



## 1Q15 Results

13 May 2015

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*The Manager responsible for preparing the financial reports of Banca CARIGE S.p.A, Mr. Luca Caviglia, 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 underlying documentary evidence and accounting records.*

*It is noted that as early as from 2014, the Bank has classified the assets, liabilities and profit & loss items of the Insurance Companies, Banca Cesare Ponti and Creditis according to the provisions of IFRS 5 (Non-current Assets Held for sale and Discontinued Operations), restating its comparative profit and loss balances. With regard to balance-sheet data, although the afore-mentioned standard does not call for a restatement of comparative data, this presentation contains some restated comparative data, in addition to the historical figures reported in the accounting tables, in order to allow for a like-for-like comparison.*

*Note: due to rounding off, the sum of some separate figures may differ from their respective aggregate amounts; the percentage variation is calculated from data not rounded off.*

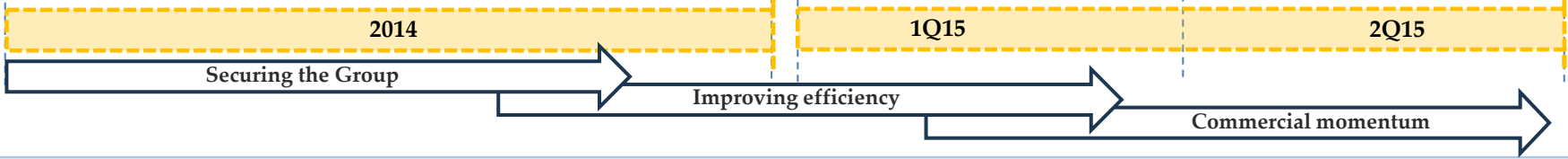
## 2014: FIRST PHASE OF TURNAROUND

- ✓ Risk profile reduction
- ✓ Branch network rationalisation (36 branches closed)
- ✓ 2014-2018 Business Plan
- ✓ EUR 800 m Capital Increase
- ✓ Trade Union Agreement
- ✓ Early repayment of LTRO & Participation in T-LTRO programme
- ✓ New organisational and governance model  
New Management Team
- ✓ Signing of Insurance Companies Disposal
- ✓ Re-opening of bond issuance programme
- ✓ Comprehensive Assessment Results and Capital Plan

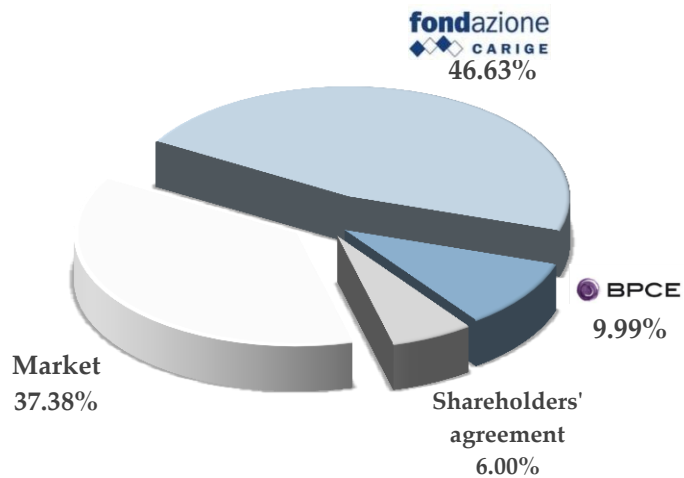
## 2015: SECOND PHASE OF TURNAROUND

### ROLL OUT OF BUSINESS PLAN

- 2015-19 Business Plan ✓ 03/03/2015 approval
- Closure of 15 branches out of 45 (as per BP)
- Cost Excellence Programme: EUR 2.5 mln savings (already formalised)
- IT Unit cost optimisation
- Back-office efficiency improvement
- Hub & Spoke Model - Launch of Pilot Project
- Closing
- Binding offer for Creditis and for Banca Ponti ✓ 30/04/2015
- Capital increase approved: Rights Issue EUR 850 mln + Minorities ✓ 23/04/2015

