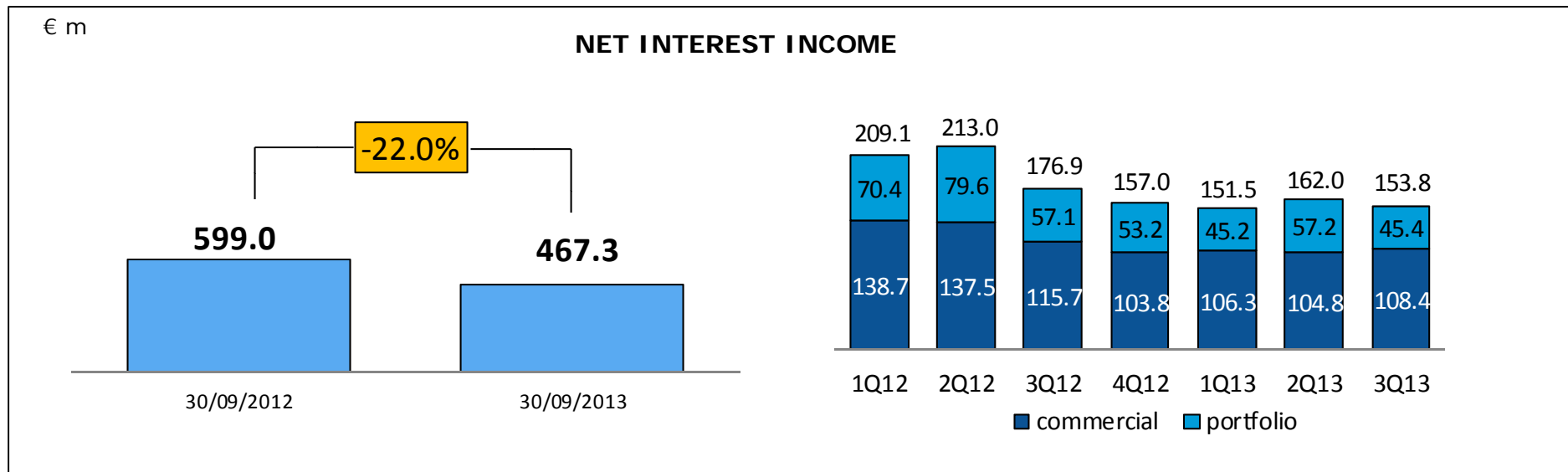
figures in thousands of euro

- Following the presence of impairment indicators represented by the deterioration of macroeconomic conditions and the uncertain prospects for the financial system a goodwill impairment test has been carried out
- Pending the preparation of the new business plan, the definition of cash flows for the purpose of determining the recoverable amount has taken into account - over a period of 5 years - the assumptions made by a leading research institute
- These write-downs impact only the current year results, without any adverse effect on future profitability and on capital adequacy and liquidity profiles.

