



2016-2020 Strategic plan

Genoa, 29 June 2016

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Section 1

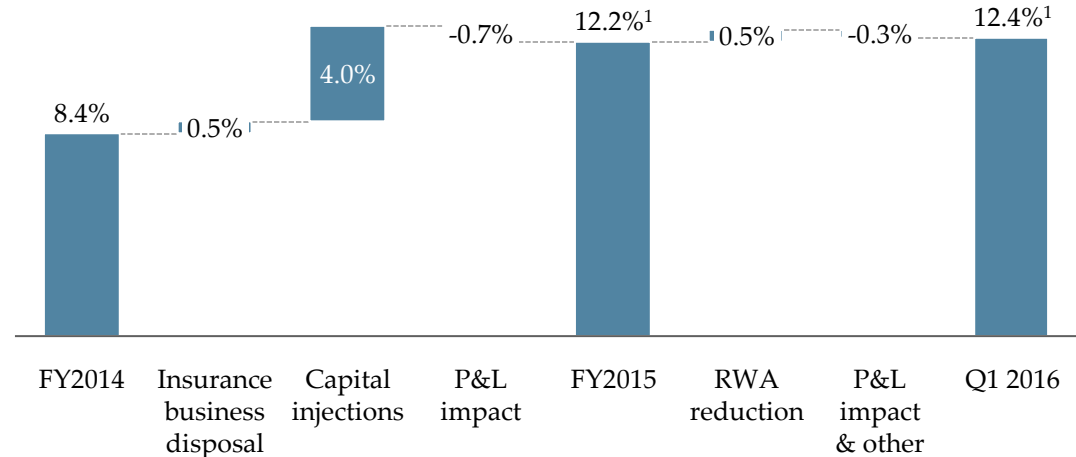
Carige today

Over the course of the last years, Carige has improved its capital position

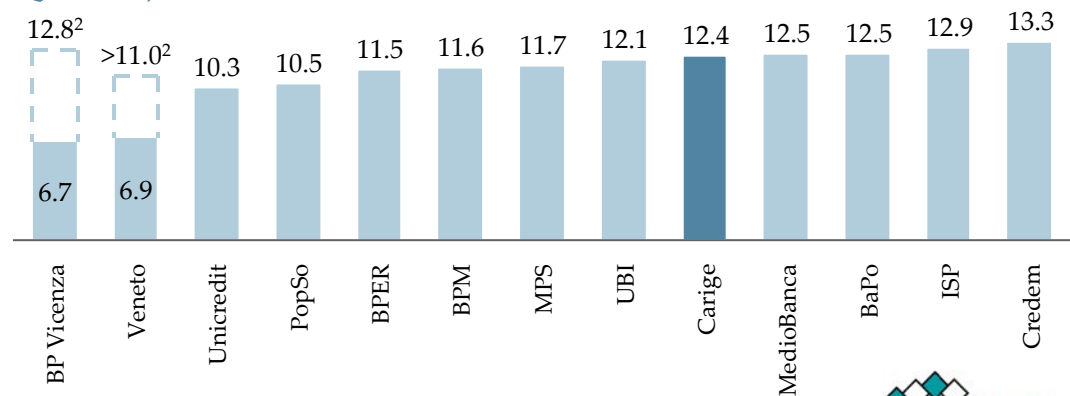
Highlights

- Carige Group has a CET1 ratio equal to 12.4% as at 31 March 2016
- Compared to December 2014 (8.4%), the capital position has been improved due to the capital increase of 2 July 2015, after which the ownership structure was deeply renewed
- Over the last 15 months the capital position has been affected by the Group's negative results (-1% in CET1 ratio) and, marginally, by the disposal of the insurance business and by RWA reduction

CET1 ratio evolution 2013 – Q1 2016, %



Italian banks CET1 ratio Q1 2016, %



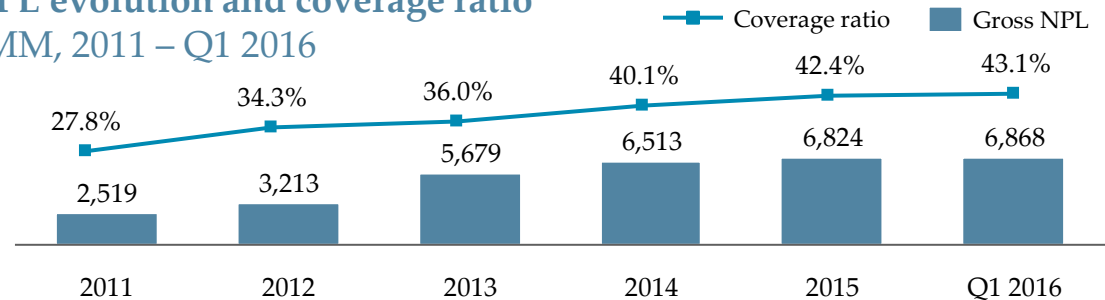
1. CET1 phased in | 2. BP Vicenza reached a pro forma CET1 ratio of 12.8% after recapitalization; Veneto is expected to reach a CET1 ratio of over 11% after recapitalization | Source: Financial reporting as at 31.3.2016, BP Vicenza's pre-capitalization ratio as at 31/12/2015

NPL portfolio gradually provisioned for and several restructuring agreements finalized

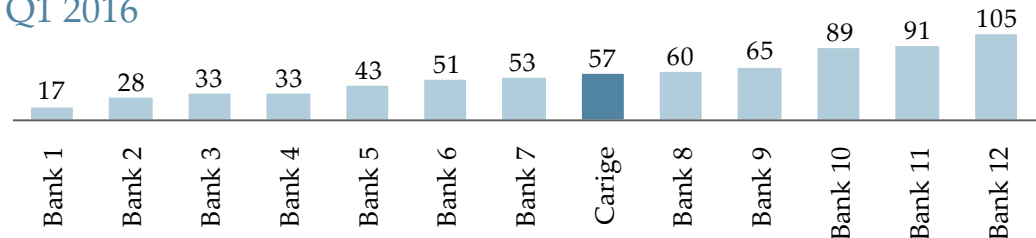
Highlights

- Decrease in NPL growth since 2014
- Actions put in place to manage NPL stock:
 - Restructuring of ca. €1.4BN unlikely-to-pay exposures
 - Significant provisioning on bad loans over the last 3 years
- Bad loans coverage levels are above system average, but total NPL coverage ratio remains below average

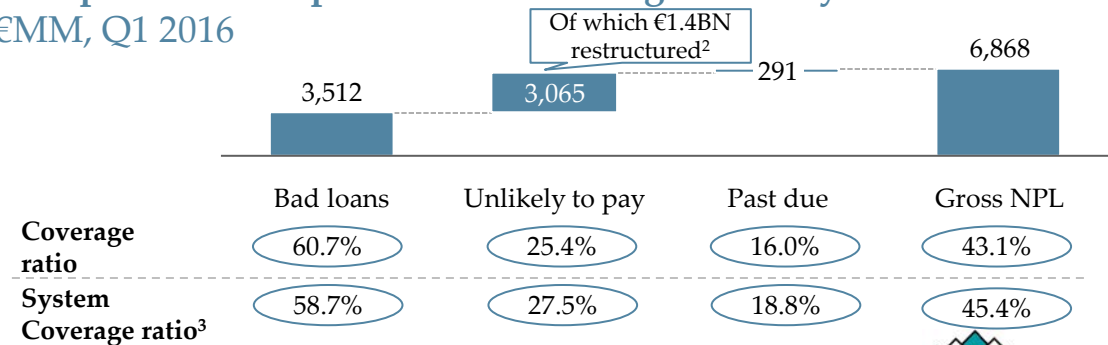
NPL evolution and coverage ratio €MM, 2011 – Q1 2016



Texas ratio bad loans¹ %, Q1 2016



NPL portfolio composition and coverage ratios by status €MM, Q1 2016



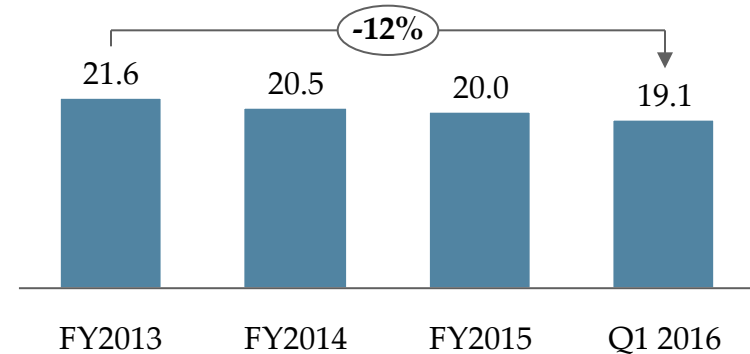
1. Texas ratio calculated as net bad loans / own funds | 2. Other €670MM have been identified and are to be ratified by the Credit Committee | 3. Banca d'Italia, Annual 2015 Report

Carige has reduced RWAs and exposure to sovereign risk

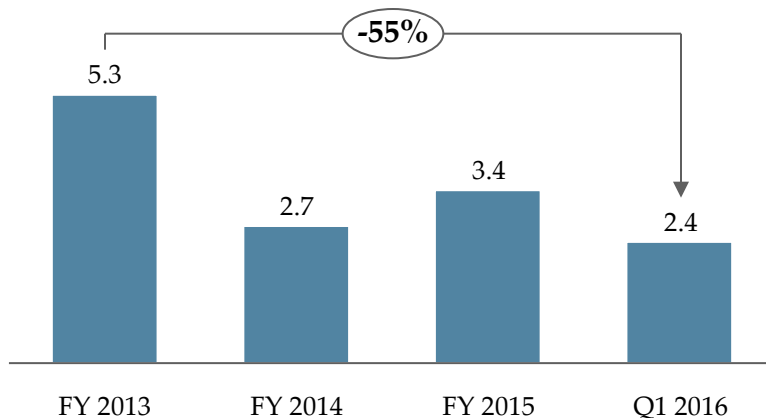
Highlights

- Carige has implemented a set of actions to attain a more conservative risk profile:
 - Reduced exposure to market / sovereign risk
 - Reduced RWA by deleveraging

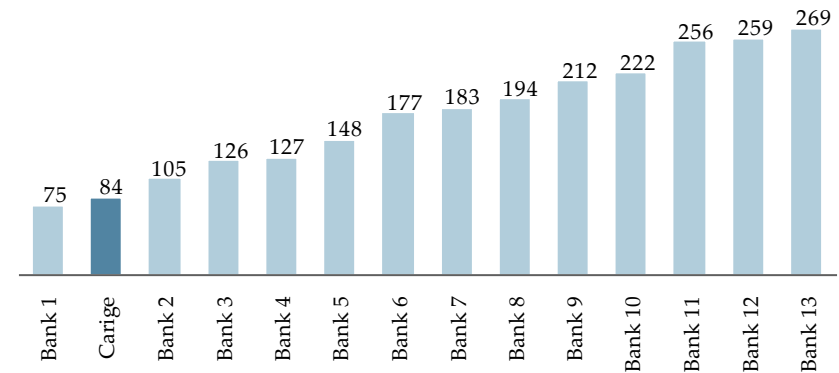
RWA evolution
€BN, 2013 – Q1 2016



Italian treasuries portfolio
€BN, 2013 – Q1 2016



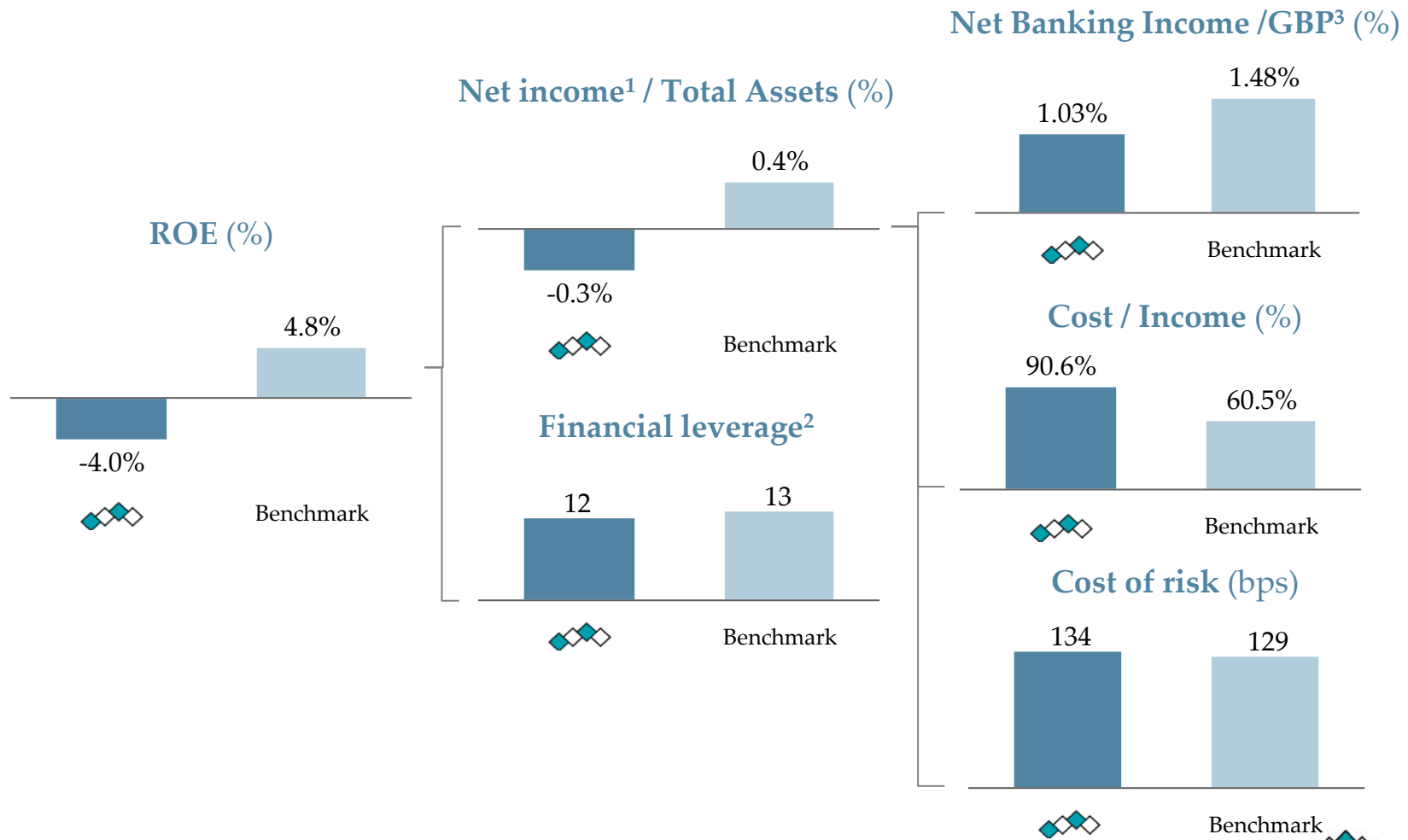
Italian treasuries portfolio / Own funds
%, FY 2015 – Q1 2016¹