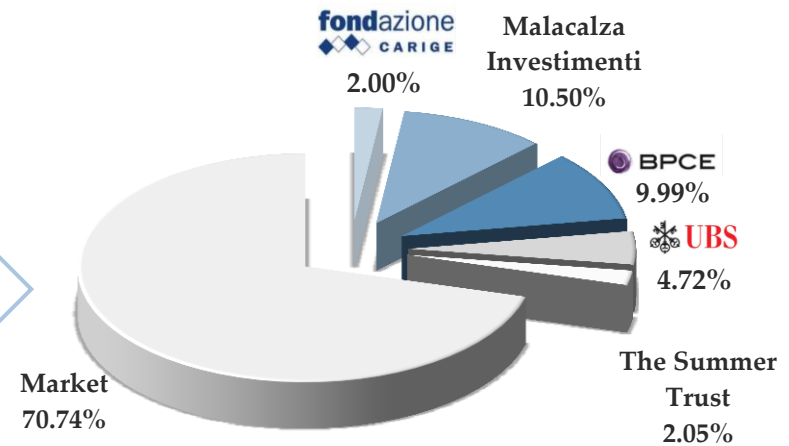


## END 2013 CONCENTRATED SHAREHOLDER BASE

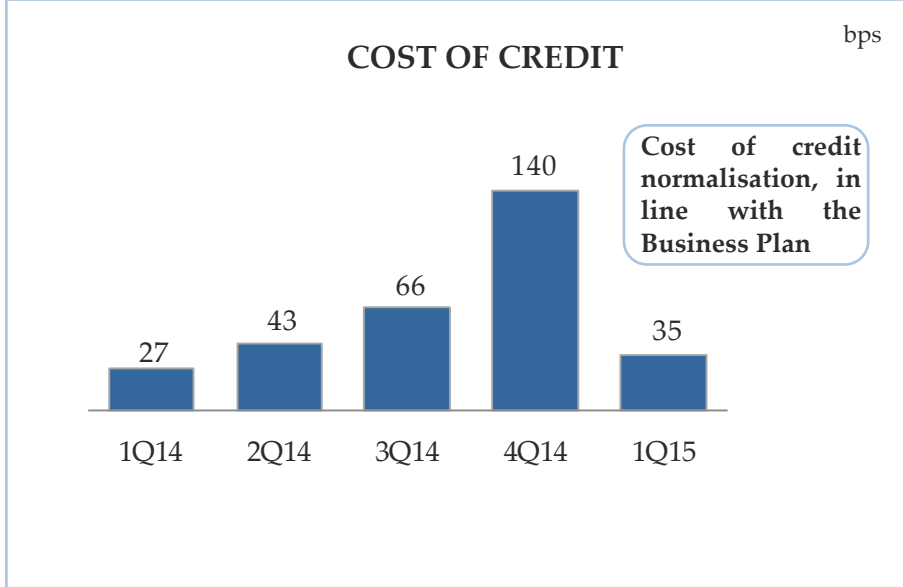
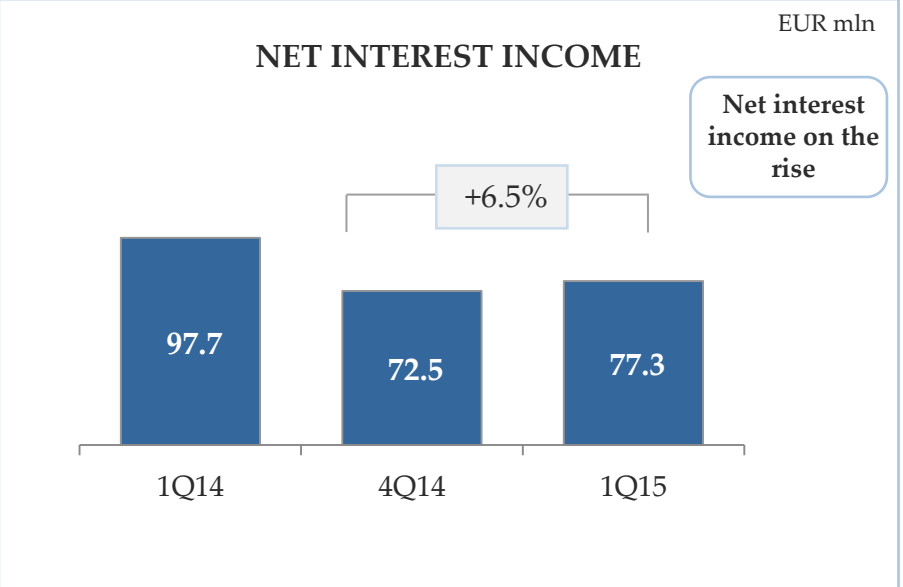
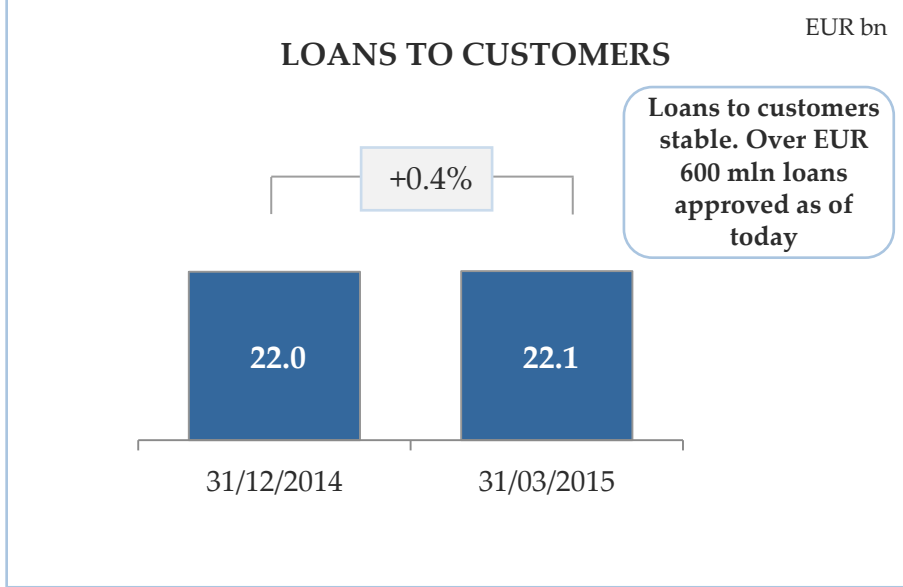