Gross operating income



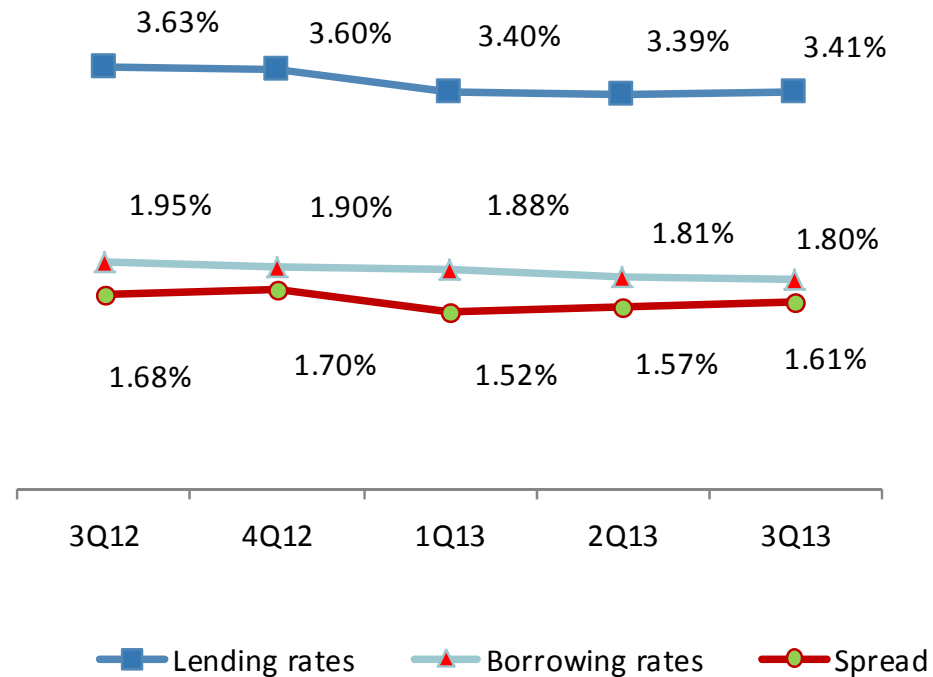
Net interest income



- Net interest income decrease in is due to the trend in interest rates (negative effect for 162.2 million), only partly offset by volumes (positive effect for 30.7 million)
- In the 3rd quarter net interest income amounts to € 153.8 million, decreasing in comparison to the second quarter (162 million), due to the financial component, while the commercial component restarted growing

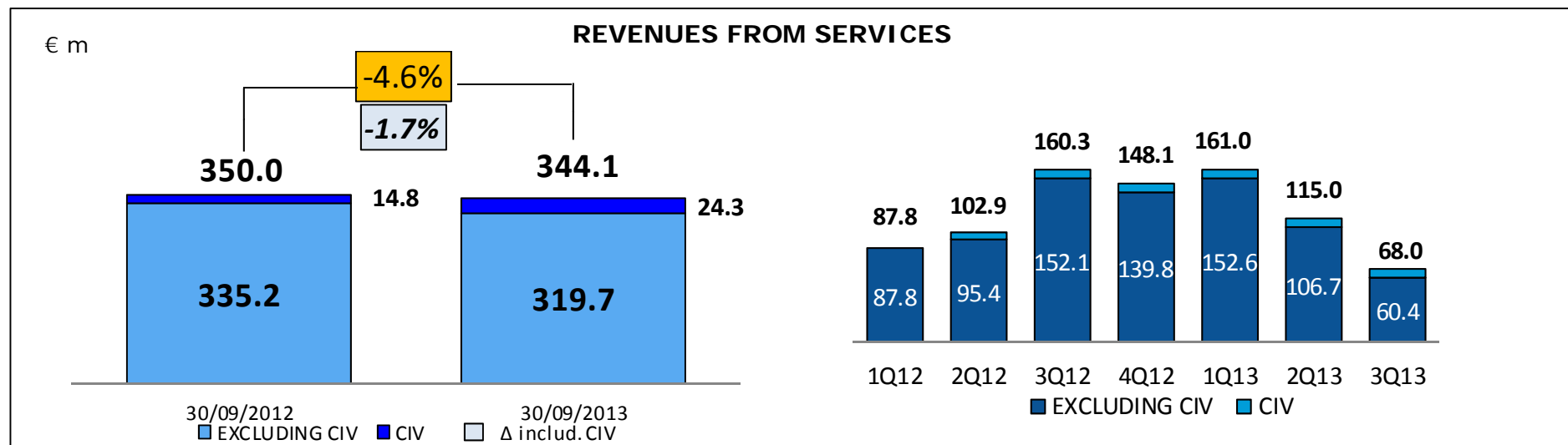
Net interest rate spread: quarterly development

