

**BANCA CARIGE**

**Cassa di Risparmio di Genova e Imperia**

**The Italian Financial Services  
Conference 2007  
UBS**

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Carige Group Overview

Strategic Plan 2006-2008

Budget 2007

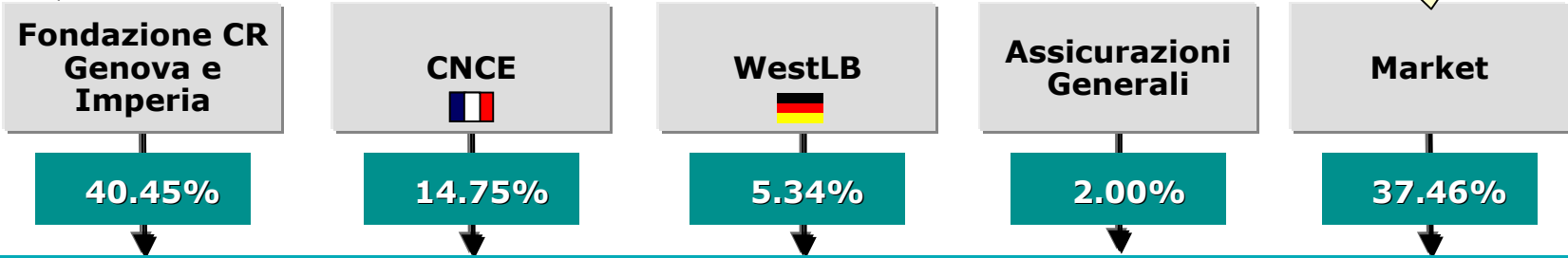
Strategic Projects



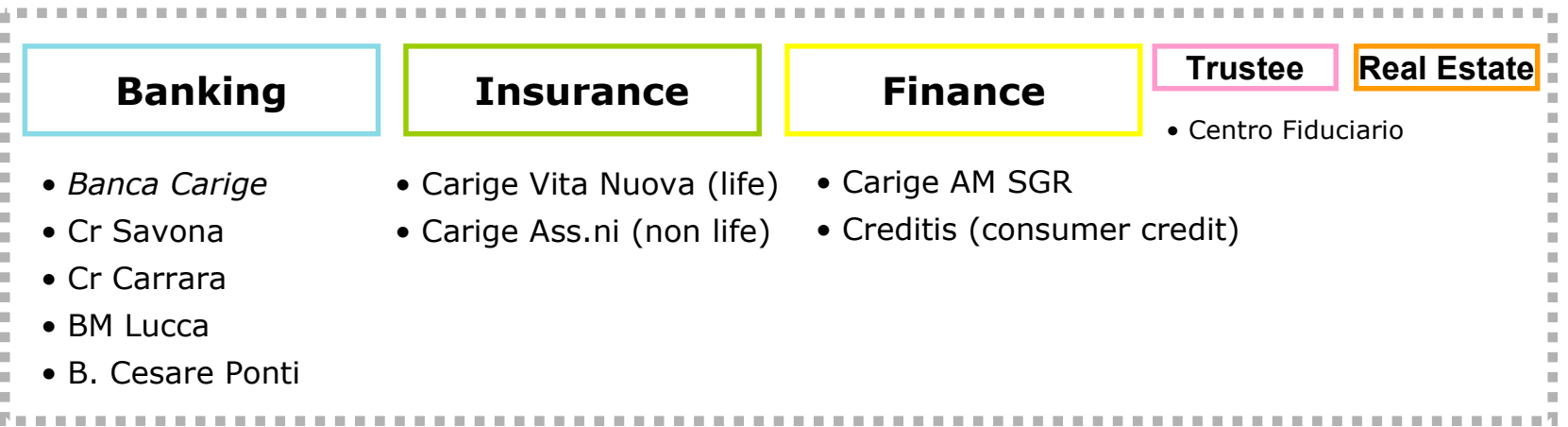
# Banca Carige Group today

41.15% at 14Feb07 due to Convertible Bond

~52,000 small shareholders



## Banca Carige SpA Cassa di Risparmio di Genova e Imperia



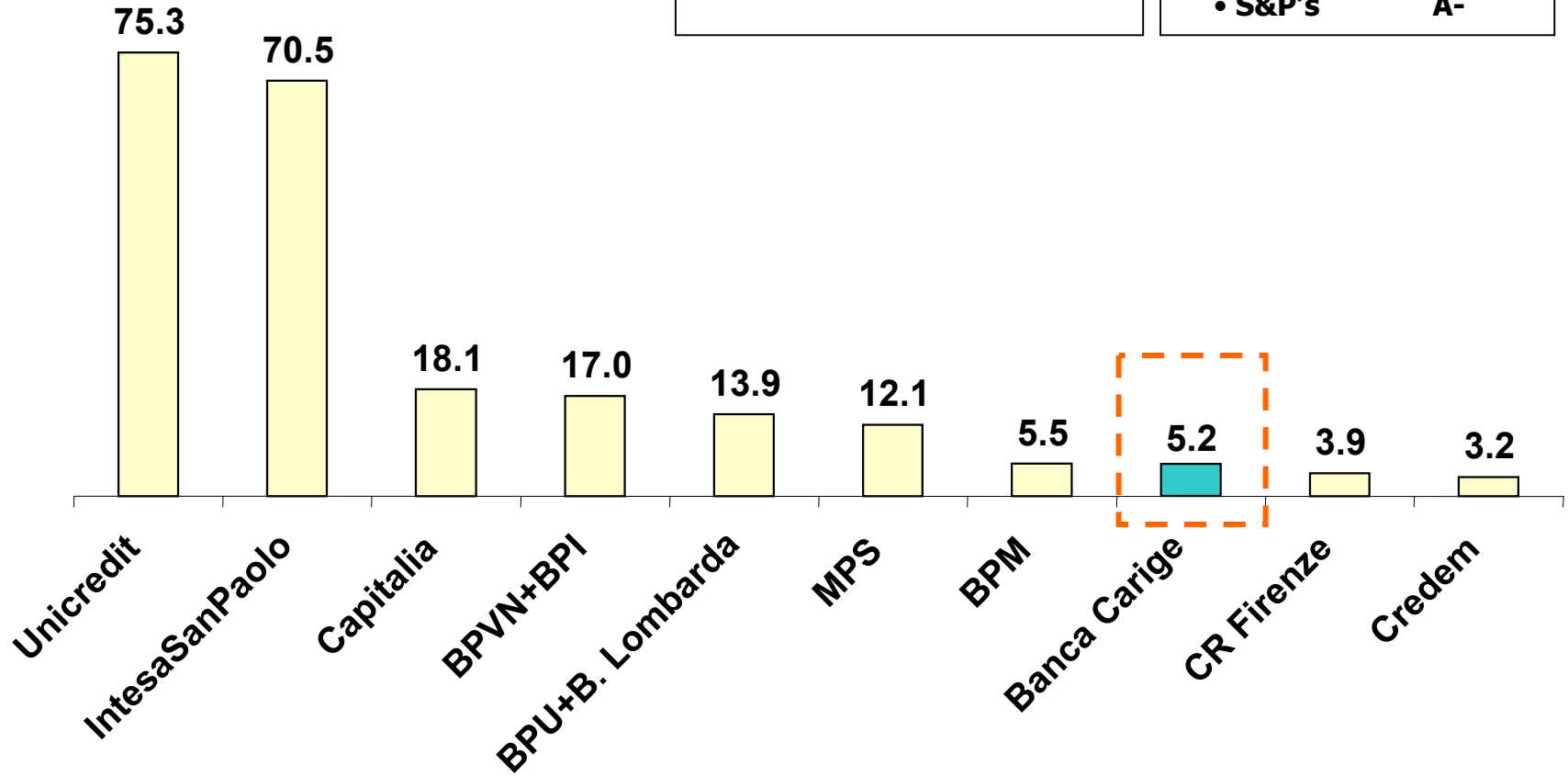
Main Companies only



# A medium-sized Group

## MARKET CAP

€b



CARIGE MARKET CAP	
• Ordinary shares	4.5 €b
• Saving shares	0.7 €b

RATING	
• Fitch	A
• Moody's	A2
• S&P's	A-

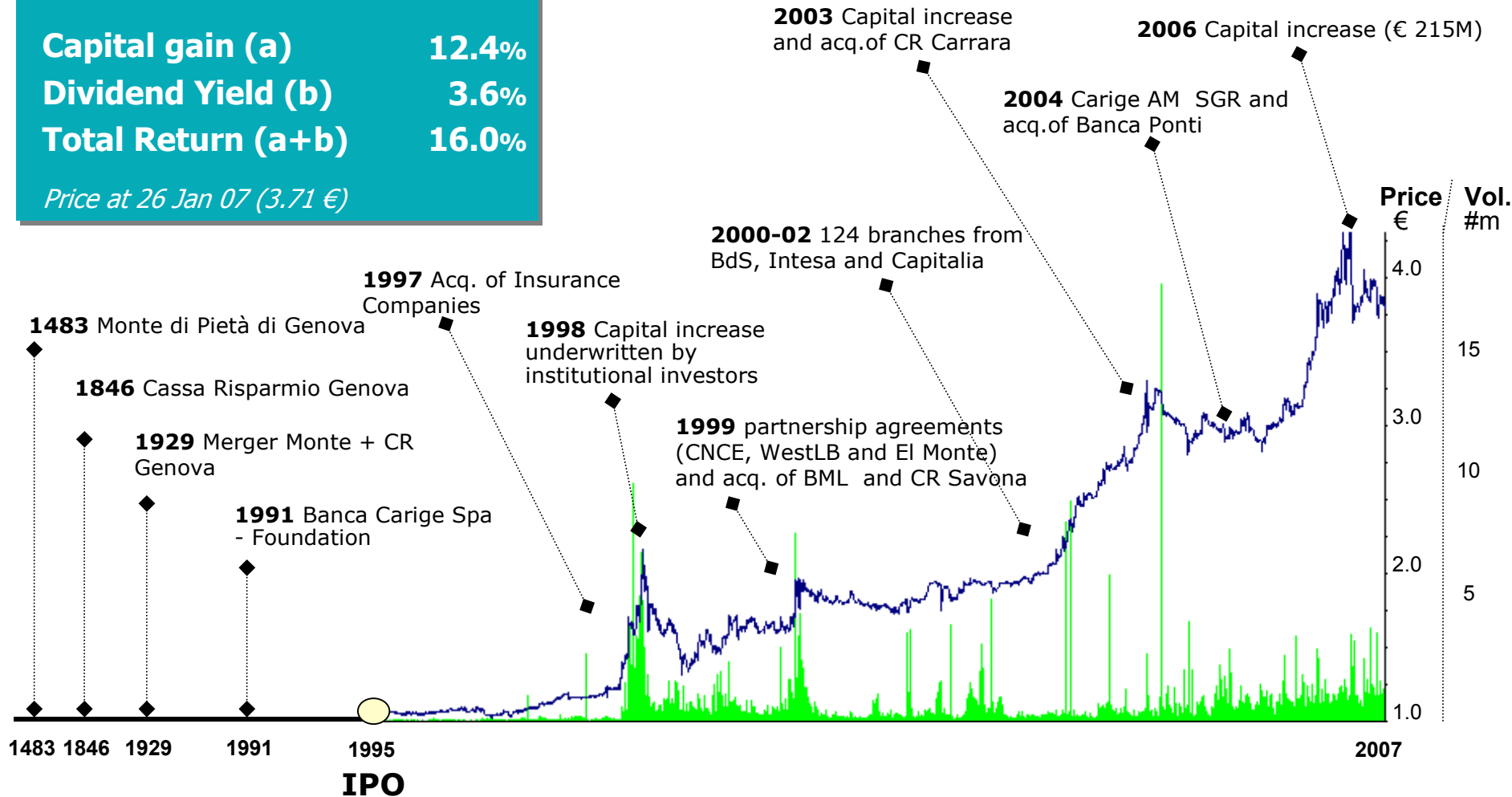


# A long term stable growth...

## Annual average yield per ordinary share since IPO

<b>Capital gain (a)</b>	<b>12.4%</b>
<b>Dividend Yield (b)</b>	<b>3.6%</b>