1. Source: FY 2015 financial reporting published by UCCG, ISP, MPS, UBI, BP, BPER, BPM, Credem, POPSO, BPVi, Veneto Banca, Creval, Banco Desio - Banca Carige (1Q16)

Carige ended 2015 with a lower-than-benchmark profitability

ROE tree, 2015



1. Net income attributable to the Parent Company | 2. Total assets / Own funds | 3. Gross Banking Product: customer loans + direct funding + indirect funding
 Note: Benchmark based on peer banks: UBI, BPM, BaPo, BPER, PopSondrio, Creval, Credem

Section 2

Recent developments and Strategic Plan underlying assumptions

The new Strategic Plan

Exogenous factors

- Low economic growth
- Persisting low interest rates over the economic cycle
- Lower banking credit growth
- Overall turbulence in the Italian banking sector due to resolution of 4 banks and other situations of distress

Bank specific factors

- Persistently poor economic performance
- Unviable cost income ratio
- Liquidity pressure until Q1 2016
- NPL incidence above market average

Regulatory factors

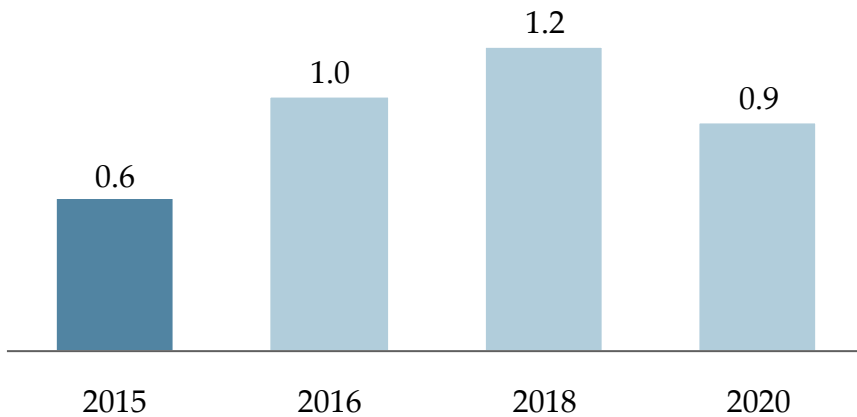
- Increased scrutiny by Supervisors on NPL levels and ability of banks to reduce non performing exposure
- Request for submission of a new Strategic Plan (to effectively address the bank's structural weaknesses) and an updated funding plan

Recent initiatives

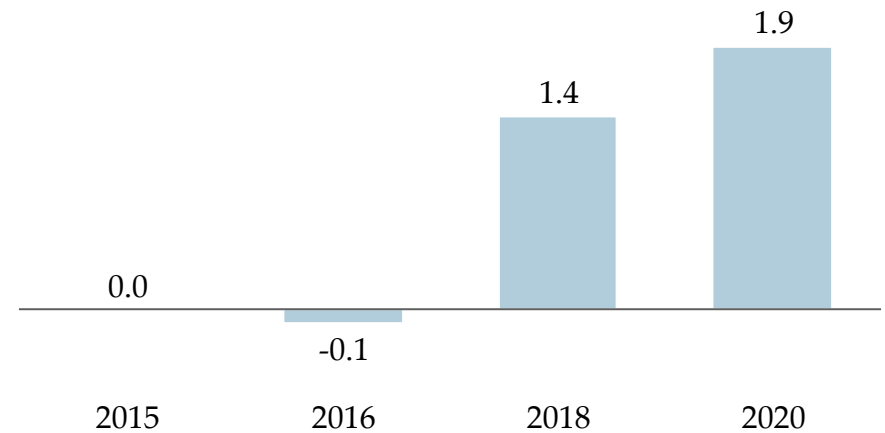
- A new Board of Directors was appointed on 31 March 2016
- On 31 May 2016 the bank submitted the guidelines to the new Strategic Plan as well as the updated Funding Plan
- The bank responds today to the ECB request to submit a new Strategic Plan

Assumption underlying the 2016-2020 Strategic Plan

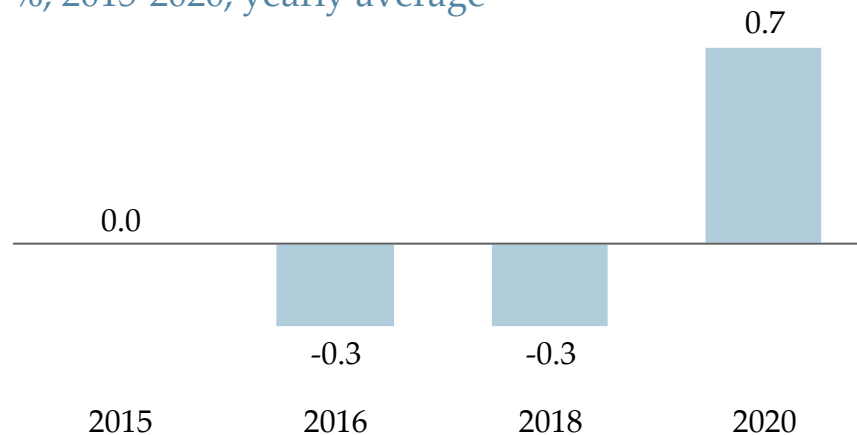
Italian real GDP evolution¹
%, y/y chg, 2015-2020



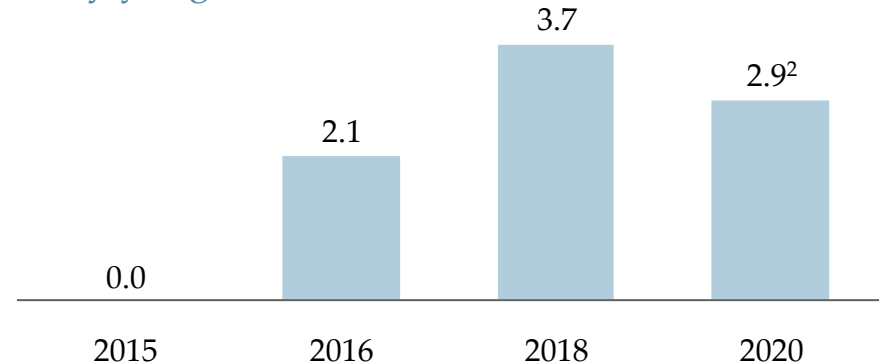
Inflation rate¹
%, 2015-2020



3m Euribor evolution¹
%, 2015-2020, yearly average



Growth rate of Gross loans to customers¹
%, y/y chg, 2015-2020



1. Evolution until 2018 from Prometeia report, 2020 evolution from Oxford economics projections | 2. Assuming inertial credit growth from 2019 onwards
Source: Prometeia "Report bilanci bancari Marzo 2016"; Oxford economics

Section 3

Carige tomorrow: 2020 Plan strategic vision

Carige aims to be a regional champion, focused on its core regions and key clients (retail and SMEs)



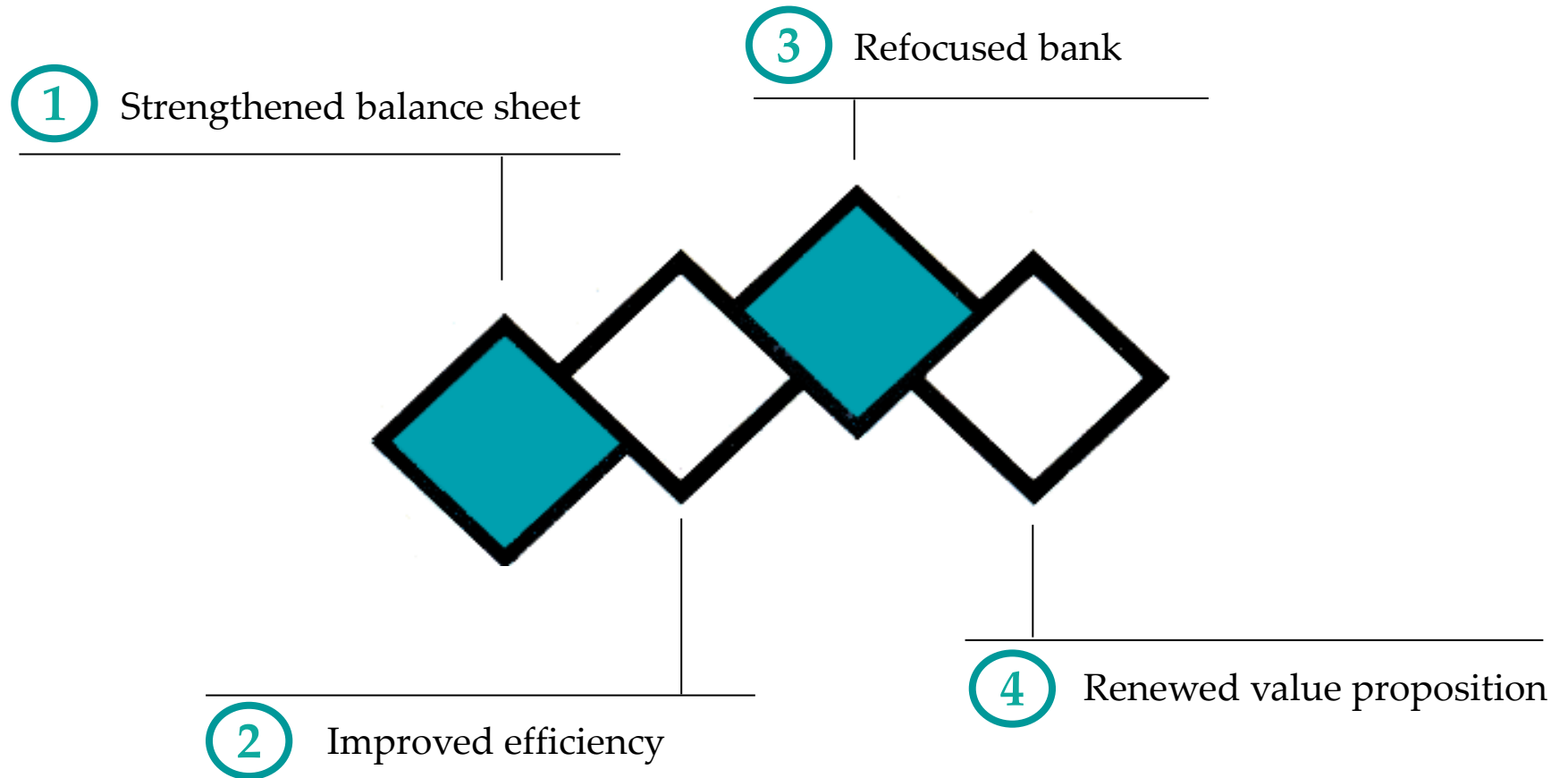
Vision

A leading commercial bank, in its core geographical regions, which closely serves its clients through a wide ranging offer for Retail and SMEs

- Geographically focused footprint in its core region (Liguria)
- Lean and efficient bank
- Retail and SME client focus, with a revised commercial model
- Enhanced multichannel offer to reinforce delivery model

Strategic Pillars

Carige 2020 vision revolves around four key strategic objectives



These strategic objectives will be achieved through a series of well defined initiatives

Strategic initiatives

①	Strengthened balance sheet
②	Improved efficiency
③	Refocused bank
④	Renewed value proposition