CUSTOMER POINT SPREAD



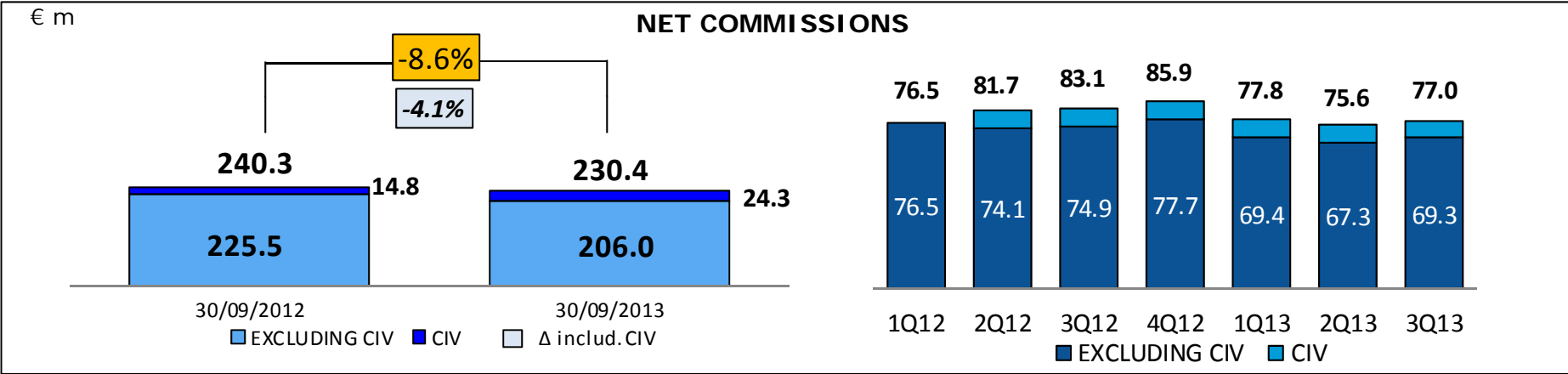
Rate spread recovery of about 10 bps compared to the beginning of the year and 4 bps compared to June 2013 due to a reduction in borrowing rates.

Revenues from services



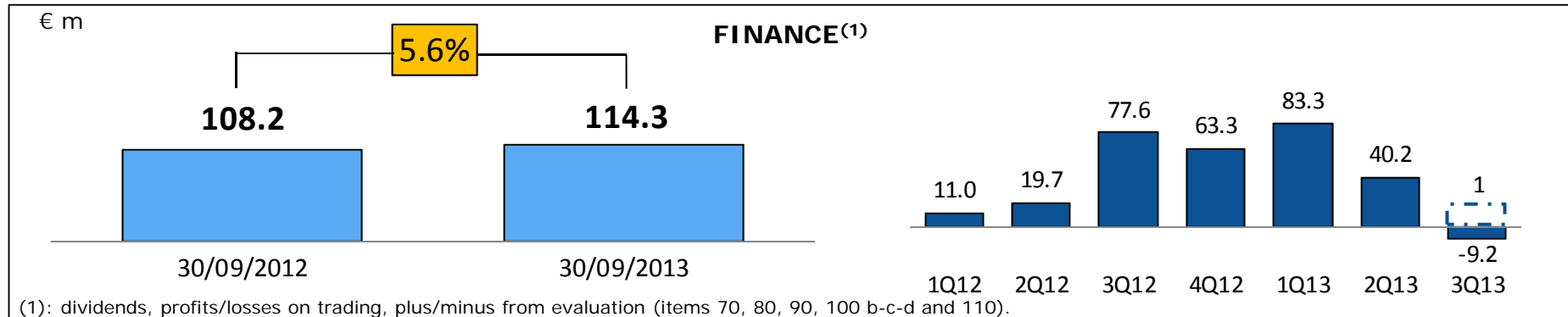
- Net revenues from services amount to 344.1 million (including fast credit processing fee), lower by 1,7% compared to the nine months of 2012.
- The 3rd quarter slowdown is due to finance component, while net commissions increased