<b>Total Return (a+b)</b>	<b>16.0%</b>

Price at 26 Jan 07 (3.71 €)





## ... through a long season of acquisitions

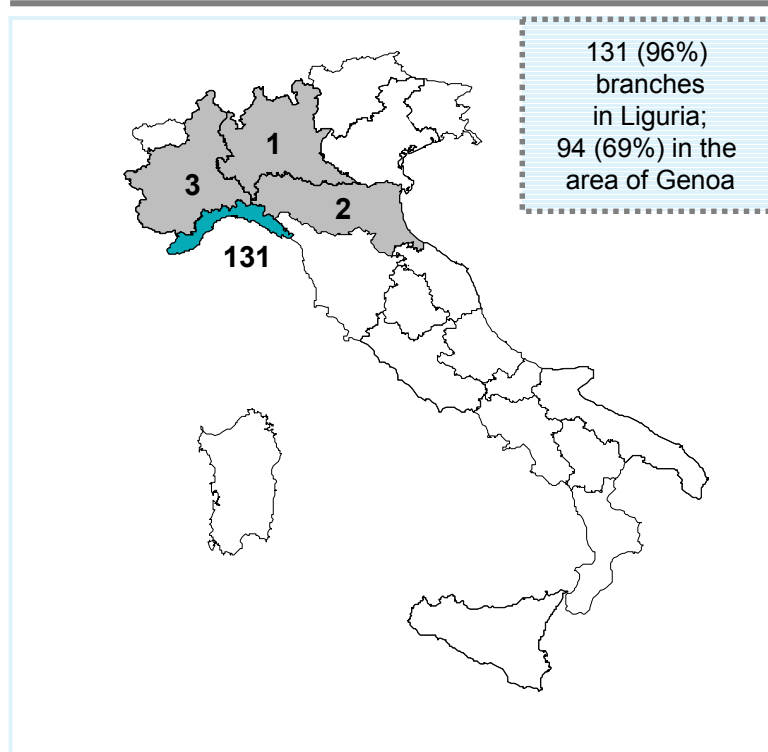
Year	CAPITAL COLLECTED	€ m	Year	ACQUISITIONS	€ m
1994-95	IPO	105	1993 - 99	Cassa di Risparmio di Savona	227
1996-97	Bond conversion into new shares	61	1991-06	Insurance companies	317
1997	Capital increase underwritten by La Basilese	46	1999 - 02	Banca del Monte di Lucca	63
1998	Capital increase underwritten by institutional investors	116	2000	21 branches from Banco di Sicilia	60
1999	Capital increase underwritten by CNCEP, CDC, WestLB	236	2001	61 branches from Intesa	277
2001	Issue of a subordinated loan	400	2002	42 branches from Capitalia	127
2003-06	Capital increases and issue of subordinated convertible bonds	521	2003	Cassa di Risparmio di Carrara	174
			2004-06	Banca Cesare Ponti	38
<b>Total 1,485</b>			<b>Total 1,283</b>		