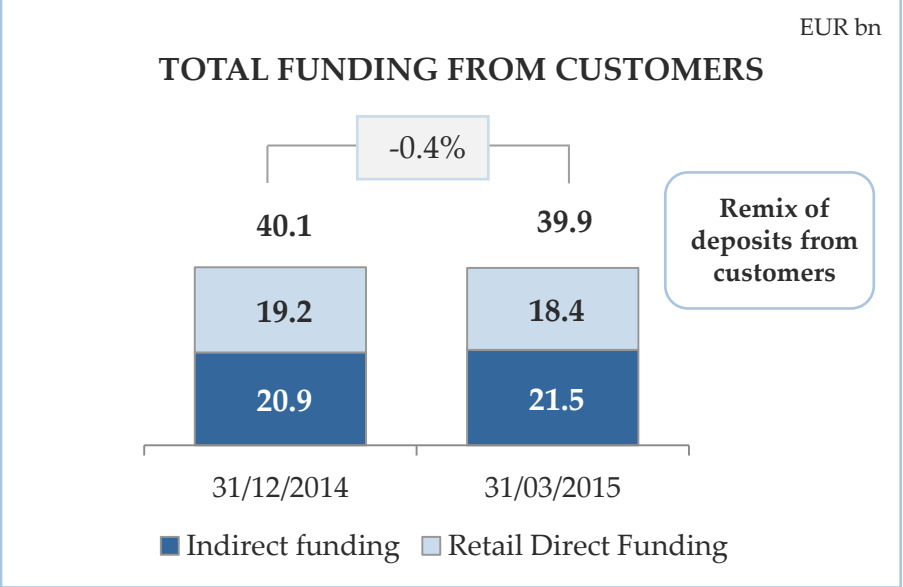


- Fondazione Carige held over 46% of the Group's share capital
- The market - excluding the stakes held by BPCE and by a Syndicate of shareholders - owned less than 40%