Revenues from services



- Net commissions amounts to € 230.4 million (including fast credit processing fee), lower by 4.1% compared to the nine months of 2012.
- The 3rd quarter record a recovery in comparison to the second quarter of the year, from 75.6 million to 77 million, due mainly to commissions on credit cards and debt

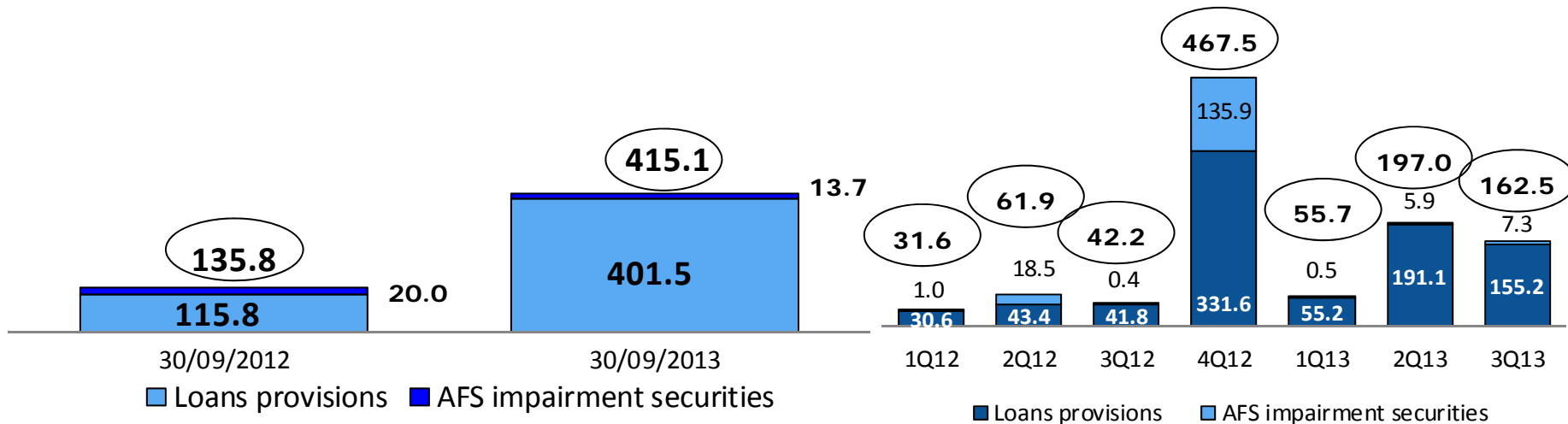
Revenues from services



- Net result of financial assets and liabilities valued at fair value amounts to 40.8 million, as a result of the changes introduced on the fair value measurement of all securities issued by the Bank ("Fair Value Option")
- Profits on disposal of AFS securities total 48.4 million and profits from disposal of HTM securities total 21.3 million.
- In the 3rd quarter finance net of extraordinary transactions records a slightly positive value (1 million)

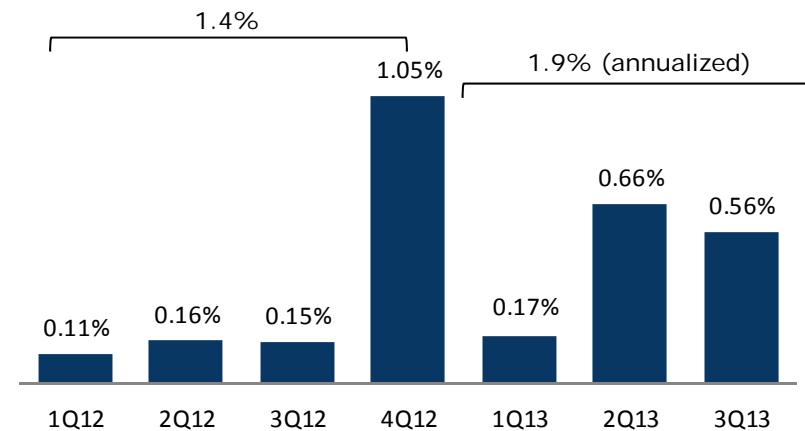
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LOAN AND OTHER ASSETS PROVISIONS