More than 85% of capital collected already invested in acquisition



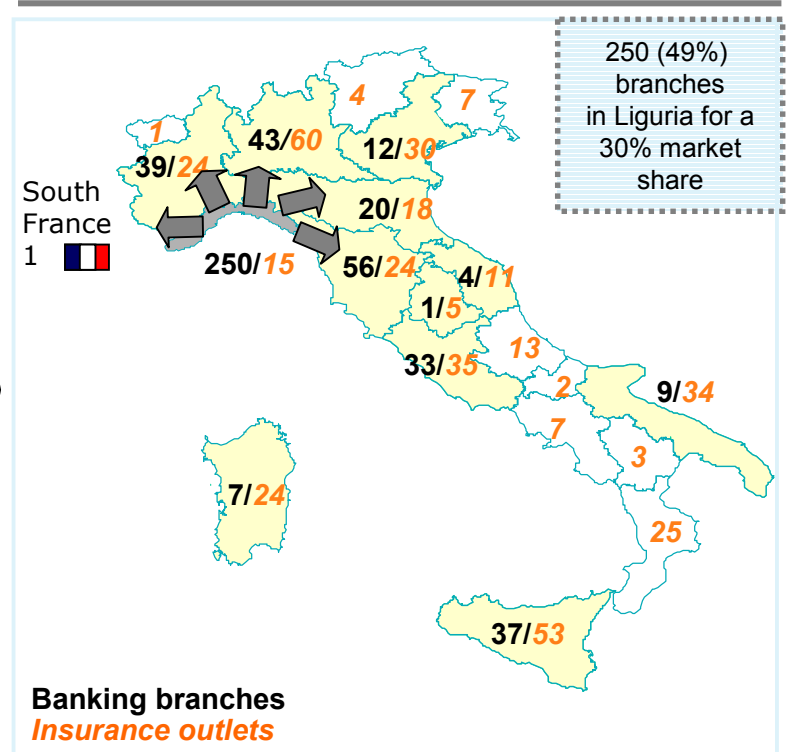
# A franchise with its heart in Liguria

1989



	Branches	Employees	Regions
Bank	137	2,962	4

2006

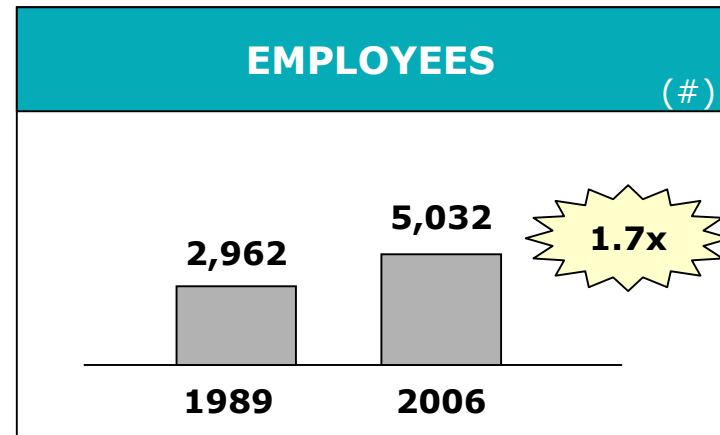
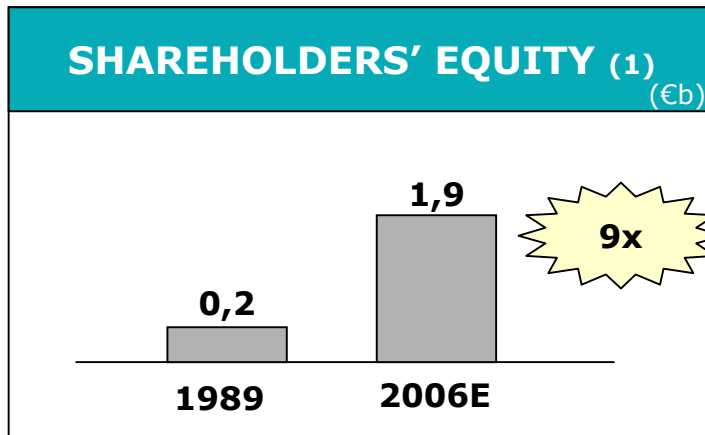
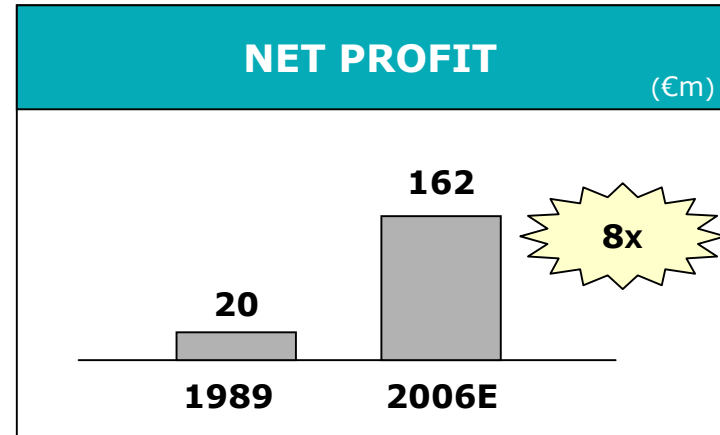
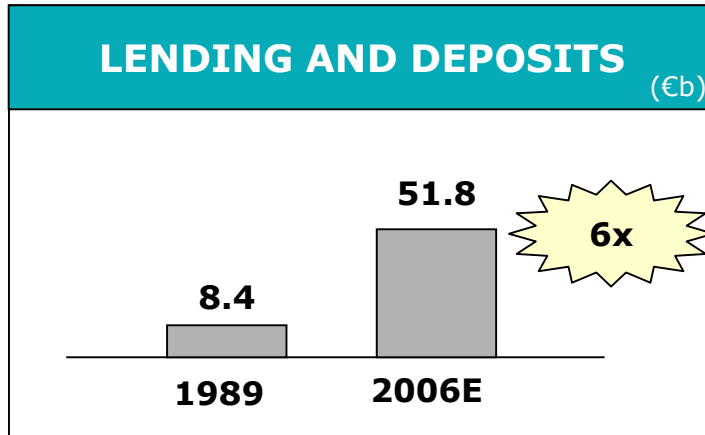


	Branches/ outlets	Employees	Regions
Banks	512	4,671	12/20
Insurances	395	361	20/20
Group	907	5,032	20/20





# Long term growth of volumes and results



(1) Bank of Italy participation not included (656 €m)



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Strategic Plan 2006-2008

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Strategic Projects



## Independence through growth

**1990 - 1998**

**1999 - 2004**

**2005 - 2008**

Capital base  
strengthening and  
opening to new  
shareholders

Expansion and  
diversification

Rationalization  
and  
profitability  
enhancement



A **national** financial **conglomerate** equipped to provide banking, financial, insurance and pension solutions establishing strong ties with **local markets**, able to differentiate in the **quality of service** through an **integrated multi-channel** distribution system and the quality of **resources and structures**

## Conglomerate

- Complete offer of banking, financial and insurance products and services
- Aggregation point for smaller banks