Levers

- 1.1 Active focus on NPL disposal program
 - 1.2 New approach to NPL management through a dedicated unit
 - 1.3 Rebalanced funding mix and reduced cost of funding
 - 1.4 Capital position supported by profit retention
-
- 2.1 Branch reduction
 - 2.2 Optimized distribution model through improvement of branch processes
 - 2.3 Upgraded ICT infrastructure through partial outsourcing and investments in key strategic areas
 - 2.4 Smaller and simpler organization with efficient spending
 - 2.5 Focus on operating expenses efficiency
-
- 3.1 Regional geographical footprint
 - 3.2 Well-defined portfolio segmentation
 - 3.3 Refocus on Retail and Small business
-
- 4.1 Reinforced delivery model on key segments supported by a strengthened multichannel offer
 - 4.2 Enhanced digital offering
 - 4.3 Improved cross selling and wealth management offer
 - 4.4 Strengthened consumer credit offer
 - 4.5 Increased penetration in Small Business
 - 4.6 Focus on Mid-cap and reduced Large Corporate exposure

Section 3

Key strategic initiatives

These strategic objectives will be achieved through a series of well defined initiatives

Strategic initiatives

- ① **Strengthened balance sheet**
- ② Improved efficiency
- ③ Refocused bank
- ④ Renewed value proposition

Levers

- 1.1 Active focus on NPL disposal program
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① Strengthened balance sheet

Active focus on NPL disposal program

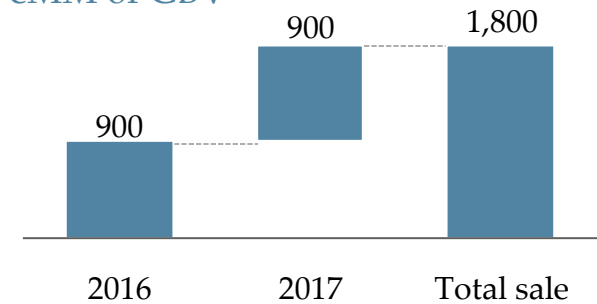
Main actions

NPL sale

- Dispose of one or more tranches for ca. €900MM by end of 2016, through a competitive bidding process
- Sell second portfolio of ca. €900MM in the second half of 2017 according to contingent market conditions
- Careful selection scope of disposal to minimize capital impacts and maximizing RWAs reduction
- Select portfolios of bad loans to reduce operational workload
- Best use of all instruments available in the market (true sales, securitization, Atlante, GACS²)
- Develop a recurring approach to disposals to further reduce stock growth

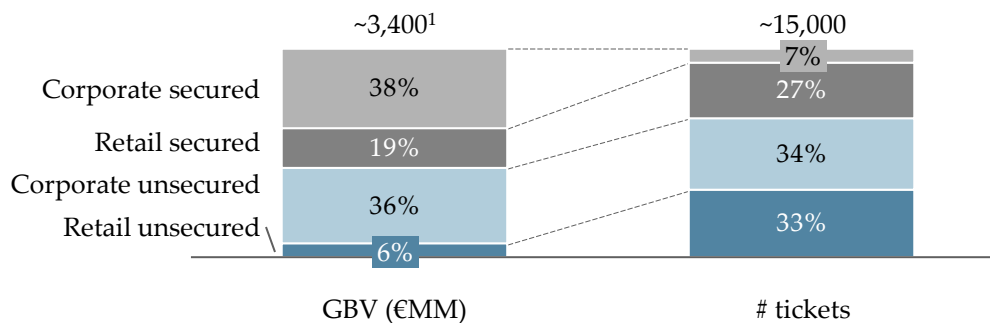
Initial hypothesis on NPL disposal plan

€MM of GBV



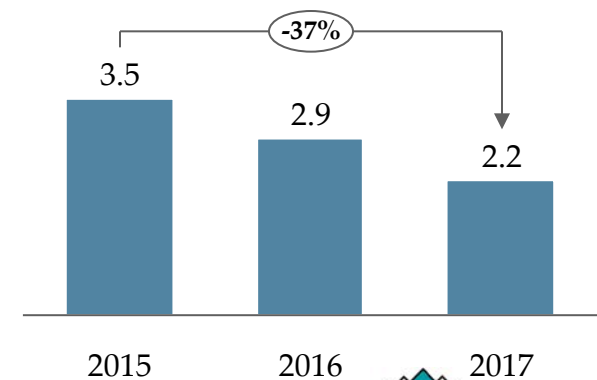
Current bad loans portfolio highlights

Q1 2016



Evolution of bad loans stock

€BN



1. Does not include Creditis and bad loans not yet transitioned to debt collection litigation – Only mortgage backed positions shall be considered secured

2. Garanzia per la collateralizzazione delle sofferenze: government guarantee schemes for bad loans securitization

① Strengthened balance sheet

New approach to NPL management through a dedicated unit

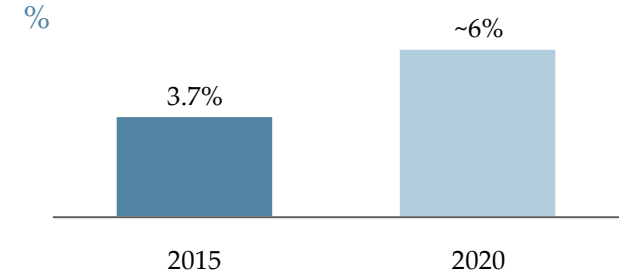
Main actions

NPL unit	<ul style="list-style-type: none"> Strengthen NPL unit, with higher autonomy and improved of operational capabilities Increase resources by ca. 60 to boost NPL workout and recovery Segment the portfolio and establish a customer driven operating model focusing on higher value added positions Outsource low value added positions and carefully manage servicers Develop specialized management agreements for single name positions
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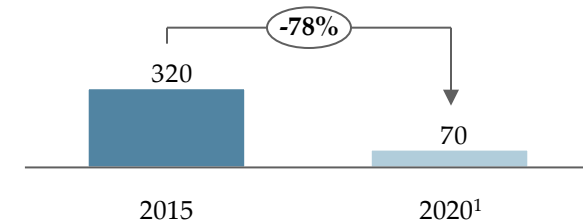
NPL unit activities

Strategy & analytics	<ul style="list-style-type: none"> Define NPL strategy and set performance goals
UTP restructuring	<ul style="list-style-type: none"> Restructure large tickets adopting ad-hoc solutions
Bad loans recovery	<ul style="list-style-type: none"> Manage large tickets, focusing on out-of-court resolution
PD monitoring	<ul style="list-style-type: none"> Monitor large Past-due exposures and support commercial network in their management
Outsourcing process mgmt.	<ul style="list-style-type: none"> Select and manage outsourcers
RE Management	<ul style="list-style-type: none"> Evaluate and actively manage RE stock
NPL sale	<ul style="list-style-type: none"> Execute NPL transactions

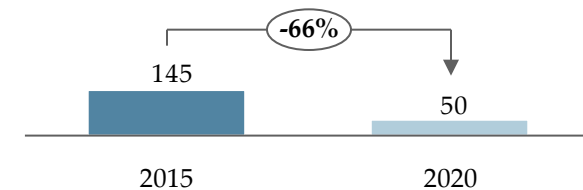
Bad loans recovery rate



bad loans ticket / Employee Tickets > €25K



UTP tickets / Employee Tickets > €25K



The unit may evolve to support more structural solutions for NPL management

1. Considers €1.8BN NPL disposal

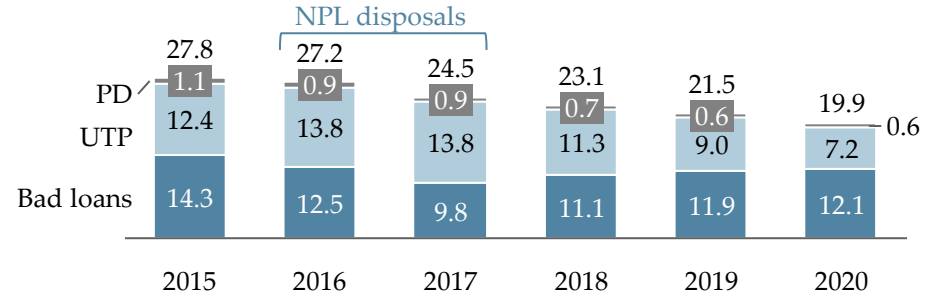
① Strengthened balance sheet

Actions on NPL will drive a reduction of the Gross NPL ratio to 19.9%

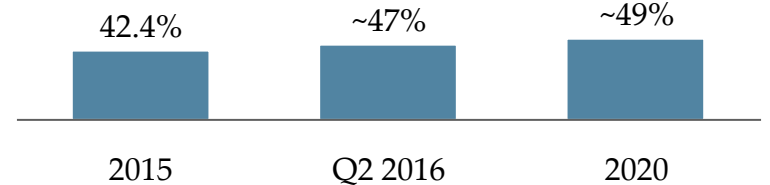
Highlights on NPL actions

NPL stock	<ul style="list-style-type: none"> • Steep reduction of the NPL portfolio through discontinuity actions • Further NPL ratio and stock composition improvement through the strengthening of the existing NPL unit in order to: <ul style="list-style-type: none"> – Increase cure rate from UTP to performing – Accelerate migration of UTP to bad loans
Coverage ratio	<ul style="list-style-type: none"> • Improve coverage ratio on NPL portfolio as early as from Q2 2016 • Constant increase of coverage levels for all NPL credit statuses throughout the Plan
Cost of risk	<ul style="list-style-type: none"> • Align cost of risk to market standard

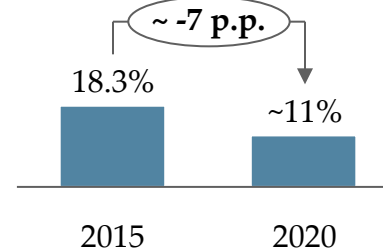
Evolution of Gross NPL ratio % 2015-2020



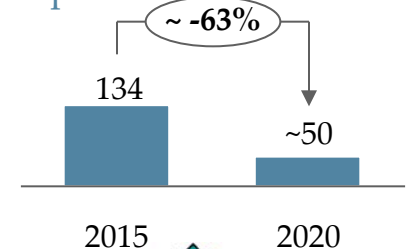
NPL coverage ratio %



Net NPL ratio %



Cost of risk bps



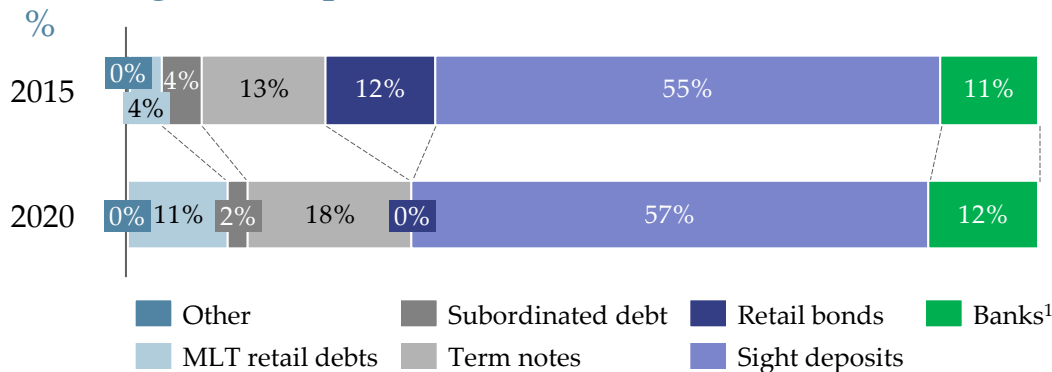
① Strengthened balance sheet

Rebalanced funding mix and reduced cost of funding

Main actions

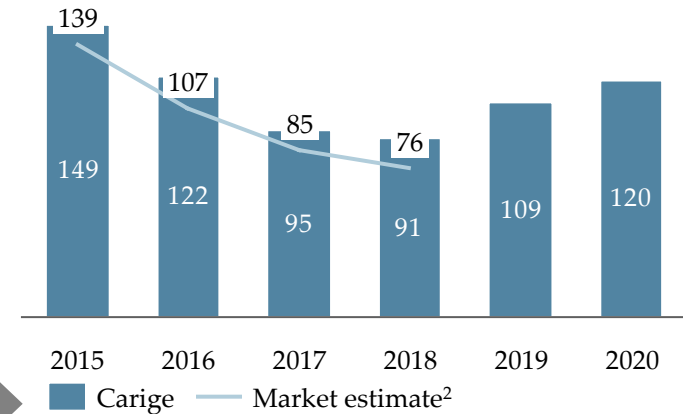
Funding and Liquidity	<ul style="list-style-type: none"> Participate in the T-LTRO2 programme for up to €3.4BN, of which €2.5BN in June 2016 and €800/900MM in December 2016 Convert Retail Bonds into MLT retail debt (term deposits and similar products) Increase issuance of wholesale debt instruments (covered bonds), also including via access to private placement Reduce cost of funding through deposits' analytical pricing Maintain LCR largely above regulatory requirement
Bankit stake disposal	<ul style="list-style-type: none"> Dispose of Bankit stake in excess of maximum shareholding limit allowed (3%)

