

*The Italian text is the only legally binding version on which investors can rely (i) in respect of any decision regarding an investment in the Notes and (ii) in respect of the interpretation of the characteristics of the Notes themselves. Such Italian text will prevail over the English translation in the event of conflict.*

**Board of Directors' report to the special meeting of holders of bonds comprising the loan "Banca CARIGE 4.75% 2010-2015 convertible bond with the option of redemption in shares" ("Banca CARIGE 4,75% 2010-2015 convertibile con facoltà di rimborso in azioni") called on 13 February 2012 on first call and, if necessary, on 14 February 2012 on second call, to approve, pursuant to art. 2415, subsection 1, no. 2), Italian Civil Code, the amendments to the conditions of the bond loan "Banca CARIGE 4.75% 2010-2015 convertible bond with the option of redemption in shares" ("Banca CARIGE 4,75% 2010-2015 convertibile con facoltà di rimborso in azioni").**

Dear Bondholders,

As you know, the extraordinary shareholders' meeting of 3 November 2009 assigned the Board of Directors, pursuant to article 2420-ter of the Italian Civil Code, the power to issue, in one or more times for up to one year, convertible bonds, to be offered on option to the shareholders and holders of convertible bonds comprising the loan "Banca Carige 1.50% 2003-2013 hybrid subordinated issue with premium at maturity convertible into ordinary shares" ("Banca Carige 1,50% 2003-2013 subordinato ibrido con premio al rimborso convertibile in azioni ordinarie"), for a maximum nominal amount of € 400,000,000, with a consequent share capital increase supporting the conversion for a maximum nominal amount of € 400,000,000, through the issue, in the number of times necessary, of no more than 400,000,000 ordinary shares valued at a nominal € 1 each, with regular entitlement and the same characteristics as those in issue on the issue date.

In implementation of that power, with resolutions of 9 November 2009 and 11 February 2010, the CARIGE S.p.A. Board of Directors established the issue of no more than 163,165,368 convertible bonds, comprising the loan "Banca CARIGE 4.75% 2010-2015 convertible bond with the option of redemption in shares" ("Banca CARIGE 4,75% 2010-2015 convertibile con facoltà di rimborso in azioni") for a maximum nominal amount of € 391,596,883.20, to be offered on option to shareholders and to holders of the convertible bonds comprising the loan "Banca Carige 1.50% 2003-2013 hybrid subordinated issue with premium at maturity convertible into ordinary shares" ("Banca Carige 1,50% 2003-2013 subordinato ibrido con premio al rimborso convertibile in azioni ordinarie").

Also within the scope of the power granted by the shareholders' meeting, the Board of Directors resolved to increase the share capital to support the conversion for a maximum nominal amount of € 179,481,904.00, to be carried out by issuing, in the number of times necessary, no more than 179,481,904 ordinary shares with a nominal value of € 1.00 each, with regular entitlement and the same characteristics as those in issue on the issue date, exclusively and permanently reserved to support the conversion and/or early redemption of the bonds comprising the aforementioned loan.

The issue of the loan - which was completed with the subscription of all 163,165,368 convertible bonds, an overall value of € 391,596,883.20 - provided CARIGE S.p.A. with a flexible instrument able to contribute to strengthening the Group's capital and, at the same time, with financial resources which were usefully employed to support the Group's business.

The aforementioned issue was also carried out in an environment which was characterised by significant financial tensions and a particularly difficult economic scenario.

Within a phenomenon of unprecedented intensity, with a completely unforeseeable duration and expanse, the cyclical economic crisis and the negative performance of financial markets went through another period of intense decline.

The effects of the crisis on the performance of the Bank's share listings, together with the need to ensure the full usability of the loan as a potential instrument to strengthen the Issuer's capital, make it appropriate to adjust the number of shares included in the loan and amend the conditions of early redemption or at least limit recourse to the monetary component, without however reducing the overall value that each bondholder is entitled to, in order to maintain the loan's capacity to fulfil the purposes for which it was issued.

As is known, in fact, the current version of article 12 of the Loan Regulation assigns the issuer the right to proceed with the full early redemption of the outstanding bonds by providing ordinary shares and money (where applicable).

If, as in this case, the market value of the ordinary shares is lower than the nominal value of the bonds, the Bank in any case has the right to carry out the early redemption, providing each bondholder with a number of shares equalling 110% of those that would be due on the basis of the conversion ratio and moreover making use of the monetary component, in order to provide each bondholder with a value which, overall:

- equals the nominal value of the Bond increased by a premium of 10%, considering the arithmetic average of the official ordinary share prices during the reference period for early redemption, as defined in the Loan Regulation;
- equals at least the Bond's nominal value, considering the official ordinary share price on the early redemption date.