## National

- Stronghold in Liguria
- Out of Liguria it distinguishes itself for the attention to the relationship with local communities

## Multi-channel

- Distribution system based on branches, mobile and remote channel
- Focus on retail
- Widespread and intensive use of technology

## Quality of resources and structures

- Specialization of distribution and production structures
- Unitary management of the Group's key-expertises
- Professional development of human resources



# The core priorities of the Strategic Plan

## Strengthening of operating efficiency and profitability enhancement

- Profitability enhancement of subsidiaries (banks and insurances) and of each business area (lending, wealth management, payment system)
- Cost Management

## Growth through productivity improvement

- Increase of volumes per employee:
  - cross-selling, up-selling and retention in Liguria
  - rising of market share outside Liguria, also in synergy with insurance agents
- Re-engineering of business processes

## Risk management

- Control of the economic impact of all kind of risks



# 2008 Targets

## CARIGE GROUP

	2005	2008E	CAGR 08E-05
<b>Total Intermediation (€ b)</b>	<b>47</b>	<b>57</b>	<b>6.7%</b>
- <i>Direct and Indirect Deposits (€ b)</i>	<b>33</b>	<b>40</b>	<b>6.4%</b>
- <i>Loans to customers (€ b)</i>	<b>14</b>	<b>17</b>	<b>7.3%</b>
<b>Net profit (€ m)</b>	<b>131</b>	<b>220</b>	<b>18.9%</b>
<b>Shareholders' equity (€ b)</b>	<b>2,1</b>	<b>2,7</b>	<b>7.9%</b>
<b>ROE</b>	<b>6.2%</b>	<b>8.2%</b>	<b>+2 pp</b>
<b>ROE adjusted (*)</b>	<b>8.3%</b>	<b>10.3%</b>	<b>+2 pp</b>
<b>Cost Income</b>	<b>66.4%</b>	<b>54.7%</b>	<b>-11.7 pp</b>
<b>Tier 1</b>	<b>6.5%</b>	<b>8.2%</b>	<b>+1.7 pp</b>
<b>Total capital ratio</b>	<b>8.8%</b>	<b>11.8%</b>	<b>+3 pp</b>

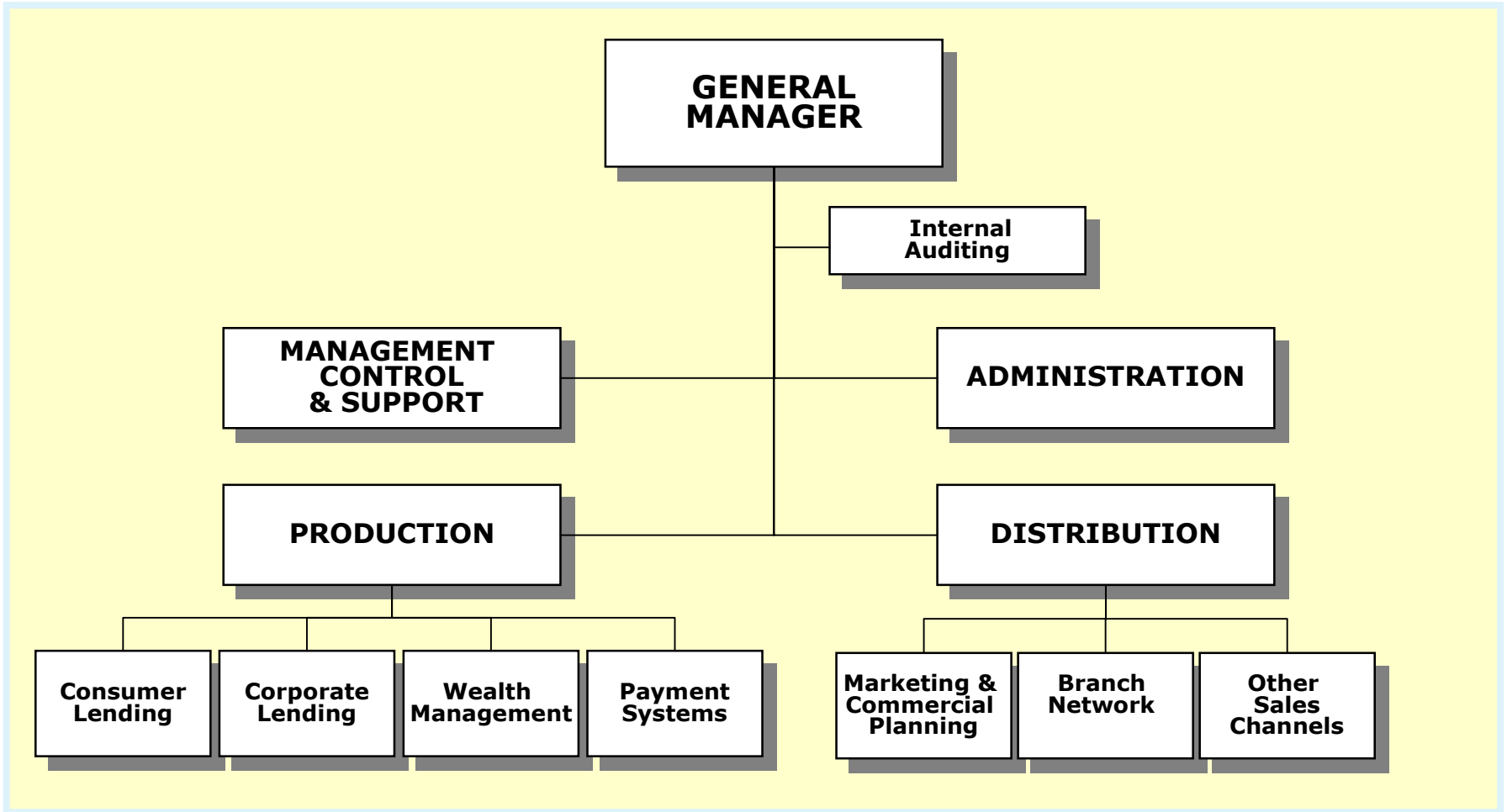
## CARIGE BANK

<b>Net profit (€ m)</b>	<b>137</b>	<b>207</b>	<b>14.7%</b>
<b>Dividends (€ m)</b>	<b>88</b>	<b>108</b>	<b>7.1%</b>
<b>EPS (€)</b>	<b>0.123</b>	<b>0.148</b>	
<b>BVPS (€)</b>	<b>1.962</b>	<b>1.907</b>	
<b>P/E (€)</b>	<b>24.5</b>	<b>22.3</b>	
<b>P/BV (€)</b>	<b>1.54</b>	<b>1.73</b>	