Funding mix composition



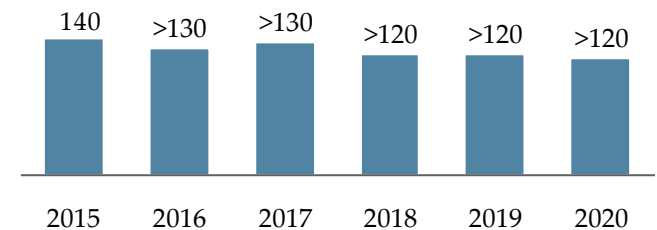
Average cost of funding

Bps, 2015 – 2020



Liquidity coverage ratio

%, 2015 – 2020



1. Includes exposure to ECB
Source: Prometeia forecasts available until 2018

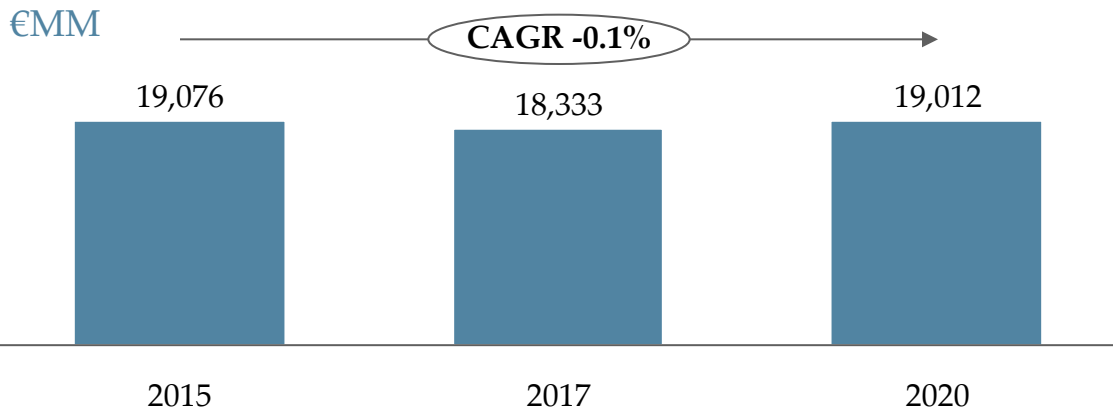
① Strengthened balance sheet

Capital position supported by profit retention

Main actions

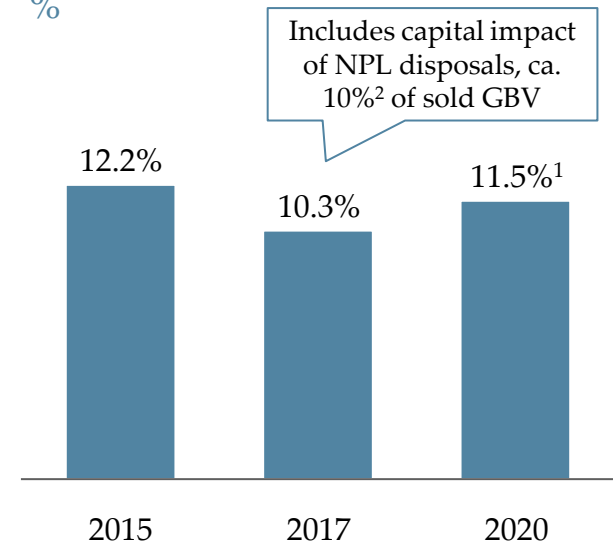
Improve capital position	<ul style="list-style-type: none"> • Self funding supported by reinvestment of profit • Review and strengthen the capital adequacy process (ICAAP) and the liquidity adequacy process (ILAAP) in order to improve the Group's internal processes • Continuously control book quality and capital absorption • A CET1 capital requirement reduction by the Supervisor is assumed following 2016 provisions and NPL disposals • Capital measures will be proposed only if necessary
Deleveraging	<ul style="list-style-type: none"> • Reduce RWAs by ca. €180MM through the disposal of non functional RE assets for approximately €140MM and owned real estate, associated with branches to be closed, for ca. €40MM

RWAs evolution



CET1 ratio

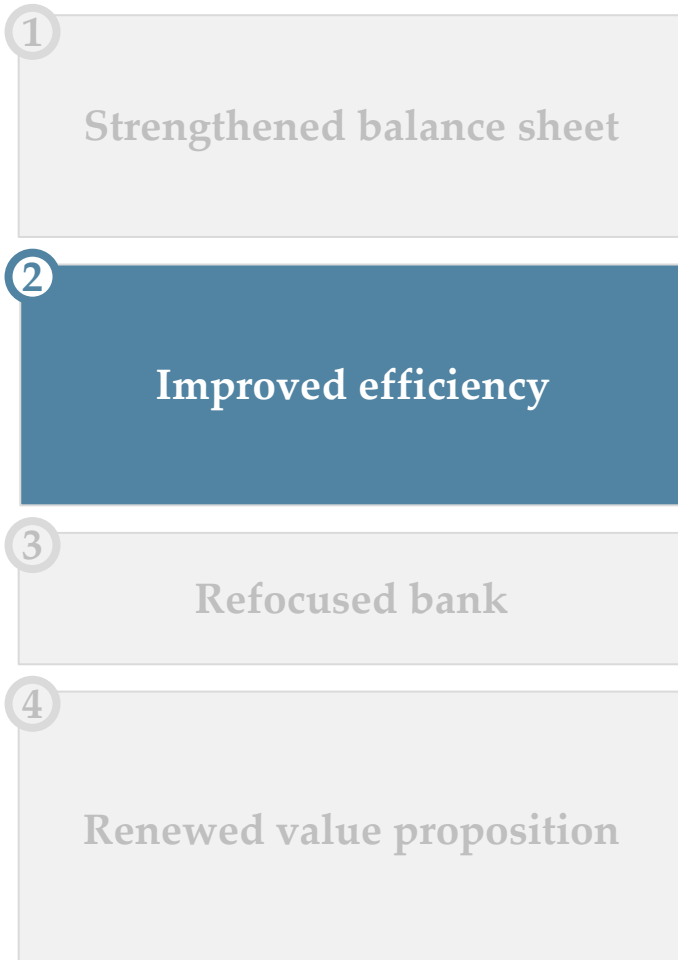
%



1. Fully phased in CET1 ratio starting from 1.1.2019 | 2. 10% impact estimated based on potential effects from: securitizations, GACS, expected returns of new market players (e.g. Atlante) and as potential benefits from expected reduction in bad loans recovery time

These strategic objectives will be achieved through a series of well defined initiatives

Strategic initiatives

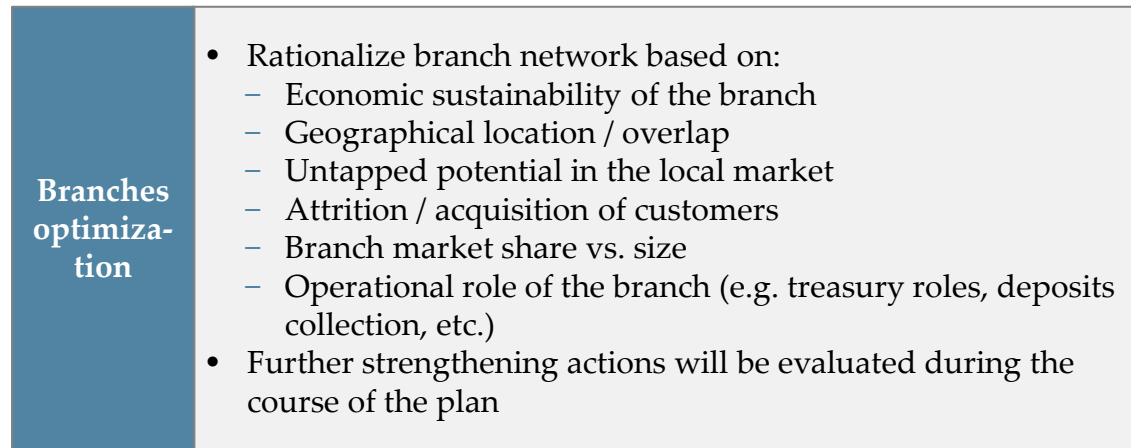


Levers

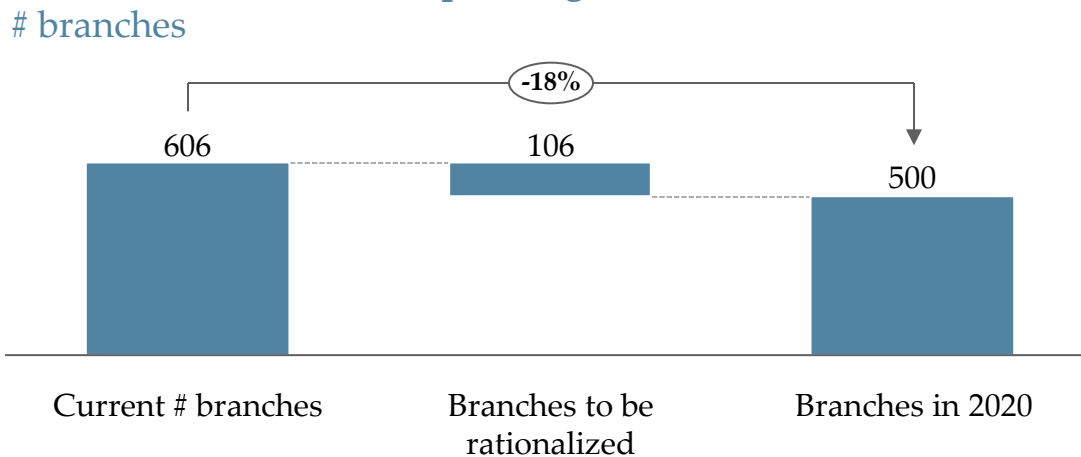
- 2.1 Branch reduction
- 2.2 Optimized distribution model through improvement of branch processes
- 2.3 Upgraded ICT infrastructure through partial outsourcing and investments in key strategic areas
- 2.4 Smaller and simpler organization with efficient spending
- 2.5 Focus on operating expenses efficiency

② Improved efficiency Branch reduction

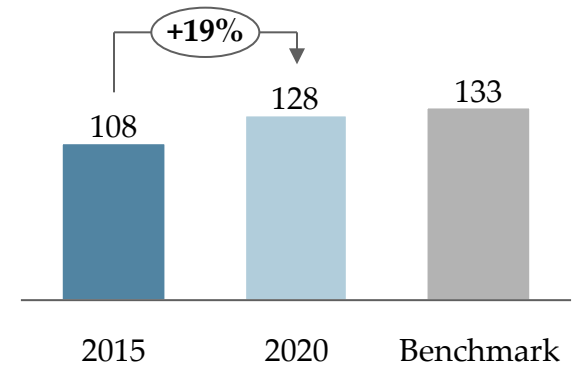
Main actions



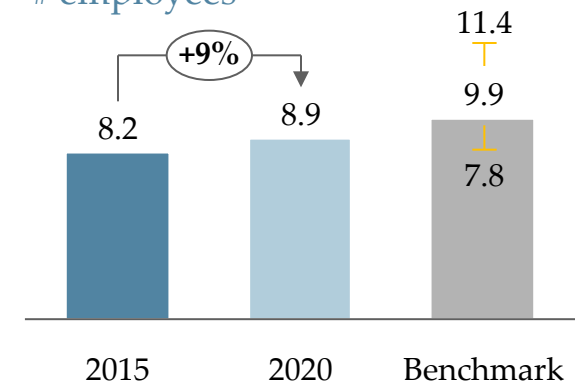
Evolution of number of operating branches³



Gross Banking Product¹/ Branch² €MM



Total Employees / Branch³ # employees



1. Referring to 2015 GBP | 2. Excluding 11 branches that do not carry out full operating activity and the Nice branch
3. Excluding 11 branches that do not carry out full operating activity, the Nice branch and Banca Cesare Ponti's branches

② Improved efficiency

Optimized distribution model through improvement of branch processes

Main actions

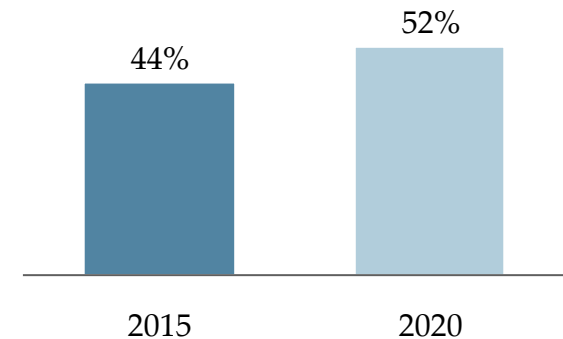
Distribution model evolution

- Review current distribution model and commercial roles following branch rationalisation
- Reallocate resources within branch network to dedicate more time to commercial activities
- Invest in training programs to improve RMs commercial skills
- Use branch space to offer bundling services and products from vertical or complementary businesses

Improve branch processes

- Automate tasks and activities with high digitalization potential and outsource low value added activities
- Re-design end to end processes (e.g. mortgages, SME loans, credit / debit cards, etc.), in line with new ICT systems
- Enhance the multichannel platform for front-end convergence of the web and mobile offering