- Loan provisions include almost complete record of the results of the inspection conducted by the Bank of Italy on the performing loan portfolio totaling 190 million (126.7 in the first half and 62.3 million in the quarter)
- On AFS assets are recorded provisions (impairment) for 13.7 million (20 million in September 2012).

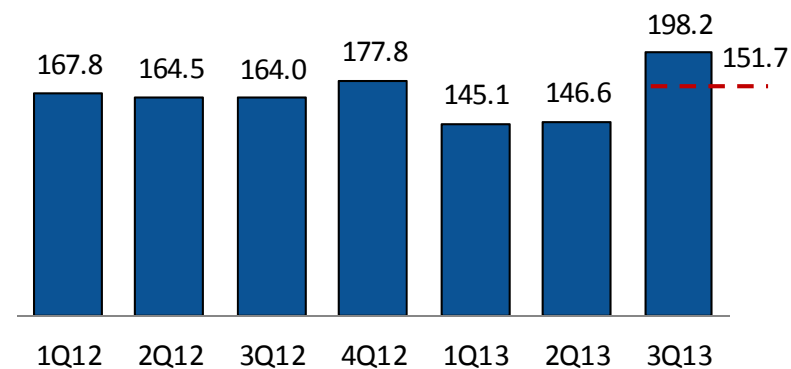
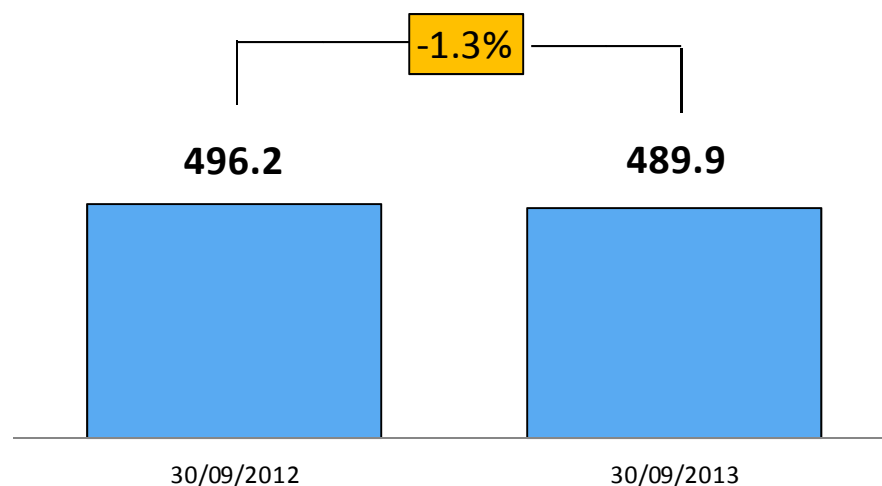
COST OF RISK