(\*) Equity net of revaluation of the participation in Bank of Italy



# Organizational structure





Carige Group Overview

Strategic Plan 2006-2008

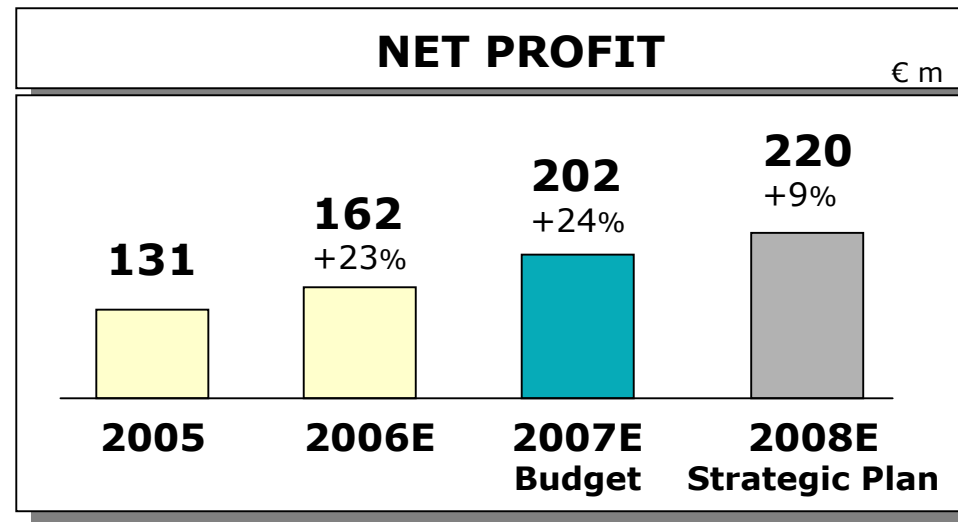
Budget 2007

Strategic Projects





**Budget 2007 is in line with Strategic Plan targets, in terms of net profit, ROE and capital requirements**



<b>ROE adj.</b> % (1)	8,2	8,6	10,1	10,3
<b>TIER I</b> %	5.4	8.1	8.2	8.2

(1) Bank of Italy revaluation not included



**For 2007 are expected good performances of revenues and costs under control. Net interest income driven by volumes which are already better than Strategic Plan targets**

**Cost Income (1)**  
 '07E Bdg 54,8%  
 '07E SP 56,3%  
 '08E SP 54,7%

<b>NET OPERATING INCOME</b>		€m
'07E Budget	436	
'07E Strategic Plan	407	
'08E Strategic Plan	451	

<b>REVENUES</b>		
'07E Bdg	970	
'07E SP	943	
'08E SP	1,011	€m

<b>OPERATING COSTS</b>		
'07E Bdg	534	
'07E SP	537	
'08E SP	560	€m

<b>NET INTEREST INCOME</b>		
'07E Bdg	645	
'07E SP	564	
'08E SP	604	€m

<b>OTHER REVENUES</b>		
'07E Bdg	325	
'07E SP	380	
'08E SP	407	€m

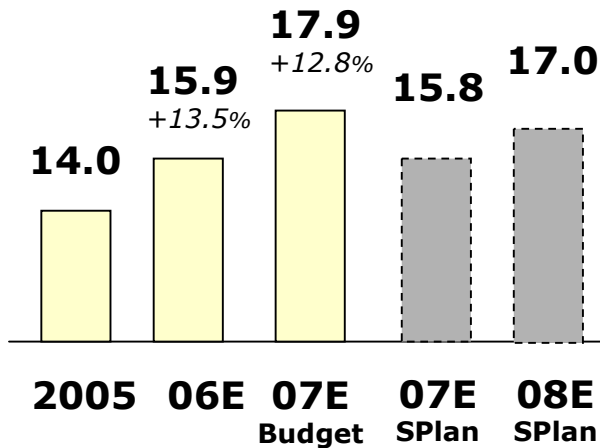
(1) Cost income: provisions to reserves for risks and charges not included



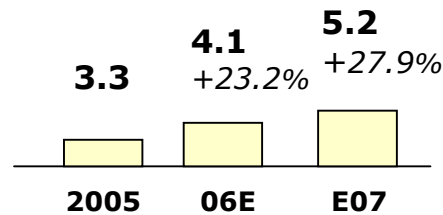
High performance of loans to customers will be driven by new flows (1.4 €b) of mortgages and consumer credit