Time allocated to commercial activities¹
% of available time



1. Commercial activities is defined as: a) client relationship, b) product sales and c) new business development

② Improved efficiency

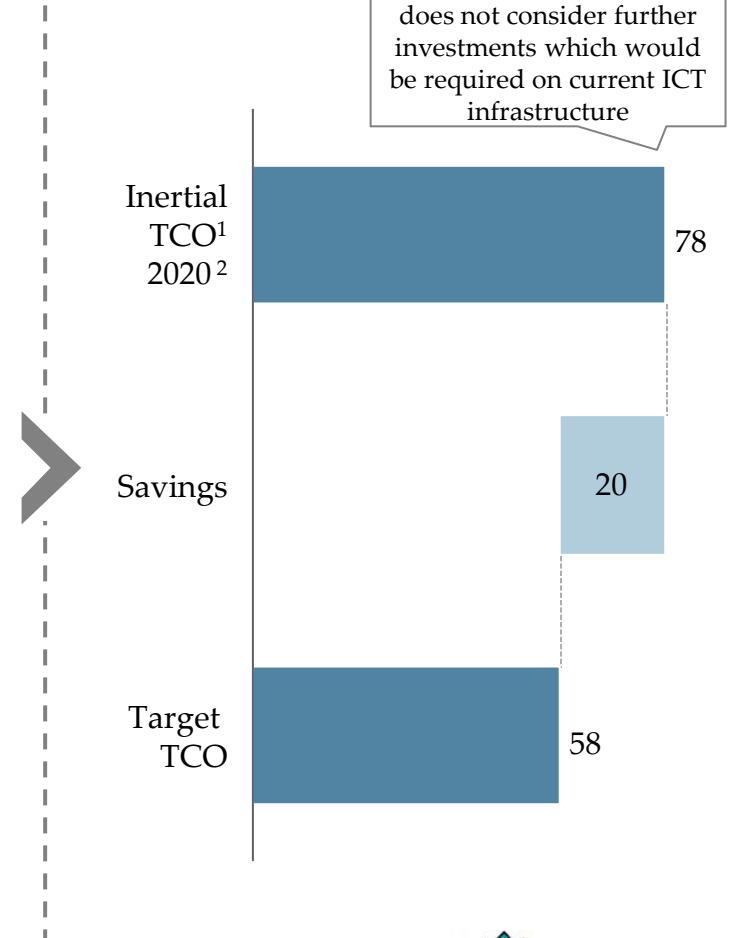
Upgraded ICT infrastructure through partial outsourcing and investments in key strategic areas

Main actions

ICT Rationalization	<ul style="list-style-type: none"> • Reduce operating expenses through partial outsourcing of ICT • Improve efficiency through a redesign of Bank processes in line with best practice offers from outsourcers • Maintain in house key strategic ICT capabilities (front-end system and Risk Management)
ICT investment	<ul style="list-style-type: none"> • Investment for a total of approx. €90MM throughout the plan to support the: <ul style="list-style-type: none"> – Review of front-end systems (e.g. implementation of online selling processes, definition of data flows and accounting systems processes) – Improvement of Risk Management systems for Credit Risk internal models (e.g. improvement of internal credit risk measurement models)

Cost reductions

€MM



1. TCO: Total Cost of Operations: Opex + D&A, annual cost | 2. 2020 TCO value has been projected assuming operating costs in line with current values and annual investments equal to those undertaken and forecasted for 2016

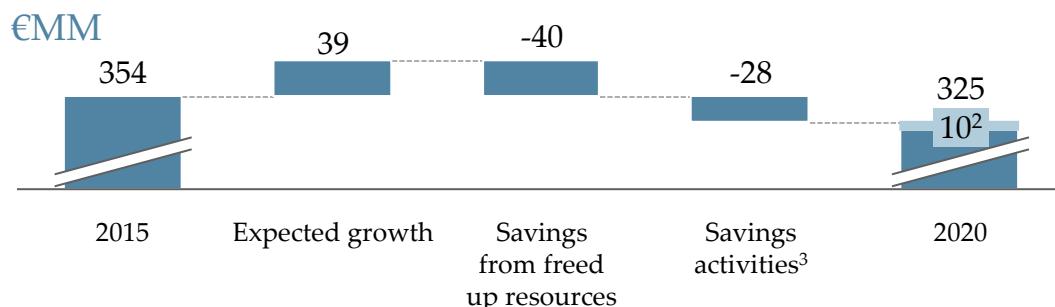
② Improved efficiency

Smaller and simpler organization with more efficient spending

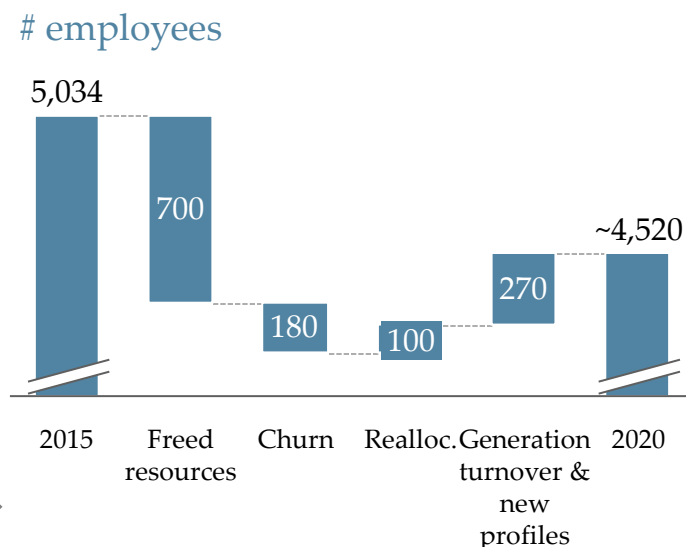
Main actions

Human resources	<ul style="list-style-type: none"> Reduce personnel by c. 700 resources by: <ul style="list-style-type: none"> Rationalizing of Branch Network Streamlining ICT and Back Office functions Obtaining further efficiencies rebalancing front-to-back ratio in line with market best practice Reallocate and hire resources targeting the development of new professional profiles Develop training programs consistent with initiatives
G&A	<ul style="list-style-type: none"> Rationalize G&A spending realigning efficiency metrics to market benchmarks Re-define current contracts' structure with a full revision of volume and pricing expenditure Strengthen centralized procurement process
Structure	<ul style="list-style-type: none"> Simplify bank structure through the merger of Carige Italia to obtain a leaner organization

Labour cost reduction

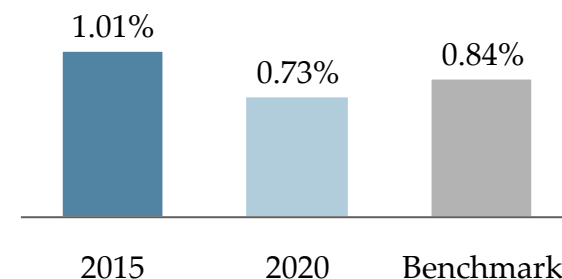


Headcount evolution¹



Other Operating expenses / Assets

€MM

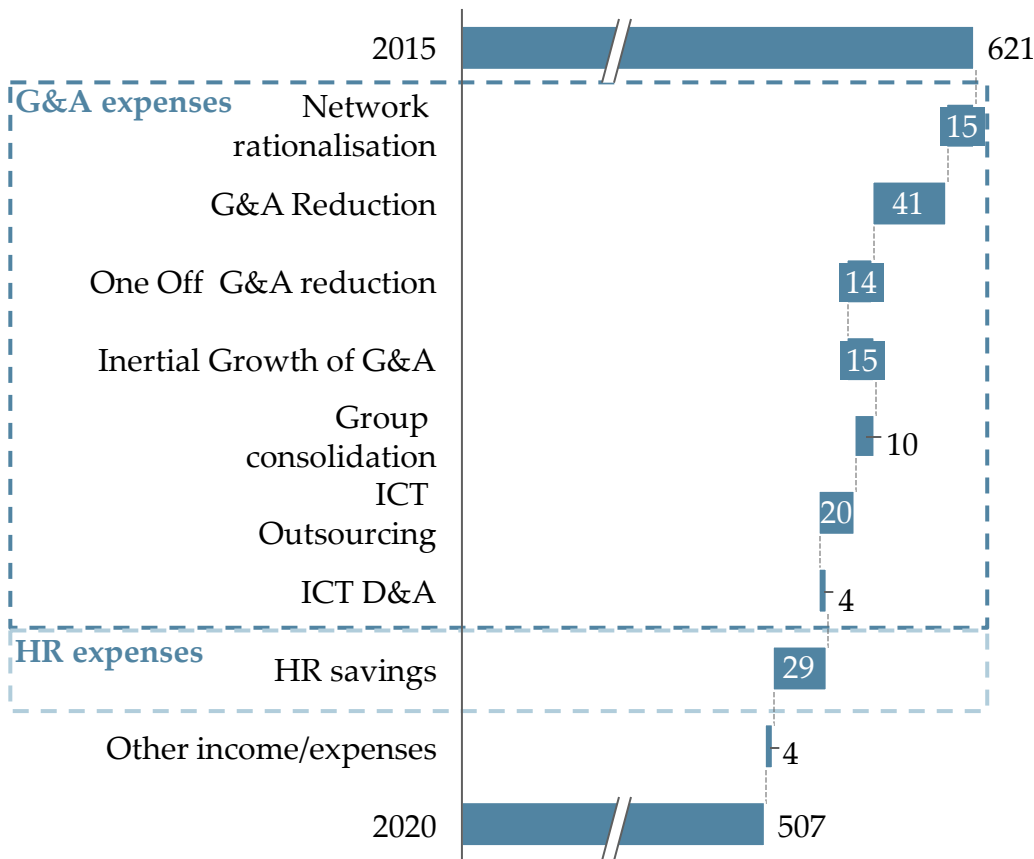


1. Data as of 01/01/2016 | 2. Variable component | 3. Including the review of personnel agreements

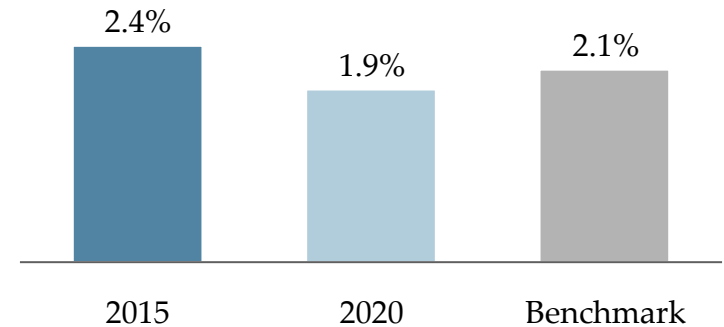
② Improved efficiency

Actions implemented on G&A and Personnel costs will realign Carige's cost structure to benchmark levels

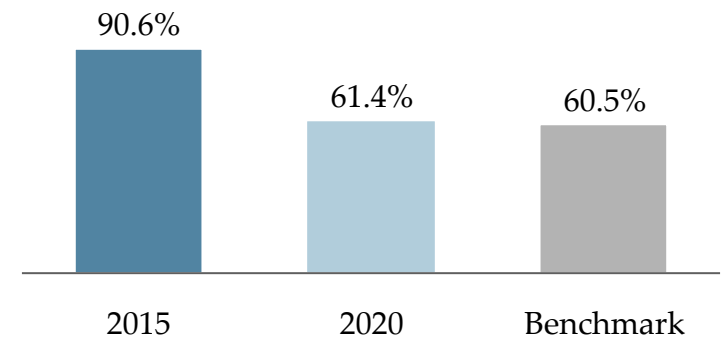
Operating costs evolution
2015-2020, €MM



Operating costs¹ / Total assets
%



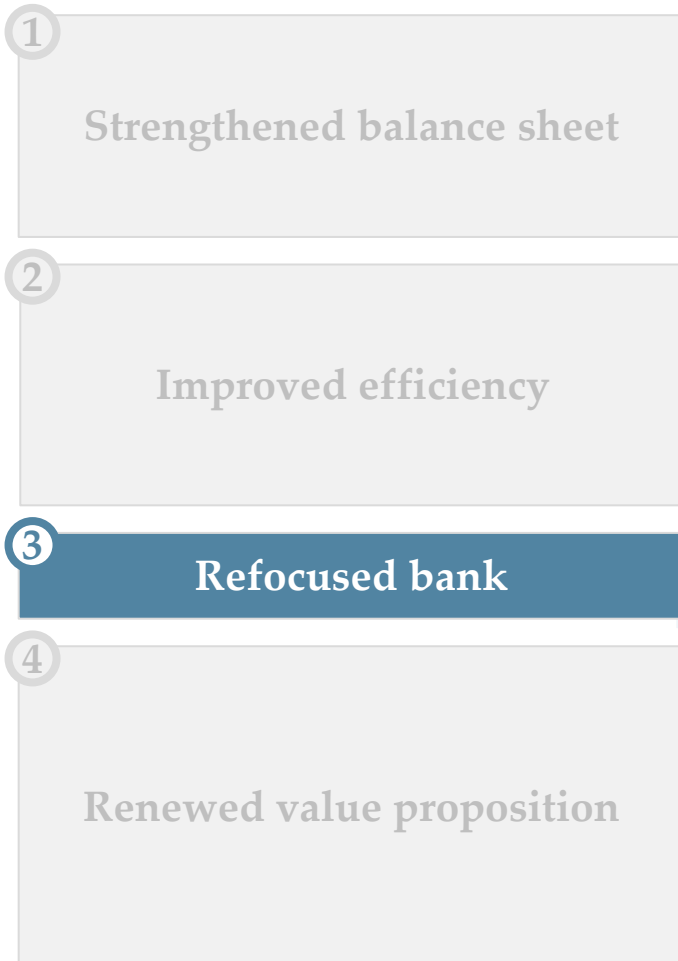
Cost / Income ratio
%



1. Does not include other operating income / expenses

These strategic objectives will be achieved through a series of well defined initiatives