Operating costs

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OPERATING COSTS

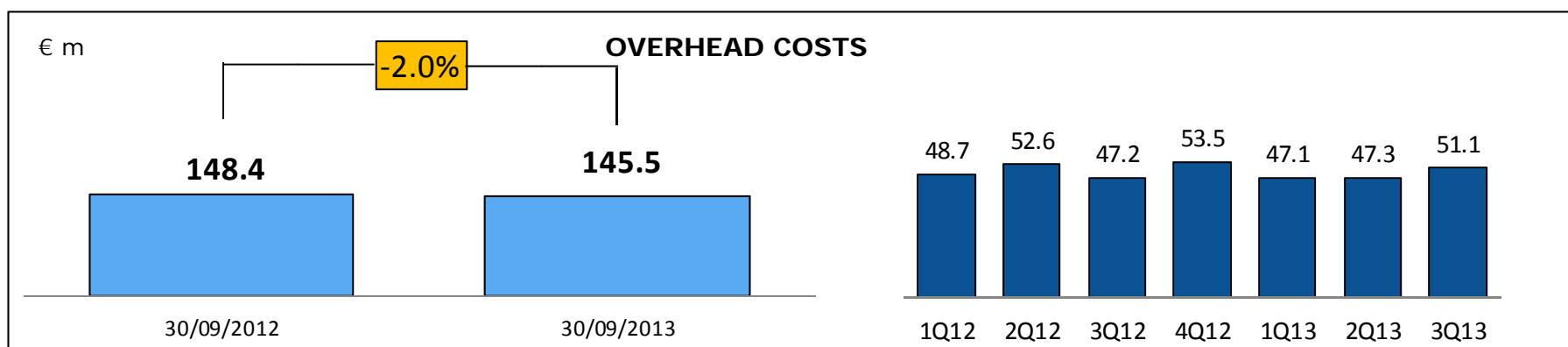
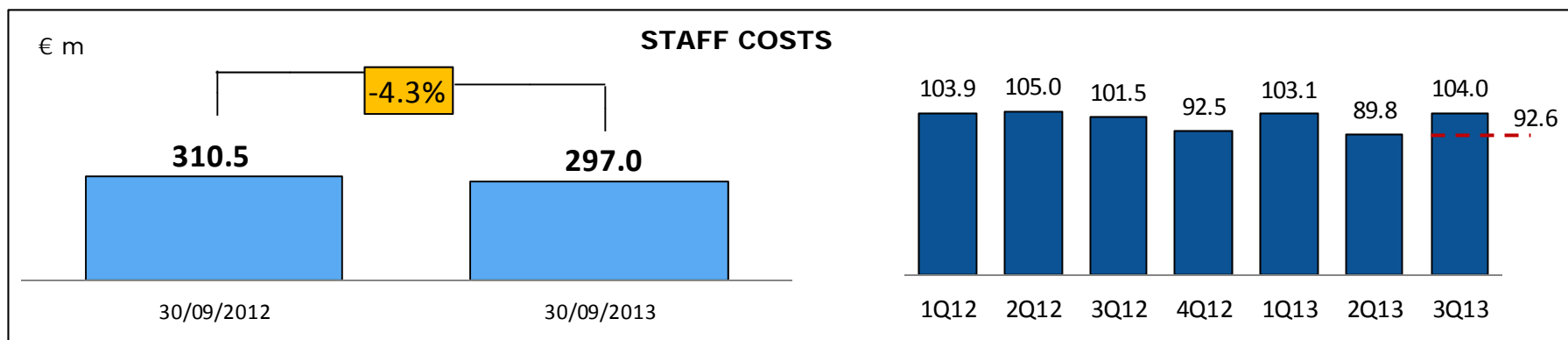


Operating costs in the last quarter are adversely affected by the devaluation of the real estate of the insurance group (35.1 million) and extraordinary staff costs (11.4 million)



