Post-issuer event of default priority of payments

On each guarantor payment date the guarantor will use the available funds, to make payments or to make provisions towards payments due before the following guarantor payment date in the order of priority:

i) pay, *pari passu and pro rata according to* the respective amounts any expenses and taxes

ii) pay any amount due and payable to the representative of the covered bondholders, *pari passu and pro rata according to the* respective amounts, the cash manager, the calculation agent, the corporate servicer, the asset monitor, the Italian account bank, the French account bank, the principal paying agent, the Italian paying agent, the cover pool manager and the servicer

iii) pay pro rata and pari passu: interest payments due to the swap counterparties and interest due under the covered bond guarantee in respect of each series or tranche of covered bonds

iv) pay *pro rata and pari passu: principal* payments due to the swap counterparties and principal due under the covered bond guarantee

v*) pay pro rata and pari passu, any excluded swap termination amount due and payable by the guarantor*

vi) repay of amounts outstanding under the subordinated loan agreement

Guarantor event of default

Guarantor Event of Default

- failure by the guarantor for a period of 15 days or more to pay any amounts due for payment in respect of the covered bonds
- breach of the mandatory tests or the amortisation test
- breach by the guarantor of any material obligations under or in respect of the covered bonds or any of the transaction documents to which it is a party, and such failure remains unremedied for 30 days after the Representative of the Covered Bondholders has given written notice thereof to the issuer
- an insolvency event of the guarantor

Acceleration Notice

- the representative of the covered bondholders shall serve a notice on the guarantor that a guarantor event of default has occurred, unless the representative of the covered bondholders resolves otherwise or an extraordinary resolution is passed resolving otherwise.
- upon the service of the acceleration notice, all covered bonds will become immediately due and payable by the guarantor at their early redemption amount, together with any accrued interest and they will rank *pari passu* amongst themselves.

Post-Issuer Event of Default Priority of Payments (After Guarantor Default)

On each Guarantor Payment Date, following a Guarantor Event of Default and service of an Acceleration Notice, the Available Funds will be used to make payments in the order of priority set out below:

Pay, pari passu and pro rata according to the respective amounts thereof, any Expenses and taxes
Pay any amount due and payable to the Representative of the Covered Bondholders
Pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Servicer, the Cash Manager, the Italian Account Bank, the French Account Bank, the Calculation Agent, the Corporate Servicer, the Paying Agents, The Asset Monitor, the Cover Pool Manager (if any)
Pay, *pro rata* and *pari passu*, principal and interests due to the Swap Counterparties and principal and interests due under the Covered Bond Guarantee in respect of each Series or Tranche of Covered Bond
Pay, *pro rata* and *pari passu*, any Excluded Swap Termination Amount due and payable by the Guarantor
Pay any remaining moneys towards repayments of amounts outstanding under the Subordinated Loan Agreement

Nominal Value Test

- The Nominal Value Test (NVT) ensures that, on each Calculation Date the outstanding aggregate notional amount of the asset comprised in the Cover Pool shall be at least equal to, or higher than, the aggregate notional amount of all outstanding Series of Covered Bonds

Net Present Value Test

- The Net Present Value Test (NPTV) ensure that on each Calculation Date the net present value of the Cover Pool shall be at least equal to, or higher than, the net present value of the outstanding Covered Bonds, also taking into account the payments expected to be received under the hedging arrangements

Interest Coverage Test

- The Interest Coverage Test (ICT) ensures that on each Calculation Date the amounts of interests and other revenues generated by the assets included in the Cover Pool, net of the costs borne by the Guarantor, shall be at least equal to, or higher than, the interests and costs due by the Issuer under the Covered Bonds, taking also into account any hedging arrangements entered into in relation to the transaction

Asset coverage test (ACT)/1

the issuer undertakes to procure that on any monthly calculation date the adjusted aggregate loan amount is at least equal to the aggregate principal amount outstanding of the covered bonds

adjusted aggregate loan amount means an amount equal to **A+B+C+D-Y-Z**

A is equal to the lower between:

1. the sum of the LTV adjusted principal balance of each mortgage loan in the cover pool which shall be the lower of (1) the actual outstanding principal balance of the relevant mortgage loan and (2) the latest valuation relating to that mortgage loan multiplied by
   - 80% for residential mortgage loan
   - 60% for commercial mortgage loan
   - 40% for all delinquent receivables
   - 0% for all default receivables

   minus
   - mortgage loan in breach of the representations and warranties (**affected loan**)
   - the resulting financial loss incurred by the guarantor in the immediately preceding collection period (**breach related loss**)

2. the aggregate asset percentage adjusted principal balance minus any breach related losses. the **asset percentage adjusted principal balance** shall be the **asset percentage** multiplied by the lower between:

   - the actual outstanding principal balance
   - the latest valuation relating to the mortgage loan multiplied by n (n=1 for all mortgage loans, n=40% for delinquent receivables; n=0 for all default receivables

   minus
   - the **asset percentage adjusted principal balance** of the mortgage loan deemed as affected loan

Asset coverage test (ACT)/2

B is equal to the aggregate of the amounts standing to the credit of the Accounts

C is equal to the aggregate outstanding principal balance of any Integration Assets

D is equal to the aggregate outstanding principal balance of any Public Assets and ABS

Y is equal to nil if the issuer's senior unsecured ratings are at least f1 by Fitch and p-1 by moody's, otherwise the **potential set-off amount**

Z is equal to the weighted average remaining maturity of all covered bonds then outstanding multiplied by the aggregate principal amount outstanding of the covered bonds multiplied by the **negative carry factor.**

potential set-off amounts means a percentage of the cover pool that could potentially be subject to set-off risk by the relevant debtors which will be deemed appropriate to cover such set-off risk

negative carry factor is a percentage calculated by reference to the weighted average margin of the covered bonds and will, in any event, be not less than 0,50%

asset percentage may not, at any time, exceed 90%: from the calculation date falling on may 22, 2009, the asset percentage is equal to 82%

The Amortisation Test is calculated only after an issuer event of default

For the purpose of calculating the Amortisation Test, the Amortisation Test Aggregate Loan Amount means an amount equal to

A+B+C+D-Z

A is the lower of:

- The actual Outstanding Principal Balance of each Mortgage Loan multiplied by M
- The Latest Valuation multiplied by M

M is equal to: 80% for residential mortgage loans

60% for commercial mortgage loans

40% for all Delinquent Receivables

0% for all Default Receivables

B is equal to the aggregate of the amounts standing to the credit of the Accounts

C is the aggregate outstanding principal balance of any Integration Assets

D is the aggregate outstanding principal balance of any Public Assets and ABS

Z is the weighted average remaining maturity of all Covered Bonds then outstanding multiplied by the aggregate Principal Amount Outstanding of the Covered Bonds multiplied by the Negative Carry Factor

Breach of Tests

- The calculation agent determines that the tests are not met according to the respective formulas
- The calculation agent will specify the qualitative and quantitative aspects of the shortfall in the cover pool that caused the relevant test to be breached

Occurring of a breach

The guarantor shall to any possible extent use the available funds

OR

The seller shall sell sufficient eligible assets and/or integration assets to the guarantor

OR

The guarantor shall purchase sufficient eligible assets or integration assets from additional sellers

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Italian Covered Bond Legal Framework (1/2)

Name of the instrument (s)	Obbligazioni Bancarie Garantite
Legislation	Law 80 of 14 may 2005, amending Article 7-bis & 7-ter of law 130/1999, Ministry of Economy & Finance regulation 310 dated 14 December 2006 and Bank of Italy instructions issued on 17 may 2006
Special banking principle	No: any Italian bank fulfilling specific issuance criteria
Restriction on business activity	N/A
Asset Allocation	Cover assets are segregated through the transfer to a separate entity
Inclusion of hedge positions	Hedge position are part of the structural enhancements intended to protect bondholders
Substitute collateral	Up to 15%
Restrictions incl. Commercial mortgages	No
Geographical scope for public assets	EEA states and Switzerland, subject to a maximum risk weighting of 20% and up to 10% of the cover pool Non-EEA states or local authorities subject to a maximum risk weighting of 20%
Geographical scope for mortgage assets	EEA and Switzerland
LTV barrier residential	80%
LTV barrier commercial	60%
Basis for valuation	Market value. The approach needs approval from Bank of Italy and is verified by an independent auditor
Valuation Check	No
Special Supervision	Bank of Italy