Strategic initiatives



Levers

- 3.1 Regional geographical footprint
- 3.2 Well-defined portfolio segmentation
- 3.3 Refocus on Retail and Small business

③ Refocused bank

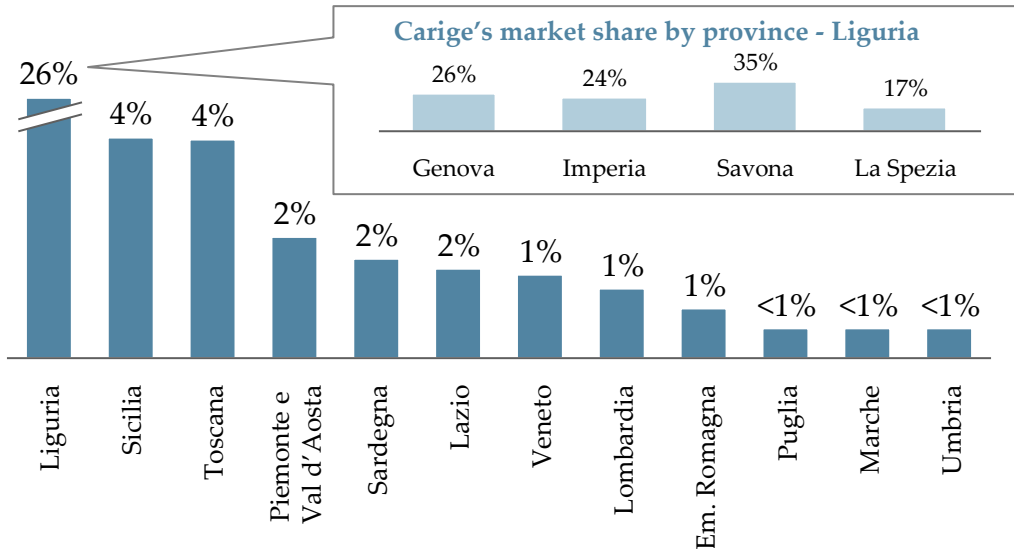
Regional geographical footprint

Main actions

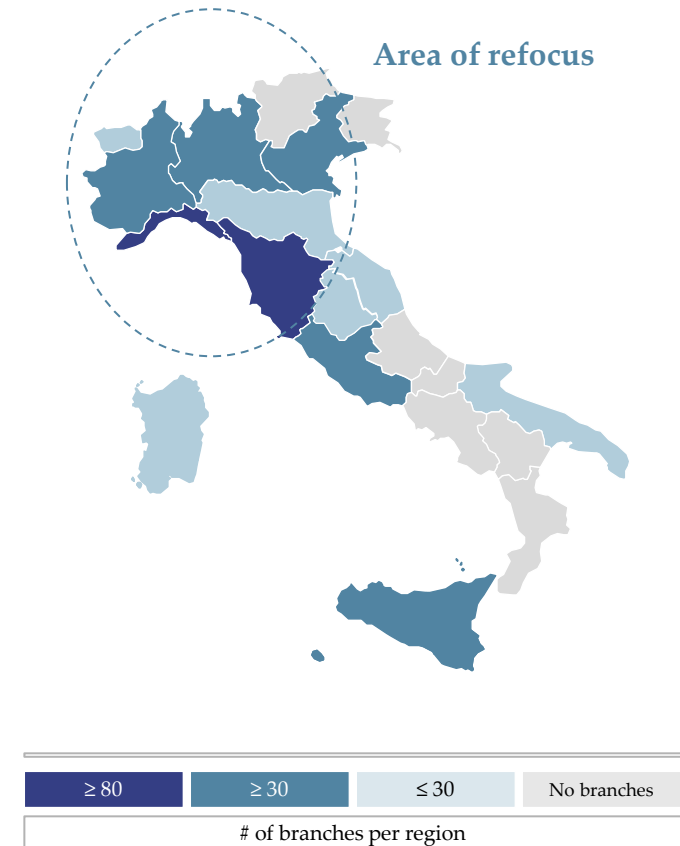
Geographical refocus

- Focus on Liguria and Northern Tuscany, which represent Carige's main customer base
- Renewed focus on Northern Italy regions
- Renew the bank's geographical footprint, exiting non core regions, based on:
 - Low market share
 - Sub-scale operations

Carige's market share by region



Current geographical presence



Note: Market share based on # branches

③ Refocused bank

Well-defined portfolio segmentation

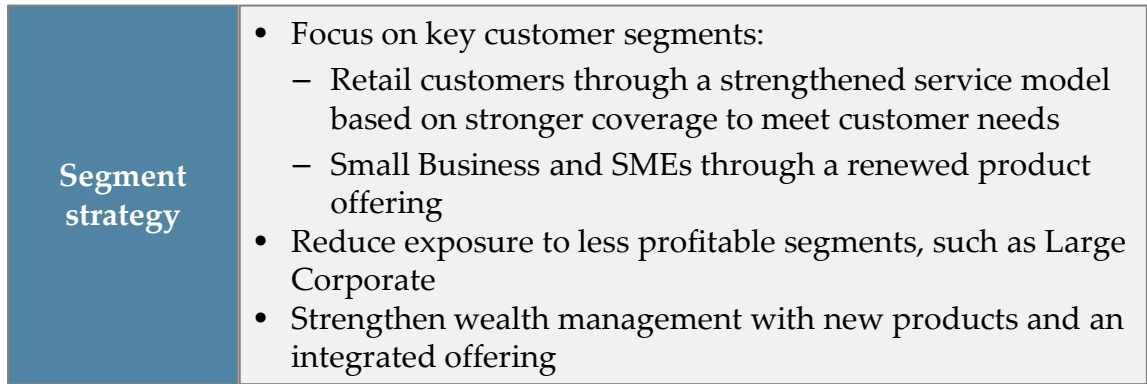
Macro-segments	Segments	# Clients (thousands)
Retail	Mass	830
	Affluent	120
	Small Business	43
Private	Private	18
Corporate	Mid Corporate	14
	Large Corporate	0.1
Total Customers¹		1,025

1. Not includes ~220 "Institutionals" customers and ~6K "Non portafogliati".

③ Refocused bank

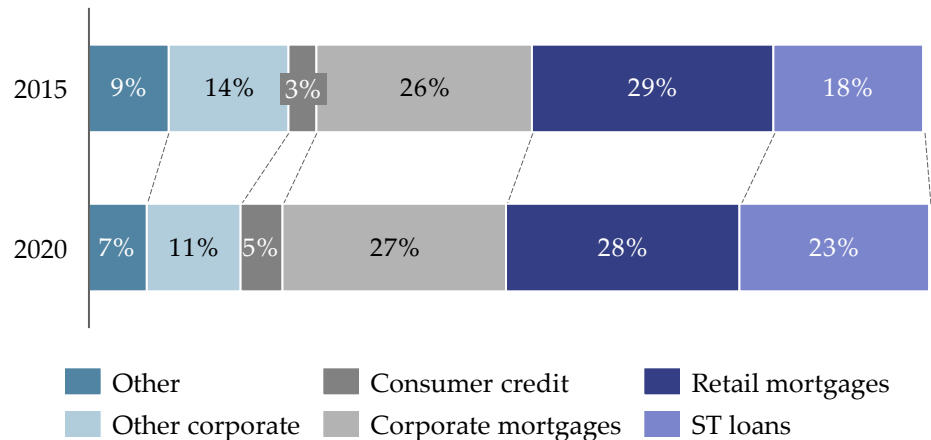
Refocus on Retail and Small Business

Main actions



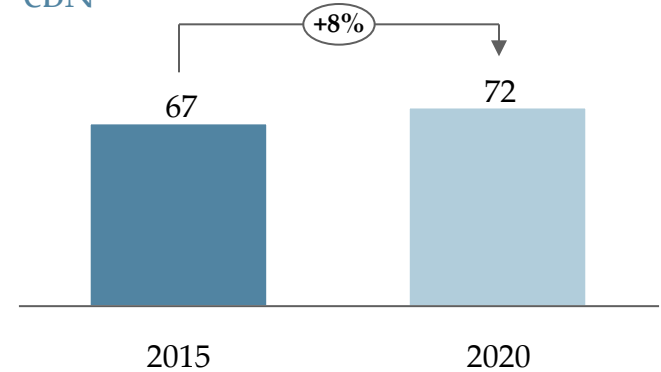
Business mix evolution by product¹

%



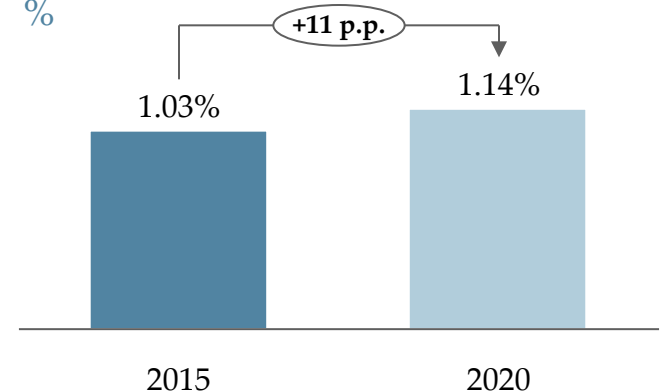
Evolution of total GBP²

€BN



Net Banking Income / GBP³

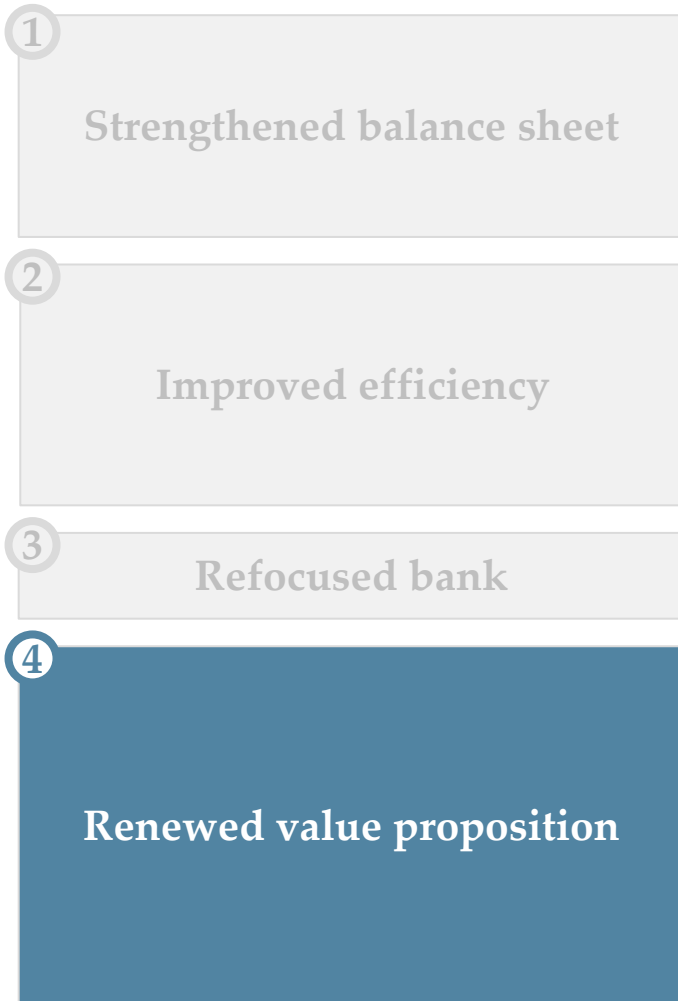
%



1. Includes performing, past-due and unlikely-to-pay exposure | 2. Gross Banking Product. Loans to customers + direct funding + indirect funding
 3. Net banking income / GBP

These strategic objectives will be achieved through a series of well defined initiatives

Strategic initiatives



Levers

- 4.1 Reinforced delivery model on key segments supported by a strengthened multichannel offer
- 4.2 Enhanced digital offering
- 4.3 Improved cross selling and wealth management offer
- 4.4 Strengthened consumer credit offer
- 4.5 Increased penetration in Small Business
- 4.6 Focus on Mid-cap and reduced Large Corporate exposure

④ Renewed value proposition

Reinforced delivery model on key segments supported by a strengthened multichannel offer