## LOANS TO CUSTOMERS

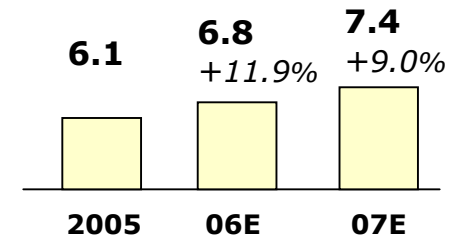
€ b



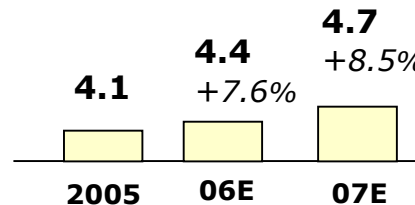
## PRIVATE



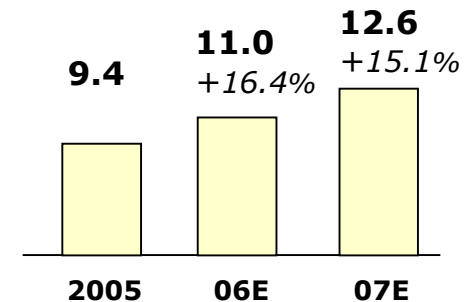
## SME-CORPORATE



## SHORT TERM

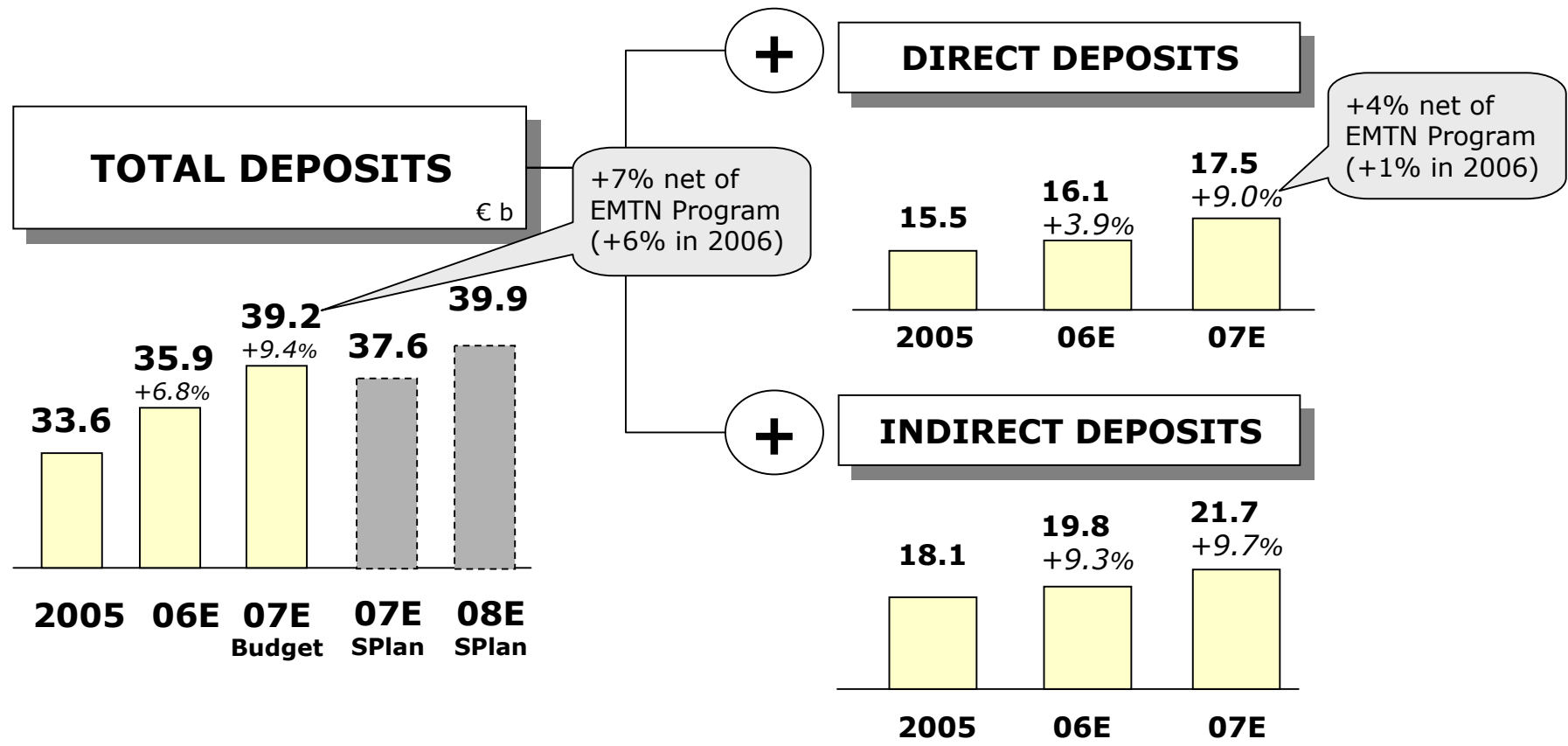


## ML TERM



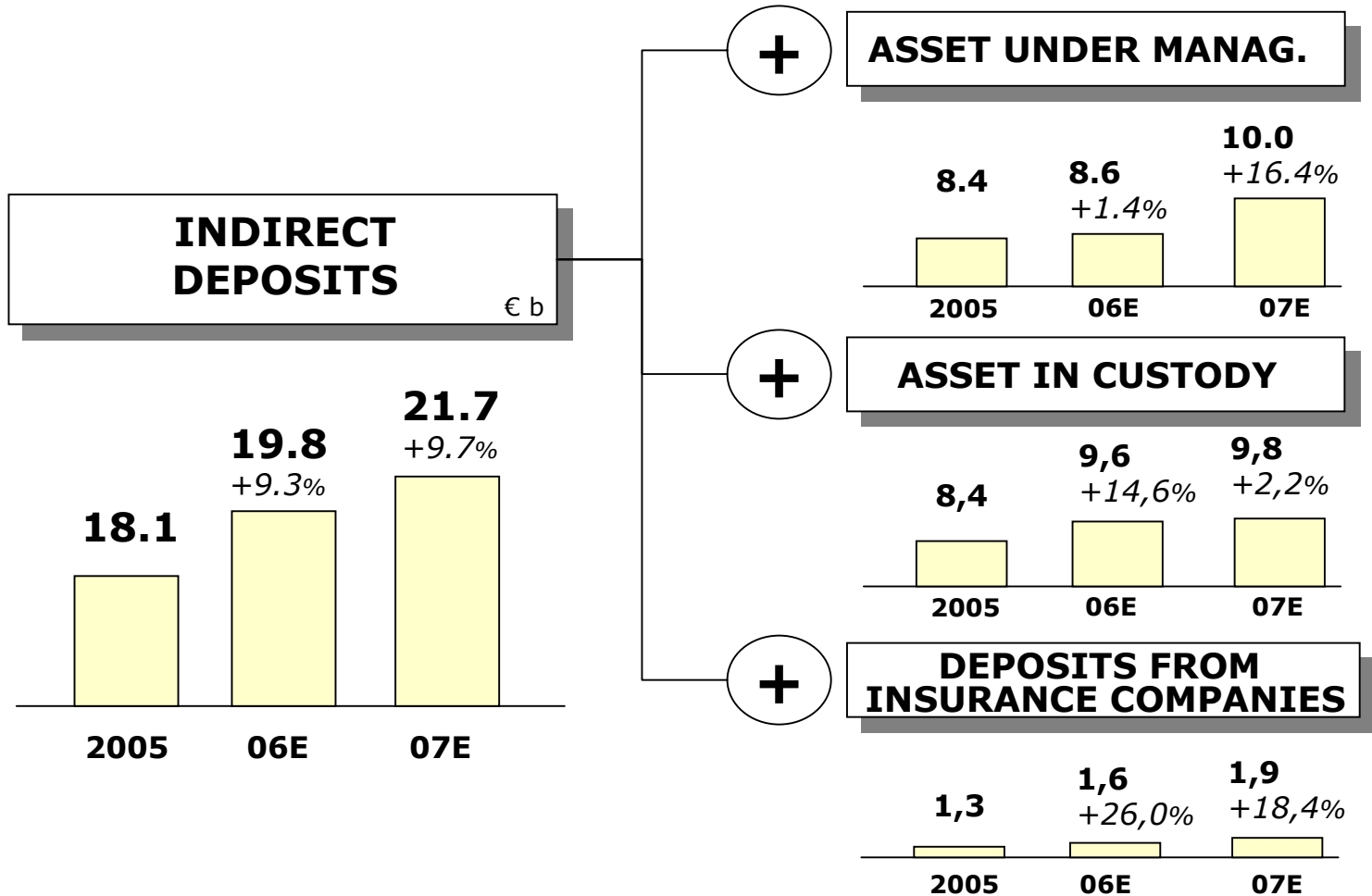


## Total deposits will be sustained both by direct and indirect components



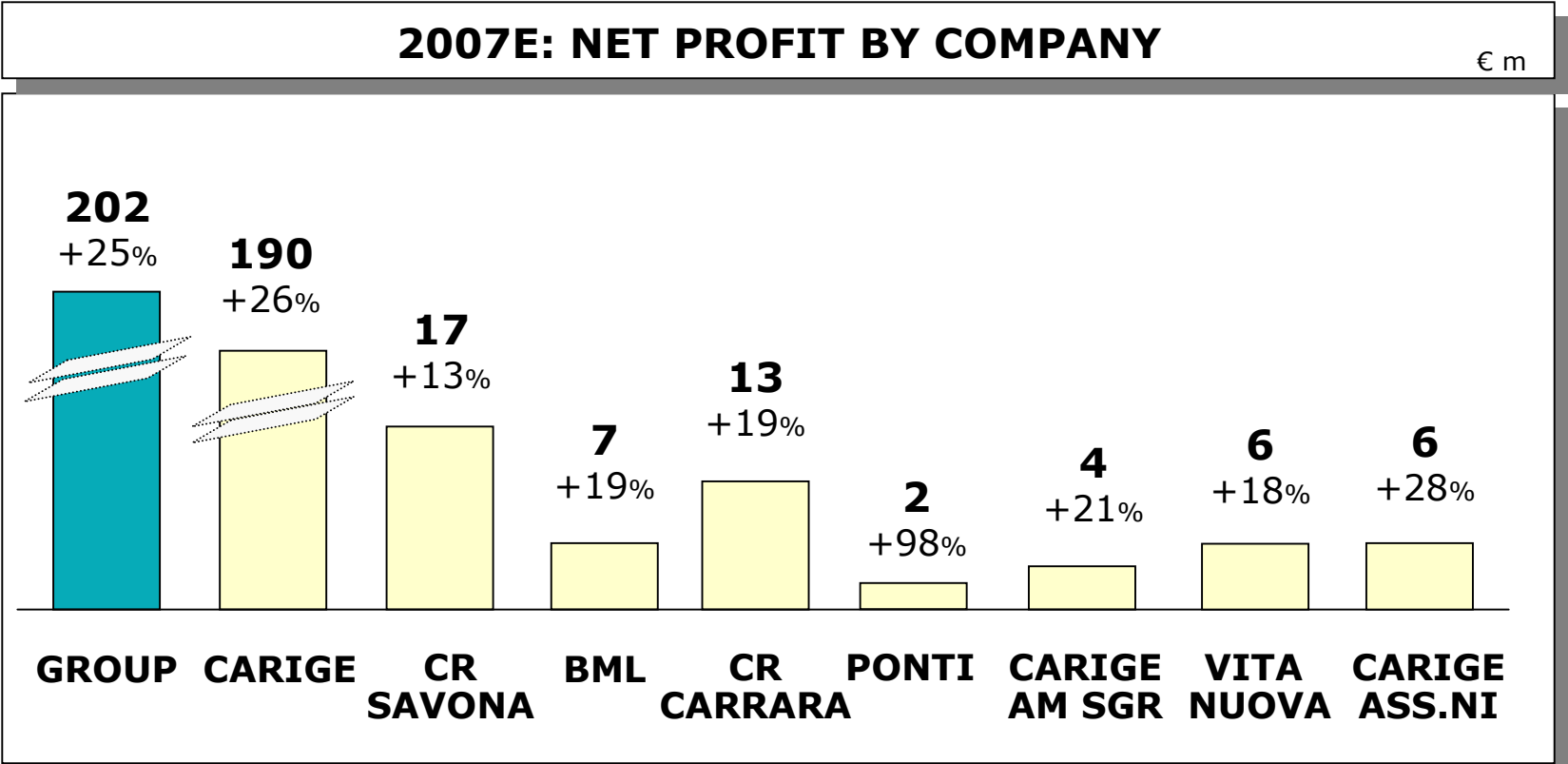


**Asset under Management will drive growth in indirect deposits catching up a weight of 46% (43% in 2006)**





**Net profit of all companies of the Group is expected to grow**





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# The Strategic Projects

	PRODUCTION	DISTRIBUTION	SUPPORT
<b>REVENUES SIDE</b>	<p>JV-CONSUMER CREDIT</p> <p>PFP</p>	<p>LIGURIA PROJECT (CUSTOMER SEGMENTATION)</p> <p>COMMERCIAL STRENGTHENING PROGRAM</p> <p>COLLABORATION BRANCHES-INSURANCE AGENTS</p> <p>NEW BRANCHES PLAN</p>	<p>NEW FRONT OFFICE</p>
<b>COST SIDE</b>	<p>MICROCHIP</p>	<p>REMOTE BANKING (ATM)</p>	<p>COST MANAGEMENT</p> <p>BACK OFFICE CENTRALISATION</p>
<b>RISK SIDE</b>	<p>BASEL II</p>		

 Details in next pages

**About 60 €m of investments in 2007...**

**21€m** for NEW BRANCHES

**39€m** for INNOVATION & IT





## REVENUE SIDE

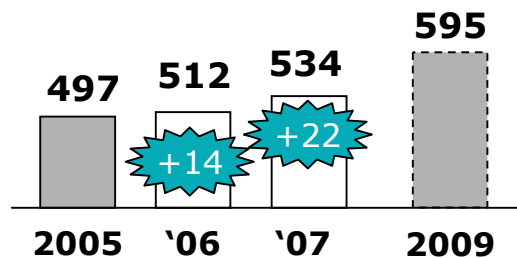
## The plan of internal growth

The Group has drawn up a plan to increase the number of its branches between 2006 and 2009. The new branches will be principally opened in the regions next to Liguria (Lombardy, Piedmont, Emilia-Romagna, Tuscany, South France), in order to enforce the brand where it already exists.

The Plan foresees *98 openings* (75 under Carige brand and 23 under the brands of the other banks of the Group).

### CARIGE GROUP BRANCHES

+98 branches from 2005 to 2009



### NEW BRANCHES BY BANK

 <b>BANCA CARIGE</b> <small>Cassa di Risparmio di Genova e Imperia</small>	<b>75</b>
 <b>CASSA DI R. DI SINONA</b>	<b>4</b>
 <b>BANCA DEL MONTE DI LUCCA</b> SPA	<b>9</b>
 <b>CR Carrara</b>	<b>10</b>
<b>TOTAL</b>	<b>98</b>

The localization of the new branches responds to two main principles:

- *market attractiveness* (potential customers, competition)
- *achievement of a market share in a range of 3-5%*



<b>COST SIDE</b>	<b>Back-office centralisation</b>
<b>What is it?</b>	<p>A Process Reengineering project aimed to re-focus branches on their core sales activities</p>
<b>Scope of the project</b>	<ul style="list-style-type: none"><li>• Transfer of 35-40% of the back-office activities from the branches to two new central structures</li><li>• Conversion of more than 100 employees from back office activities to sales</li></ul>
<b>Project highlights</b>	<ul style="list-style-type: none"><li>• Creation of two new central structures</li><li>• All branches of the Group involved</li><li>• Two migration phases: #1:Liguria branches ; #2:outside Liguria branches</li></ul>
<b>State of the art</b>	<ul style="list-style-type: none"><li>• The two new central structures are operating in Genoa and Savona (178 employees)</li><li>• 402 branches implemented (out of 512)</li><li>• End of project: 20 Feb. '07</li></ul>



<b>COST SIDE</b>	<b>New Front Office</b>
<b>What is it?</b>	An integrated and marketing oriented new sales system: a new IT platform & a new branch layout
<b>Scope of the project</b>	<ul style="list-style-type: none"><li>• From a “traditional branch” to a new “financial shop”</li><li>• A customer oriented approach</li><li>• A paper less model</li></ul>
<b>Project highlights</b>	<ul style="list-style-type: none"><li>• A unique access point (single sign on) for an integrated platform of relationship management with a stronger commercial approach</li><li>• Two applications involved: teller, commercial and operational</li></ul>
<b>State of the art</b>	<ul style="list-style-type: none"><li>• First tests: end of February 2007</li><li>• Teller component: end of July 2007 (roll out)</li><li>• Commercial and operational components: end of December 2007 (roll out)</li></ul>



## COST SIDE

## Cost Management

### What is it?

A rationalization of the cost structure

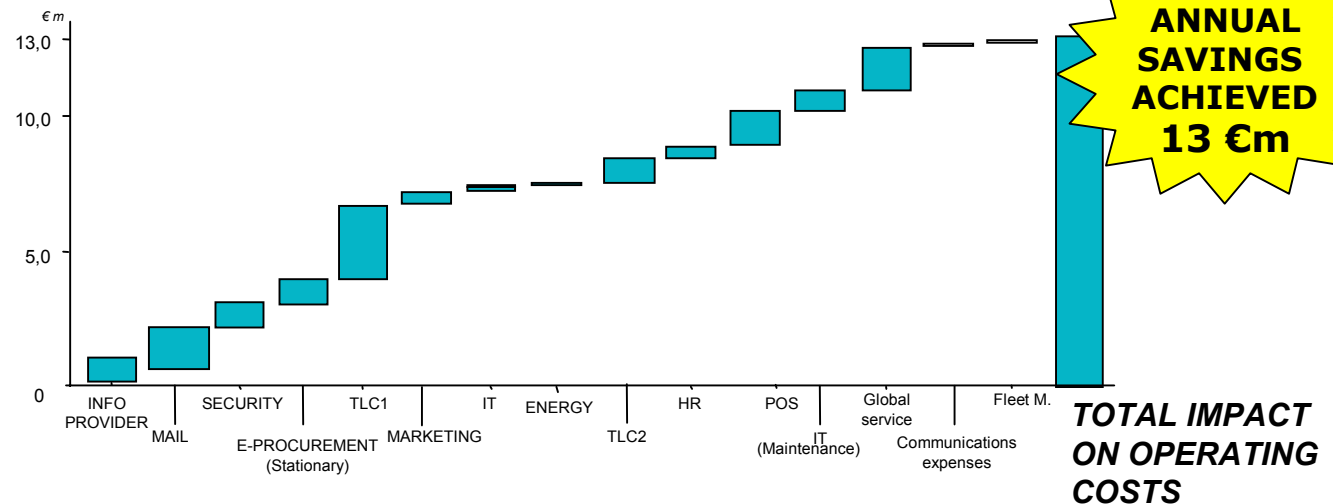
### Scope of the project

- A stable reduction of the cost structure
- Reengineering of the purchasing process