As mentioned, the need to maintain the loan's capacity to fulfil the purposes for which it was issued, that is, to contribute to strengthening the Group's capital, with a view to complying with increasingly strict requirements imposed on banks and banking groups in that sense by the Supervisory Authority, make it appropriate to amend the early redemption conditions, avoiding or at least limiting recourse to the monetary component, without however reducing the overall value to which each bondholder is entitled.

Specifically, in the event of early redemption at CARIGE S.p.A.'s initiative, if (as in this case) the market value of the shares is lower than the conversion price (€ 2.40), the holder would be provided with a number of ordinary shares whose market value in the reference period for early redemption, as defined in said Regulation, is overall equal to the nominal value of the bond increased by a premium of 10%, fully maintaining the total value to which each bondholder is entitled. The proposed amendment would therefore allow for the Issuer to proceed with the early redemption of the loan completely in shares, including therein the redemption premium, which is 10% of the bond's nominal value, and without prejudice to any limited adjustments in monetary form that may be necessary.

In this regard, please note that the extraordinary shareholders' meeting of 3 November 2009 granted the Board of Directors the power to increase the share capital for the purpose of the conversion and/or the early redemption of the loan up to a maximum of 400,000,000 ordinary shares: the amount of shares included in the share increase pursuant to the resolutions taken by the Board of Directors on 9 November 2009 and 11 February 2010, exercising the aforementioned power granted by the shareholders' meeting, of which there are currently 179,391,579 remaining connected with the conversion of the remaining 163,075,043 bond loans, would not, in light of current market conditions, enable the maintenance of the Loan's capacity to fulfil the purposes for which it was issued, that is, to contribute to strengthening the Group's capital.

Always with a view to pursuing as well as possible the capital strengthening objectives that have characterised the loan since its issue, a proposal has been put forward to the extraordinary shareholders' meeting called on 13 February 2012 in a single call to grant the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the power to increase the number of newly issued shares underlying the bond loan in question up to a maximum of 450,000,000 ordinary shares, as well as to approve the resulting amendments of articles 5 and 35 of the Articles of Association.

At this time, in order to guarantee the Board of Directors more flexibility in deciding the timing for any early redemption option, it could be appropriate to allow the Issuer to set the date without the restriction currently set forth in the Loan Regulation, which requires that at least the last business day of the conversion period not fall within the "Limitation Period", as defined in said Regulation.

Moreover, that amendment would not substantially impact your rights, since any exercise of the early redemption option by CARIGE S.p.A. would guarantee you a higher quantity of shares, at current prices, than that which would be due exercising the conversion right.

The amendments to the loan's conditions, also resulting from the proposal to increase the number of newly issued underlying shares, have been included in the text of the "Regulation of the convertible bond loan named "Banca CARIGE 4.75% 2010-2015 convertible bond with the option of redemption in shares" ("Banca CARIGE 4,75% 2010-2015 convertibile con facoltà di rimborso in azioni"), which is submitted for your approval pursuant to article 2415, subsection 1, no. 2) of the Italian Civil Code.

Considering the foregoing, the proposal below is submitted to the Meeting:

"The special meeting of holders of the bonds comprising the loan "Banca CARIGE 4.75% 2010-2015 convertible bond with the option of redemption in shares" ("Banca CARIGE 4,75% 2010-2015 convertibile con facoltà di rimborso in azioni") of [●]

- as a result of the resolution of the Banca CARIGE S.p.A. shareholders' meeting, called on 13 February 2012 at 10:30 a.m. in a single call, in relation to the topics pursuant to point 2 of the extraordinary meeting agenda, with the following literal content: *"Pursuant to article 2443 of the Italian Civil Code, assignment to the Board of Directors of the power to increase the number of newly issued shares connected with the Loan "Banca CARIGE 4.75% 2010-2015 convertible bond with the option of redemption in shares" ("Banca CARIGE 4,75% 2010-2015 convertibile con facoltà di rimborso in azioni") up to a maximum of 450,000,000 ordinary shares: consequent amendment of new art. 5 of the Articles of Association"*

hereby resolves

pursuant to art. 2415, subsection 1, no. 2) of the Italian Civil Code, to approve the amendments to the conditions of the loan "Banca CARIGE 4.75% 2010-2015 convertible bond with the option of redemption in shares" ("Banca CARIGE 4,75% 2010-2015 convertibile con facoltà di rimborso in azioni"), as set forth in the new relative Regulation, in the text included in the Board of Directors' report to the bondholders' meeting, annexed to the minutes thereof, thereby satisfying the condition of effectiveness of the cited extraordinary shareholders' meeting resolution".

Genoa, 13 January 2012

for THE BOARD OF DIRECTORS  
THE CHAIRMAN  
(Mr. Giovanni Berneschi)