Main actions

Reinforce delivery model

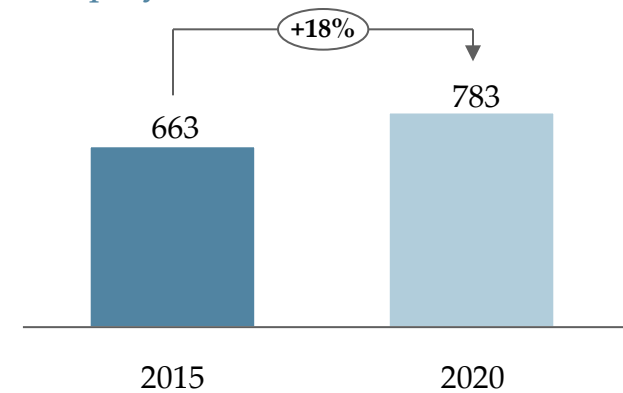
- Strengthen level of service to customers through additional RMs focusing on new customers
- Increase branch resources allowing RMs to dedicate more time to business activities through network rationalization
- Improve coverage of Mass Market and Small Business segments

Multi-channel offer

- Improve multi-channel services offered, through the strengthening of the contact center, in line with the renewed distribution model
- Strengthen the contact center by adding ca. 40 resources in order to:
 - bring current service level to best practice
 - support multichannel development focusing on after-sale service through digital channels
 - support physical network in business development
- Develop multichannel offering and strengthen CRM capabilities to maximize cross-selling
- Improve analytics to launch web-based initiatives
- Evolve mobile payments offer (P2P, wallet for M-commerce and M-payments)
- Implement new selling processes supported by digital signature
- Set up a digital innovation unit

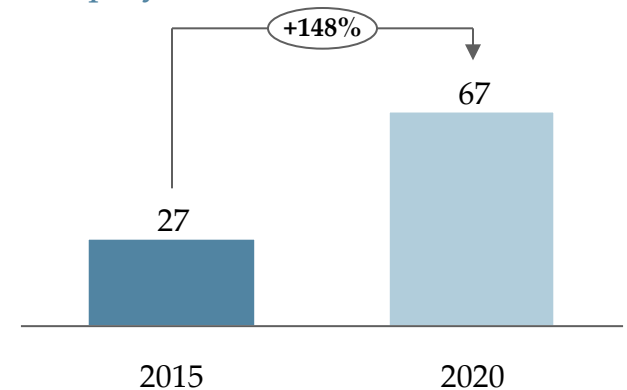
Mass Market RM evolution

employees



Contact center employees

employees



1. Includes 50% of branch referents who act as mass market RMs

④ Renewed value proposition

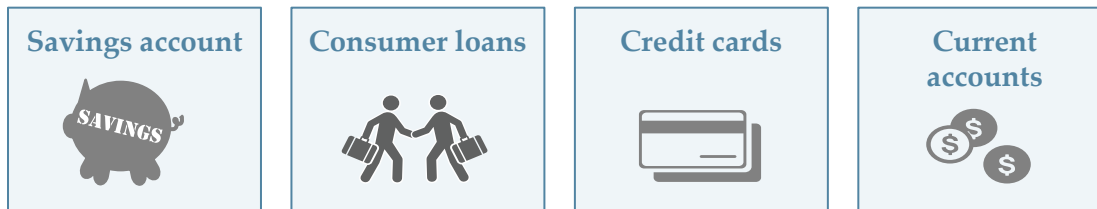
Enhanced digital offering

Main actions

Strengthen digital offer

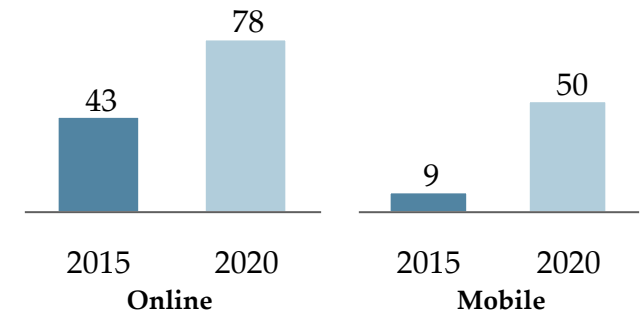
- Create a unique one-stop shop for online offer
- Develop multi-device digital offer enabling sale of banking products to captive customers
- Open digital products to non-captive customers allowing to directly open online accounts
- Improve current Carige's Small Business offering to provide specific functionalities and products fitting the segment's needs (e.g. treasury, advisory, risk & credit assessment)
- Further enhance cyber security
- Develop social customer service
- Design and implement training programs focused on digital

Products offered on the digital platform



Carige internet & mobile penetration¹

%, 2015-2020



Online app



1. Retail customers only

④ Renewed value proposition

Improved cross selling and wealth management

Main actions

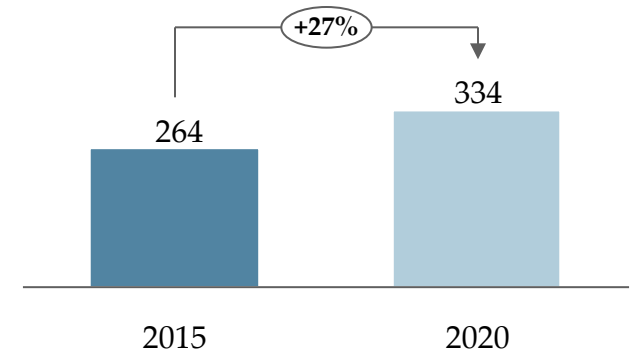
Improve cross selling

- Increase cross selling on retail segments through:
 - Extra time to be dedicated to new product selling
 - Targeted Product Campaigns
- Activate multi-channel platform that enables selling services according to customers needs (and post-selling activities)
- Boost offering of credit cards with focus on on-line channel and ATM services

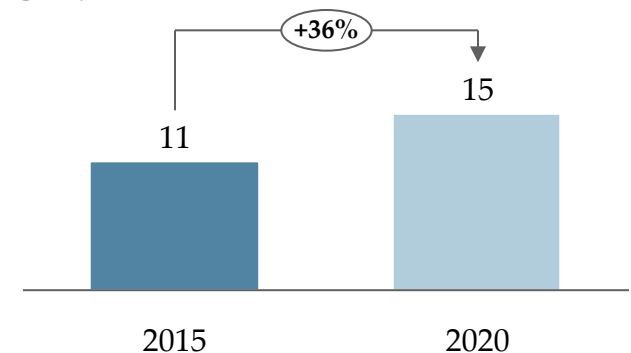
Develop wealth management

- Renew focus on Private segment portfolios
- Expand offered product range
- Refocus Private Bankers on high value added customers

Evolution of commission income €MM



Evolution of Assets under management €BN



④ Renewed value proposition

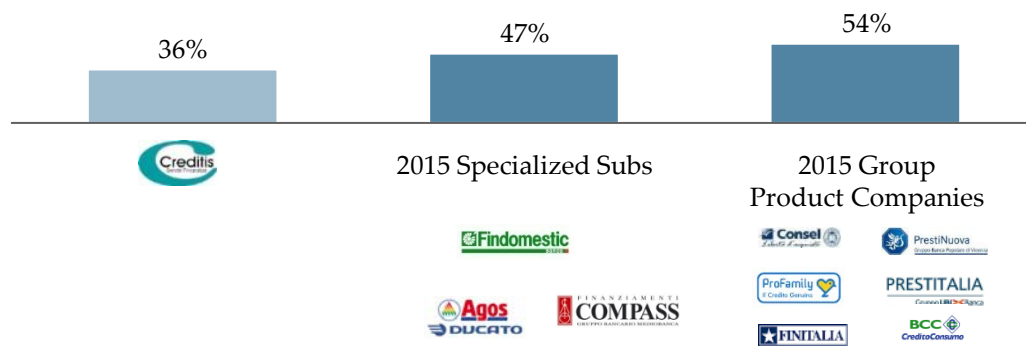
Strengthened consumer credit offer

Main actions

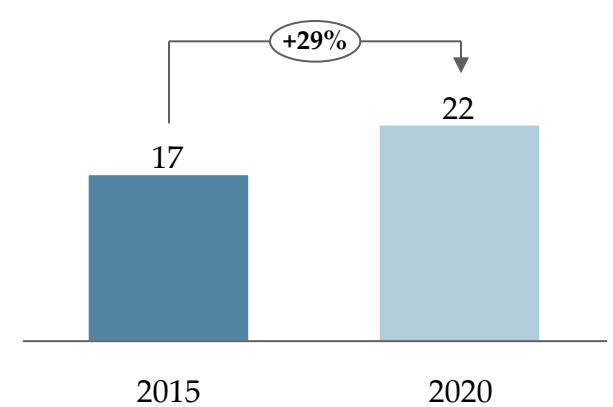
Consumer credit actions

- Increase penetration in current clients:
 - Commercial momentum with focus on products coupled with careful monitoring of Carige's Mass and Affluent network performance
- Acquire new clients:
 - Strengthen financial advisors network with a focus on SMEs to offer consumer credit to employees and new solutions for clients (e.g. finalized loan)
- These actions are underway

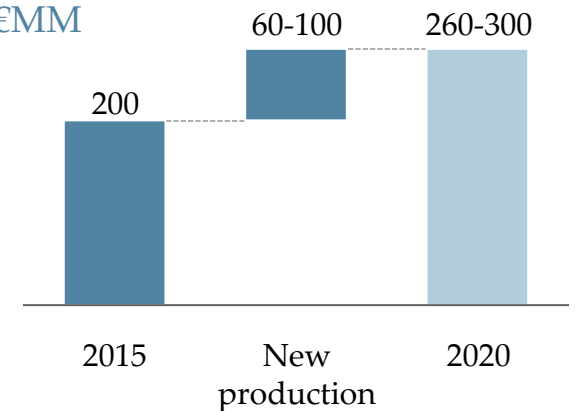
Consumer finance new flows/total stock (2010-2015, %)



New consumer finance tickets / RM¹
of new tickets



New consumer finance production dynamic
€MM



1. Includes mass RMs and affluent RMs as well as well as 50% of branch referents who act as mass market RMs – size average new ticket .ca €10K

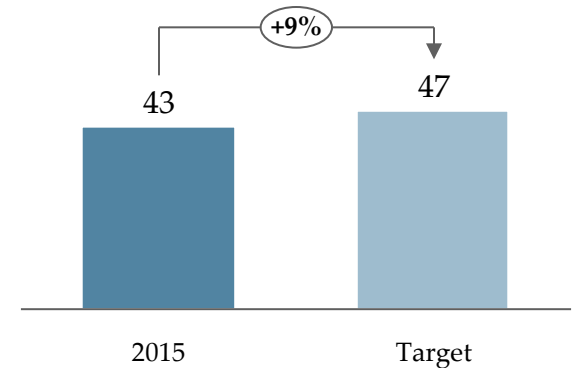
④ Renewed value proposition

Increase penetration in Small Business

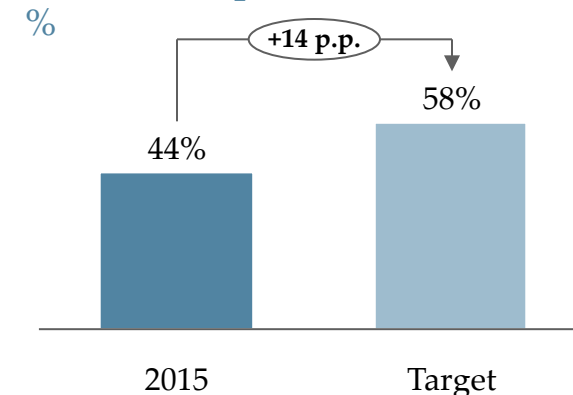
Main actions

Increase Small Business coverage	<ul style="list-style-type: none">• Redesign end-to-end processes to relieve the operational workload of Small Business RMs, with time freed up for commercial activities• Increase commercial push, leveraging support of the contact center and the remote banking platform for the Small Business segment
Automated credit	<ul style="list-style-type: none">• Set up an automated credit process for Small Business and SMEs simplifying access to credit, reducing credit application time• Grant credit based on a rating model more accurately assessing riskiness of counterparty

Number of Small Business clients
#K of clients



Credit lines penetration
%



1. Calculated only on served micro-markets

④ Renewed value proposition

Focus on Mid-Cap while reducing Large Corporate exposure

Main actions

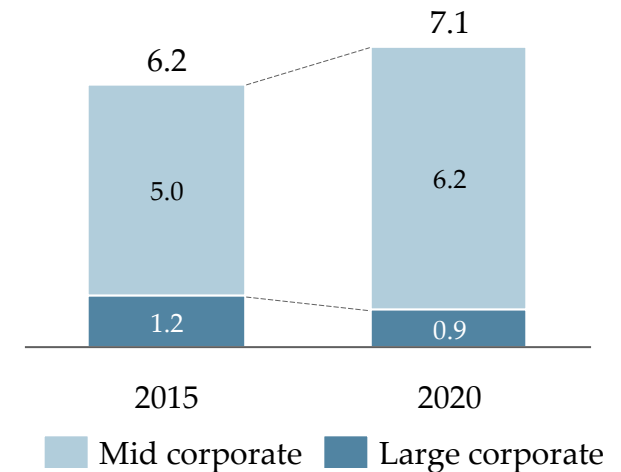
Focus on Mid-Cap

- Increase commercial focus on Mid corporate, through increased credit production and introduction of automated credit process for credit lines
- Increase participation in syndicated loans
- Restore the trade finance capabilities of the corporate center
- Expand product offering to cover currently unserved clients' needs
- Leverage synergies with Private Banking targeting entrepreneurs