### Project highlights

- Two new functions at a Group level:
- Purchasing Office at a Group level (Management of deals and purchases, Benchmarking -prices and services, Price/volume analysis, Zero based costing method)
  - Cost Management office (Control of expense levels, Support to short and medium term planning, Process Reengineering)

### State of the art





## REVENUE SIDE

### Commercial strengthening program

#### What is it?

A structural reengineering of the branches' selling process (branches outside Liguria)

#### Scope of the project

- Improvement of the branch cost/income ratio outside Liguria: target cost/income <50%
- Creation of the organizational conditions (structure, skills and systems) to permanently support the network in further commercial development of the Group ("selling more and selling better")

#### Project highlights

- 250 branches involved
- 7 phases of the project (first phase started in November 2004, the last one in October 2005)
- A customer analysis system
- Identification of commercial initiatives / alliances on the target customers
- A dedicated sale channel (developers and call center)
- A dedicated monitoring system



## REVENUE SIDE

## Commercial strengthening program

State of the art

Branches

Number of branches

Cost Income

**8,000 new clients**

Branches Involved in the project

242

2004

50%

-9pp

2006E

41%

Branches Not Involved

236

2004

32%

-2pp

2006E

30%



## REVENUE SIDE

### Collaboration branches - insurance agents

#### What is it?

A definition of a set of rules and methods in the relationship between branches and insurance agents (Project name: "Insieme di più")

#### Scope of the project

Increasing the cross-selling ratio between banks' customers and insurances' customers through the respective customer base

#### Project highlights

- Monitoring and coordination system at a central level
- A system based on customers' lists and referrals
- Exploitation of natural skills: banks' employees sell banking products to insurance customers and insurance agents sell insurance products to bank customers

#### State of the art

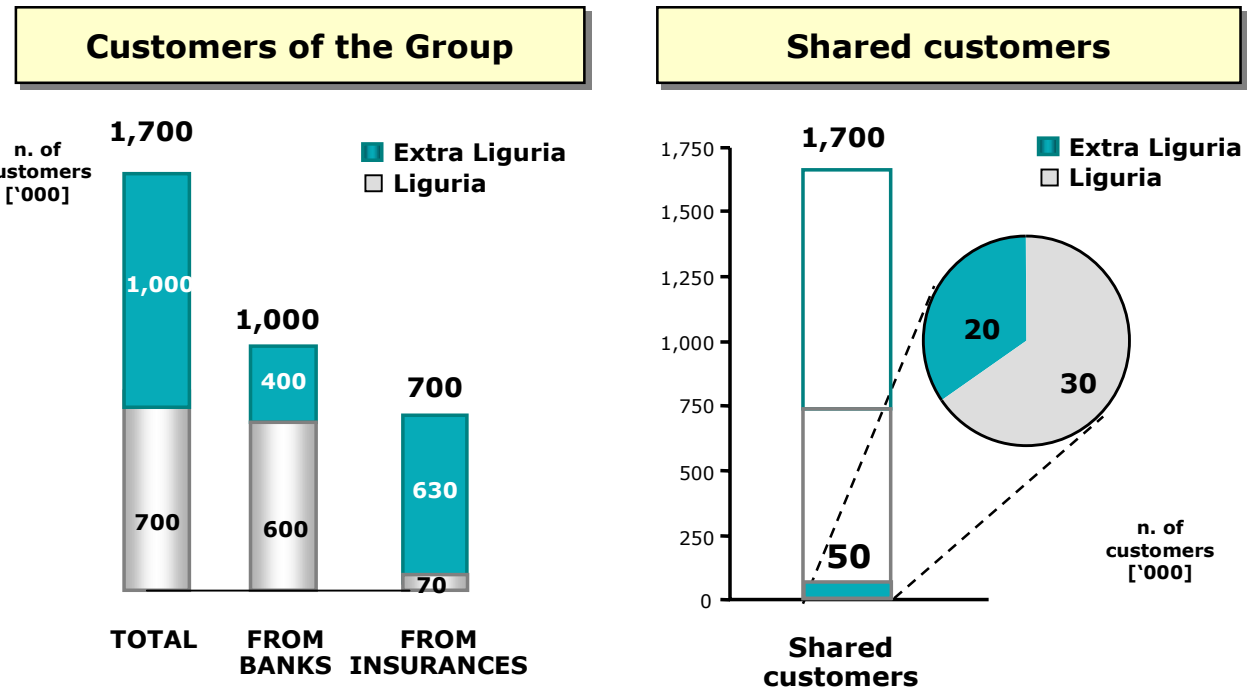
- 179 insurance agents and 240 branches involved at 2006 Year-end
- Assurbanca (Banking services sold by bank branches to insurance customers):
  - ✓ 75,000 potential customers
  - ✓ 19,766 contacts
  - ✓ 2,839 contracts signed
  - ✓ HIT RATE: 14% of contacts (2006 Year-end)
- Bancassurance (insurance products sold by agents to bank customers):
  - ✓ 41,000 potential customers
  - ✓ 31,484 contacts
  - ✓ 6,342 contracts signed
  - ✓ HIT RATE: 20% of contacts (2006 Year-end)



## REVENUE SIDE

*..an high potential still to exploit, mainly outside Liguria*

## Collaboration branches - insurance agents







## REVENUE SIDE

### Liguria Project (customer segmentation)

#### What is it?

Reorganization of the Liguria distribution channels through a customer segmentation

#### Scope of the project

- Increasing the "revenues per customer" ratio
- Up-selling and cross selling on existing customers

#### Project highlights

- Introduction of new distribution channels: affluent and small business consultants in addition to Large Corporate, SME and Private consultants
- A big potential to exploit: Carige has the leadership in Liguria (market share 30%) but more than 200,000 customers (about 33%) have only a product and in average each customer has 2.6 products (current account included)

#### State of the art

- At 2006 Year-end:
- 200 branches involved in the project
  - 136 new affluent consultants
  - 100 new small business consultants



## REVENUE SIDE

## JV - Consumer Credit

### What is it?

A newco (Creditis Servizi Finanziari SpA) in the sector of the consumer credit between Carige (51%) and its French shareholder CNCE (49%)

### Scope of the project

- Growth in the penetration of the consumer credit products both on the Carige client base and on the open market
- Exploitation of skills and technologies of Natixis Consumer Finance

### Project highlights

- Headquarter in Genoa
- Business Model
  - products: personal loans, revolving cards, salary backed loans
  - commercial focus: Carige customers base for first 2 years, then open market
- Business plan targets (Y5 after start):
  - net profit : 13 €m
  - volumes: more than 1 €b
  - employees: 100

### State of the art

- Constitution of the newco at 2006 Year-end
- Start of the commercial activities: 2H07



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