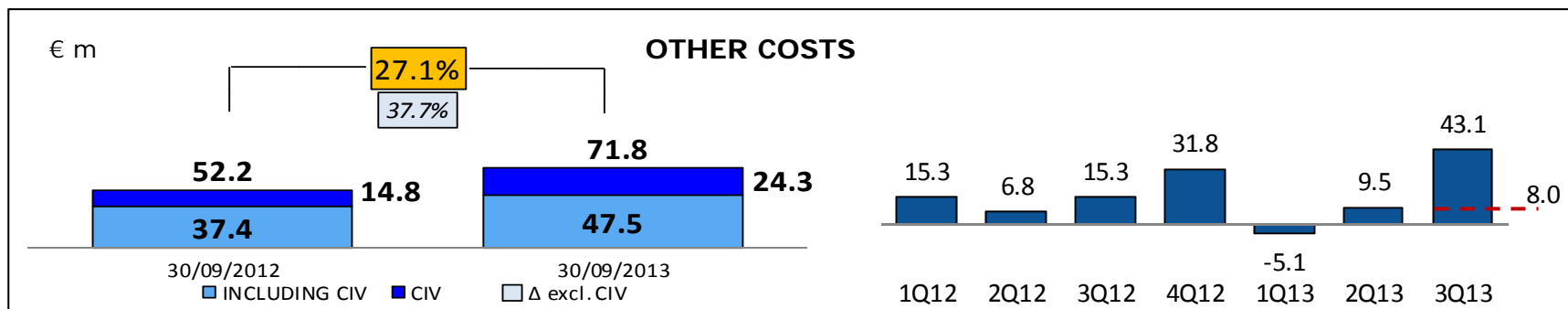
(1) Proforma data: fast credit processing fee reclassified from other operating income to net commission income

Operating costs

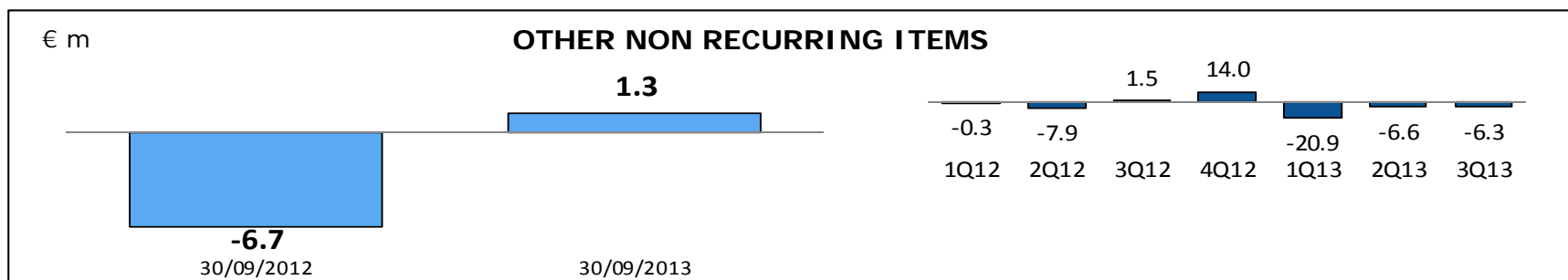
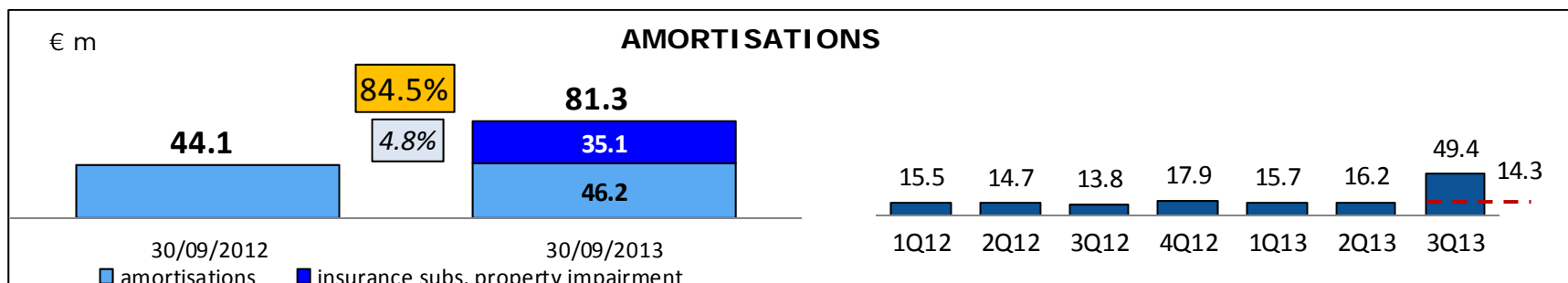