Shrink Large Corporate

- Reduce large corporate portfolio limiting new production to low risk counterparties focusing on pool financing solutions

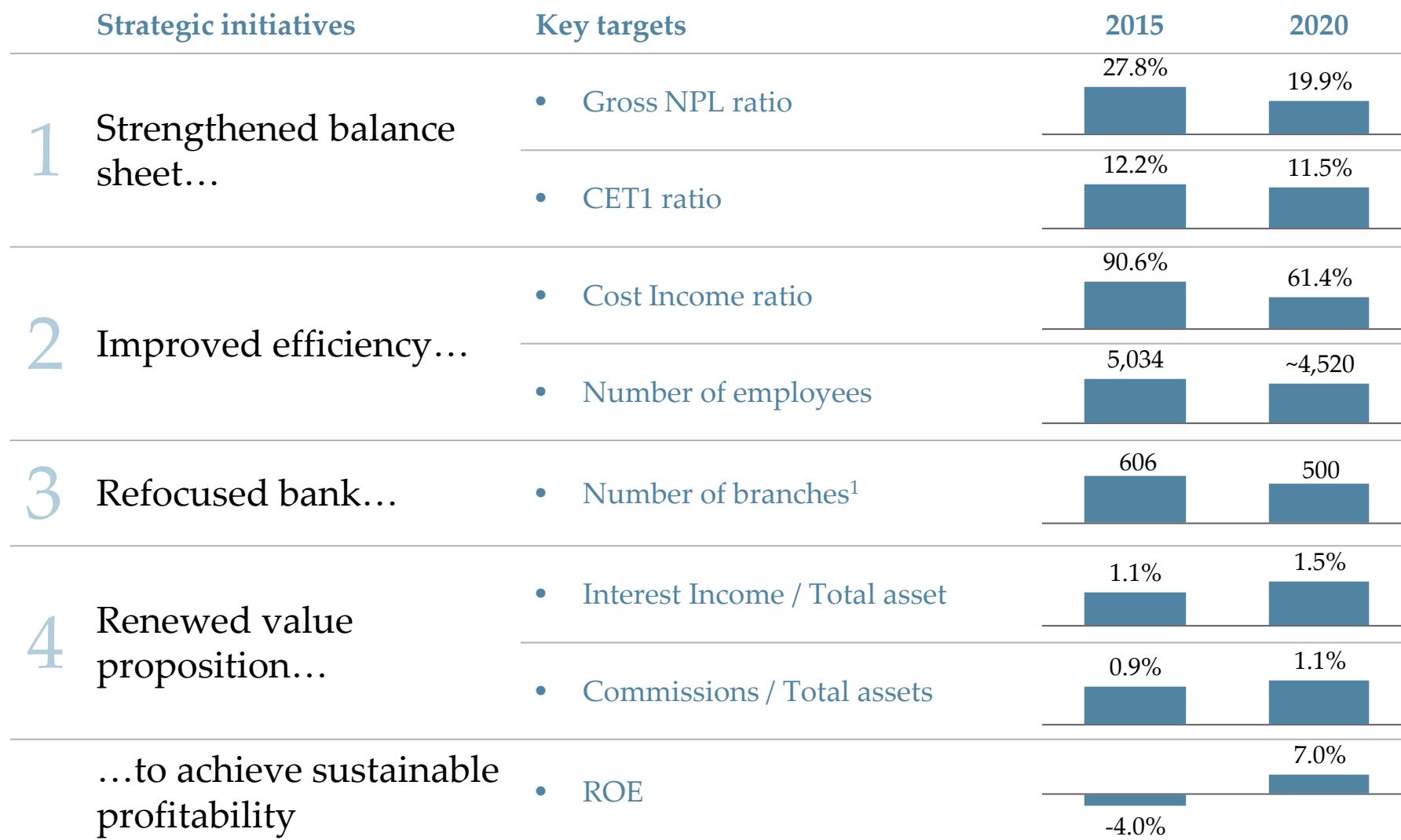
Corporate portfolio evolution
Performing gross loans, €BN



Section 7

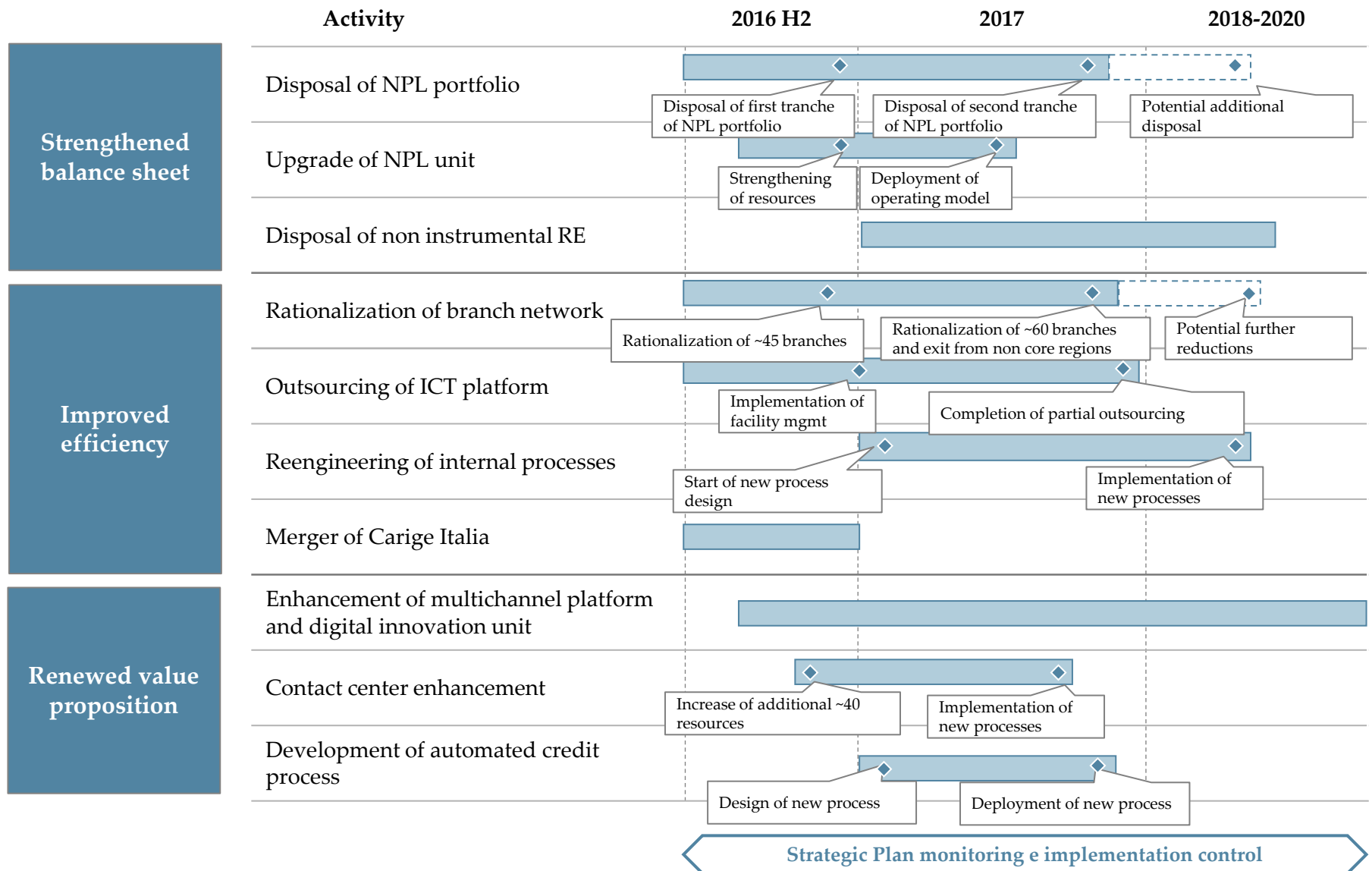
Financial targets and implementation plan

Implementing the strategic initiatives will help the bank return to profitability and achieve a stronger balance sheet position



1. Excluding 11 branches that do not carry out full operating activity, the Nice branch and Banca Cesare Ponti's branches

Masterplan for the implementation of the Plan's main actions



Section 7

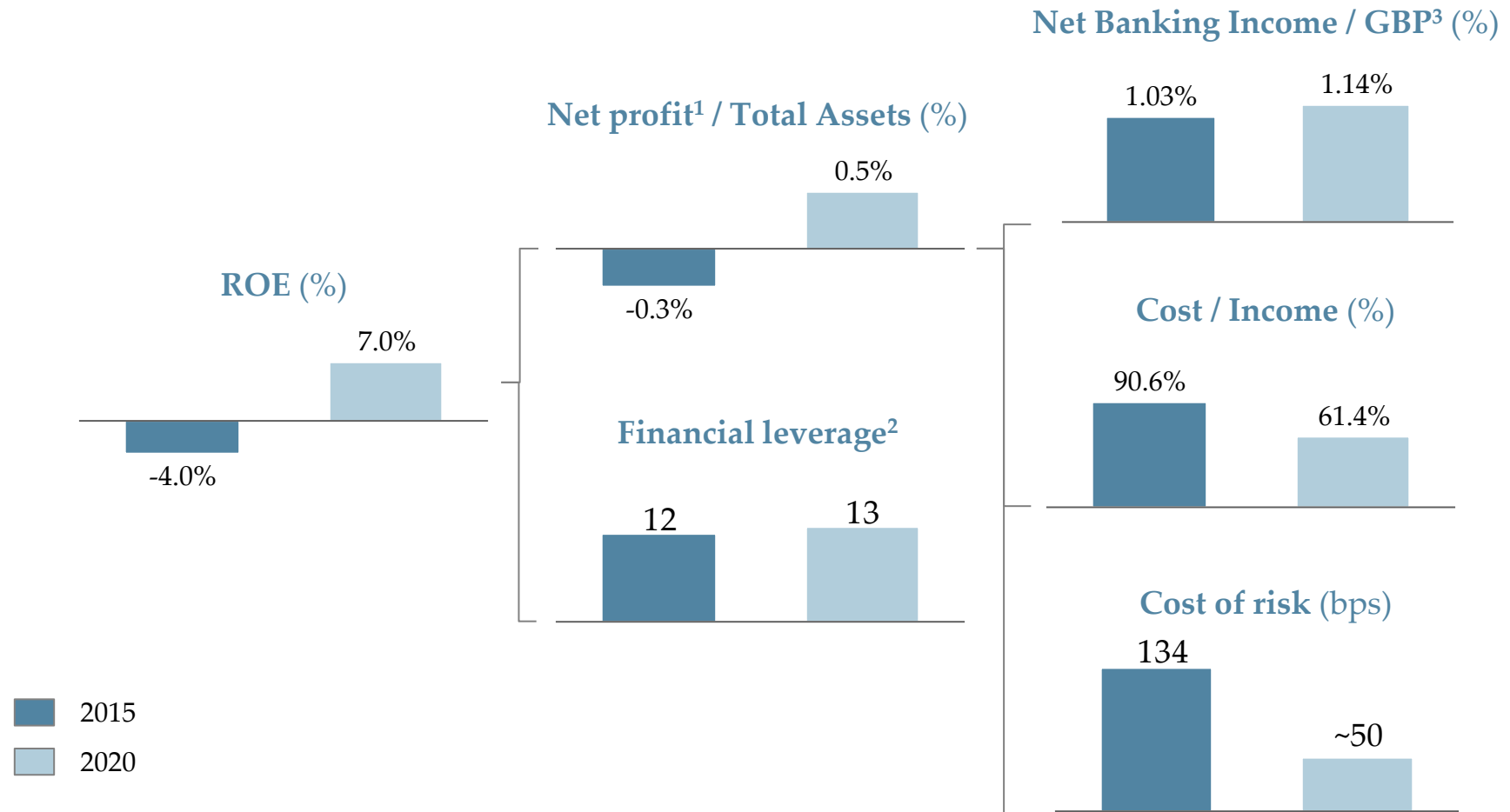
Financial projections

P&L and balance sheet

€MM, %		2015	2018	2020	Δ2015–2020 CAGR
P&L	Net interest income	334	418	456	6.50%
	Comm. Income	264	308	334	4.40%
	Other revenues	88	37	37	-15.80%
	Net interest and other banking income	686	763	827	3.70%
	Impairment / write-backs	-272	-172	-113	-17.40%
	Operating costs	-621	-527	-507	-4.00%
	Value adjustments on goodwill	-57	-	-	n.s.
	Profit (loss) before tax	-258	70	212	n.s.
	Taxes	83	-2	-49	n.s.
	Net profit (loss) after tax from discontinued operations	71	-	-	n.s.
	Net profit (loss) of the Parent company	-102	68	163	n.s.
BS	Net Loans	21,472	20,685	21,991	0.48%
	Direct funding	23,422	22,835	23,600	0.15%
	Equity	2,456	2,198	2,471	0.13%

Profitability tree

ROE tree, 2015-2020



1. Income attributable to parent company | 2. Total Assets / Own funds | 3. Gross Banking Product: loans to customers + direct funding + indirect funding



2016-2020 Strategic plan

Genoa, 29 June 2016