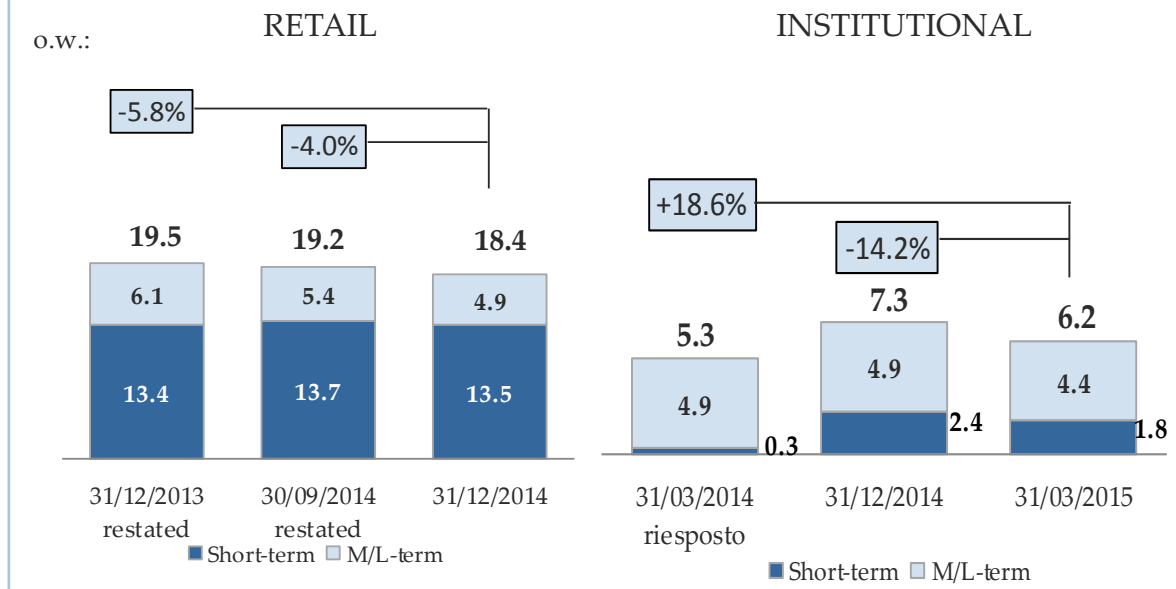
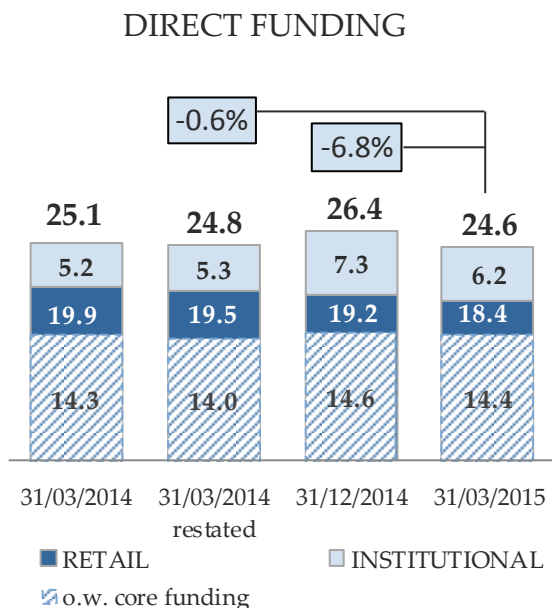
## TODAY BROAD AND DIVERSIFIED SHAREHOLDER BASE



- The 'Malacalza Investimenti' Company entered the shareholder base with a 10.5% stake
- Fondazione Carige is down to ~2% of the Group's share capital
- The market owns over 70%