- Staff costs decrease compared to the first nine months of last year; the 3rd quarter is influenced by the presence of non-recurring charges for about 11 million, net of which the trend is substantially in line with that of the second quarter
- Even overhead costs are down compared to the first nine months of last year and the trend of the quarter is slightly differ from that of the first two quarters of the year

Operating costs

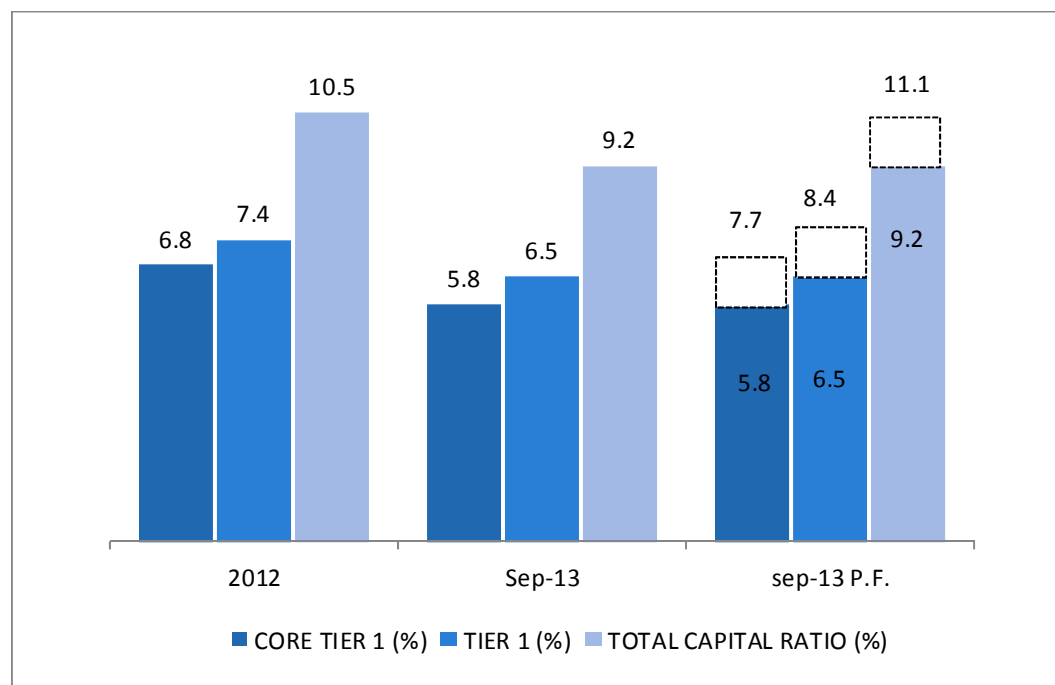


di cui:



The 3rd quarter is affected by real estate insurance provisions for about 35 million, net of which the trend of the previous quarter is confirmed

Capital ratios (%)



Pro forma data include the benefit of deferred tax assets and the sale of Carige AM

RWA composition (thousands of euro)				
	Sep-12	Dec-12	Sep-13	% of the total
Credit risk	22,377,679	22,092,888	21,338,206	91.2%
Market risk	273,217	251,800	179,675	0.8%
Operating risk	1,854,775	1,889,375	1,889,375	8.1%
TOTALE	24,505,671	24,234,063	23,407,256	100%

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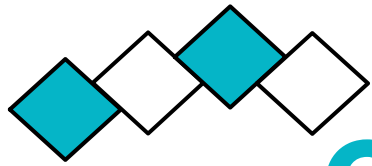
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Due to rounding the sum of certain amounts of detail may not fit with its aggregate, the percentage change is calculated on unrounded data



GRUPPO CARIGE

3Q13 results

11 november 2013