Italian Covered Bond Legal Framework (2/2)

Protection against mismatching	The nominal value of the cover pool assets must at all times be at least equal to the nominal value of the OBG outstanding. The net present value (NPV) of the covered pool must be at least equal to the net present value of the OBG issued. Furthermore, the cover pool assets need to accrue sufficient interest to cover interest payment on the OBG outstanding
Protection against credit risk	Sponsor banks may replace non-performing loans
Protection against operative risk	Stipulated through contractual rules
Mandatory over- collateralisation	Expected to be subject to an asset coverage test
Voluntary over-collateralisation is protected	Yes
Bankruptcy remoteness of the issuer	No, but all assets are ring-fenced within a specially separated entity
Outstanding OBG to regulatory capital	Depending on Tier 1 and total capital ratios. There is no limit as long as the respective bank maintains a total capital ratio above 9% and a tier 1 ratio above 6%
1st claim in the event of insolvency	All payments are received from the special entity's assets. These payments are expected to be collected in a separate account. Investors continue to receive scheduled payments, as if the issuer had not defaulted
External support mechanisms	In the event of insufficient pool assets proceeds to cover their claim, investors rank pari passu with senior debt holders. There is a simultaneous unsecured dual claim against the issuer and secured against the portfolio held by the specially separated entity
Compliant with UCITS Art. 22 par. 4	Yes
Compliance with CRD	Yes

European Overview on Covered Bond Framework

	Name of debt Instrument	Special Banking Principle	Supervision	Substitute Collateral	Protection Against Mismatching	Mandatory over-collateralisation	Voluntary over-collateralisation is protected	Fulfils UCITS 22(4)
Italy	**Obbligazioni bancarie garantite (OBG)**	**No**	**Bank of Italy**	**Up to 15%**	**Net-present value cover required**	**No**	**Yes**	**Yes**
Germany	Hypothekenpfand-briefe, Öffentliche Pfandbriefe, Schiffspfandbriefe	No	Bundesanstalt für Finanz-dienstleistungs aufsicht and independent trustee	Up to 10%	Net-present value cover required	102%	Yes	Yes
Spain	Cédulas Hipotecarias (CH)	No	Banco de Espana	Not applicable	Coverage by nominal value	125% (CH)	Yes	Yes
	Cédulas Territoriales (CT)					143% (CT)		
France	Obligations Foncières (OF)	Yes	Commission Bancaire and special supervisor	Up to 15%	Not compulsory; but all OFs benefit from additional contractual features	No	Yes	Yes
	French Structured Covered Bond	No	Commission Bancaire and special supervisor	Up to 15%	Contractual obligation to neutralise interest and currency risk. Also, downgrade triggers for swap counterparties and different tests to ensure adequate cash flows	Subject to asset coverage test	Yes	T.b.d.
Netherlands	Dutch Covered Bonds	No	De Nederlandsche Bank and independent auditor	Up to 10%	Exposure to interest rate and currency risk is neutralised. In addition, downgrade triggers for swap counterparties, and various tests ensure cash-flow adequacy	Subject to asset coverage test	Yes	From 1 July 2008 onwards
Portugal	Obrigações Hipotecárias , Obrigações sector público	Optional	Banco de Portugal	Up to 20%	Net-present value cover required; in addition, limitation of liquidity risk	105%	Yes	Yes

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The manager responsible for preparing the company's financial reports Daria Bagnasco, Planning and Accounting Head Office Manager of Banca CARIGE S.p.A., 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.

Contacts

Giacomo Burro
CFO & Wealth Management Head Office Manager
giacomo.burro@carige.it
Tel: +390105794580

Daria Bagnasco
Planning and Accounting Head Office Manager
daria.bagnasco@carige.it
Tel: +390105794869

Elvio Borra
Medium/Long term Loans Manager
elvio.borra@carige.it
Tel: +390105793195

Emilio Chiesi
Head of International Funding & UK Representative
e.chiesi.carige@btconnect.com
Tel: +442076002608

Investor Relations
investor.relations@carige.it
Tel: +390105794877