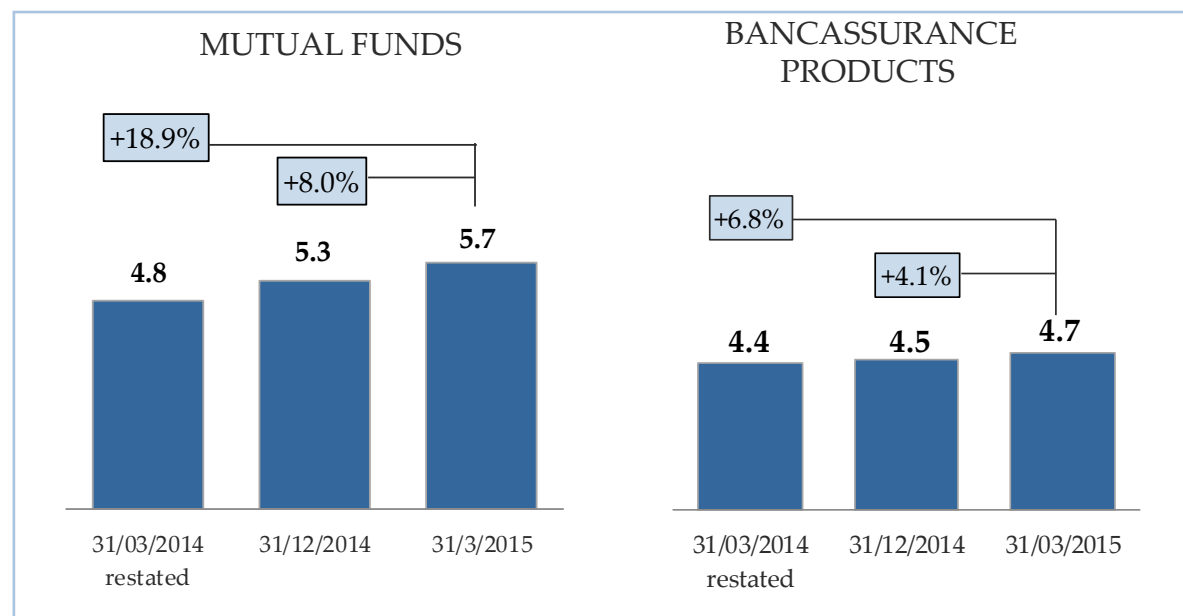
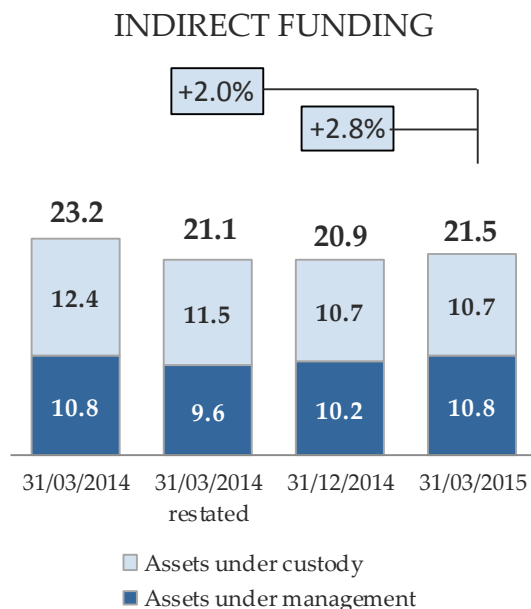


€ bn



- Direct funding held firm Y/Y (-0.6% to EUR 24.6 bn), although down 6.8% in Q1, mainly on account of a decrease in the institutional component (-14.2% to EUR 6.2 bn)
- The «core» components (current accounts and savings deposits) amounted to EUR 14,4 bn and were up 3% Y/Y
- The retail component (-5.8% Y/Y) was weighed down by the Group's reduced bond issuance programmes over the period, with a preference for higher-priced indirect funding sources
- Institutional funding was down in 1Q15, primarily on the back of a reduction in sell-buy back REPOs (from EUR 2.4 bn to EUR 1.8 bn) and a EUR 500 mln covered bond issuance coming to maturity at the end of March

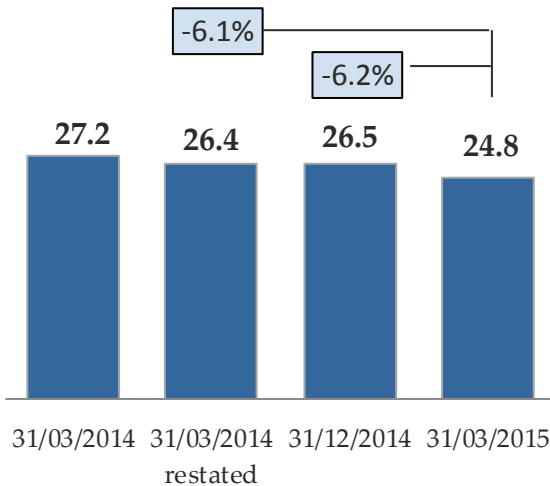
€ bn



- Good Q/Q growth in indirect funding (+2.8%) to EUR 21.5 bn, driven by the significant increase in Assets under Management (+EUR 0.6 bn, +6.1%), against substantial stability in Assets under Custody (-0.3%)
- Asset management shows a sustained growth in mutual funds (+EUR 0.4 bn, +8% with the asset mix gradually shifting to flexible funds) and insurance products (+4.1% to EUR 4.7 bn), the placements of which amounted to EUR 267.4 mln in 1Q15 (EUR 639.9 mln in 2014)

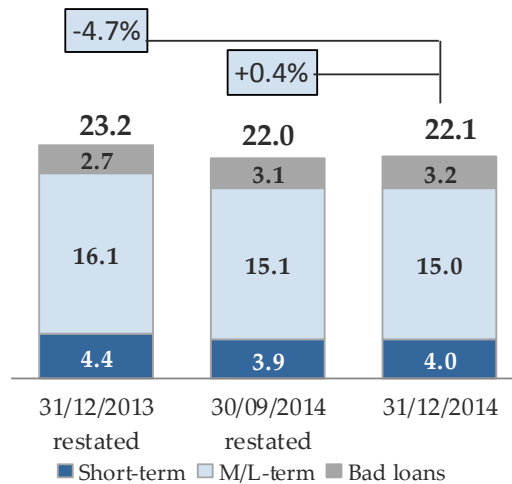
€ bn

## GROSS LOANS

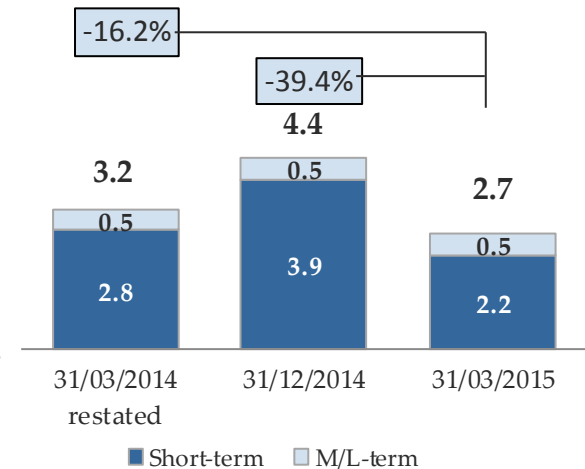


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## CUSTOMER LOANS



## INSTITUTIONAL<sup>(1)</sup>

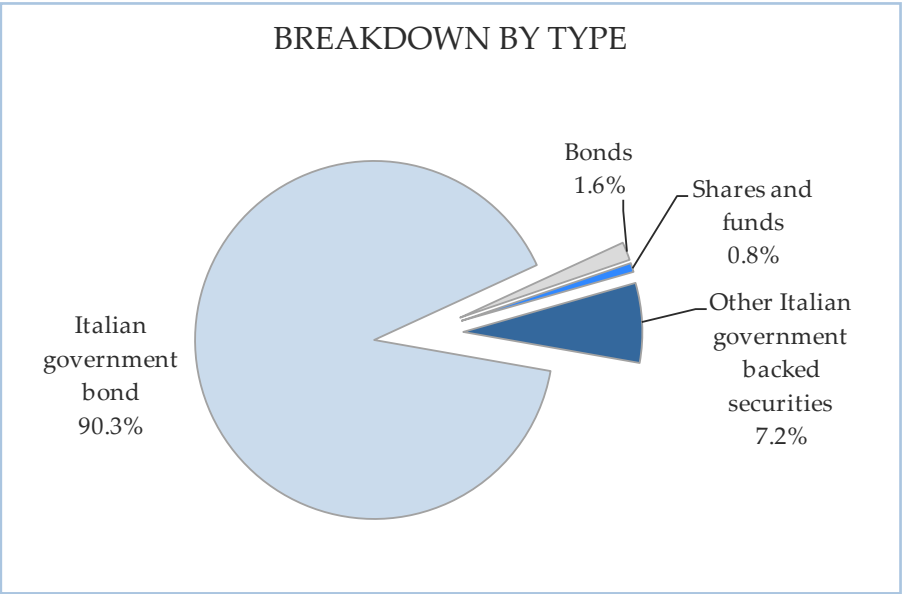
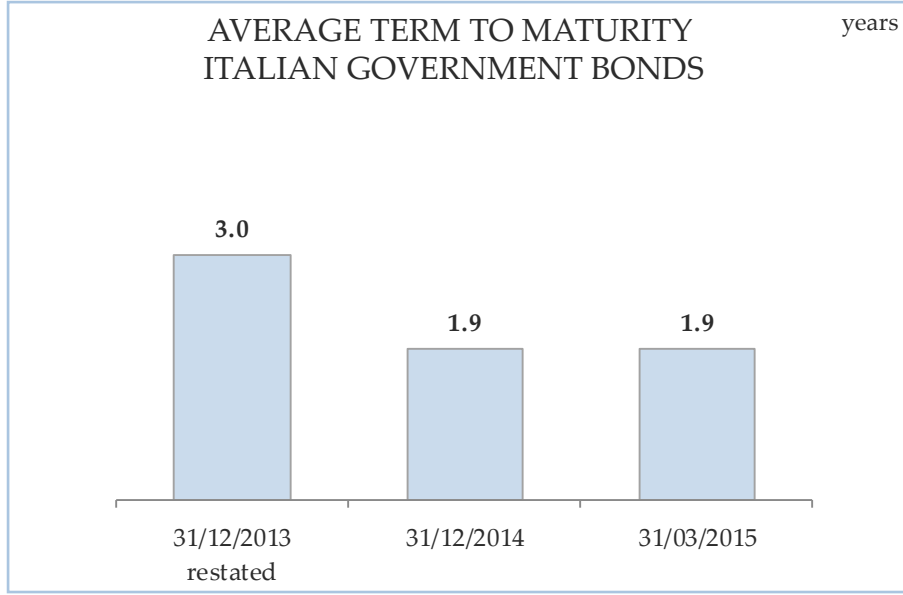
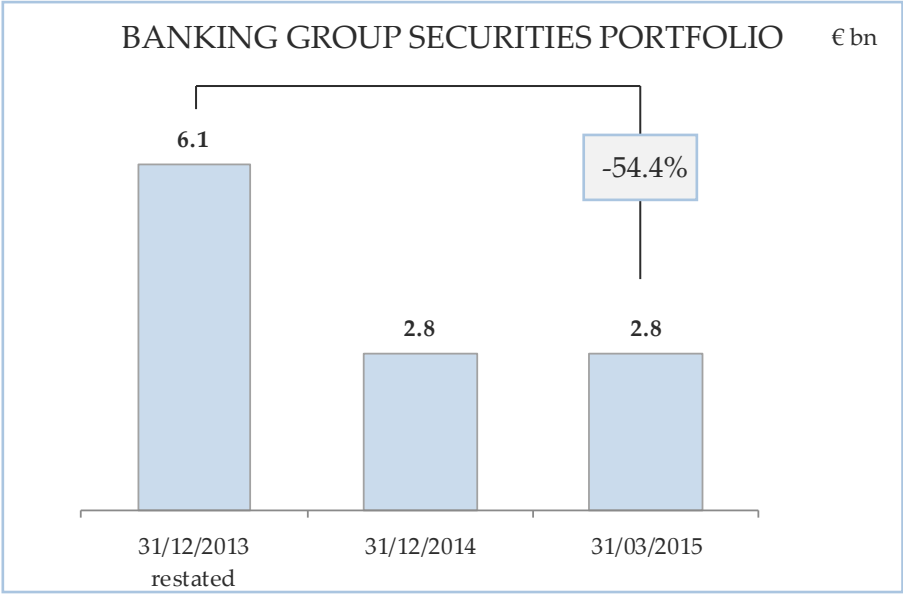


- The decrease in lending in the first quarter (-6.2%) was connected with the drop in the institutional component (-39.4% to EUR 2.7 bn) arising from a EUR 1.6 bn decrease in 'buy back/sell' REPOs
- Customer loans (retail and corporate) grew by 0.4% to EUR 22.1 bn in Q1, with the downward trend (-4.7% Y/Y) being reversed
- New momentum in loans to the corporate segment, particularly in areas outside the Ligurian region with a focus on the manufacturing sector
- Over EUR 600 mln in new loans to customers approved as at today

(1) Includes interest-bearing postal bonds, REPOs with financial companies and other loans

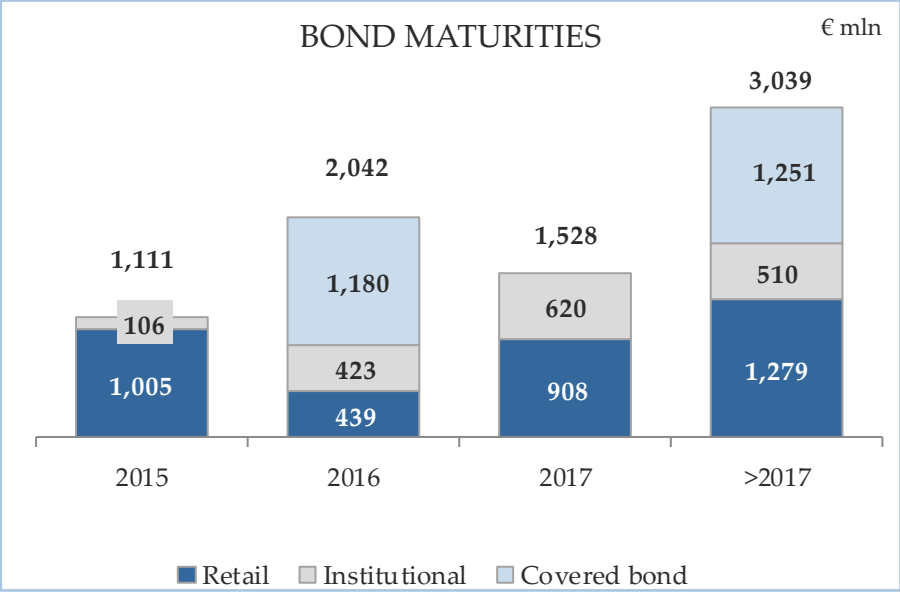
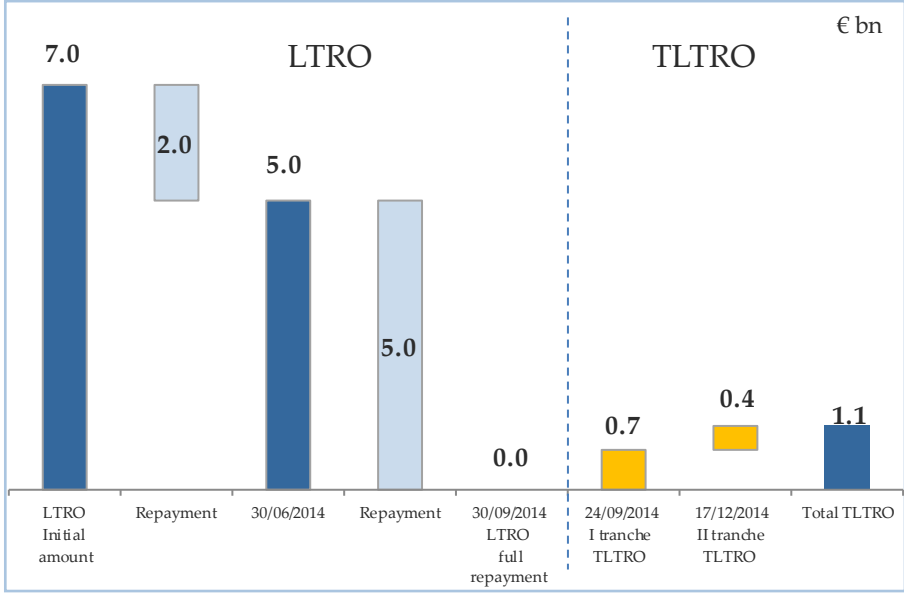
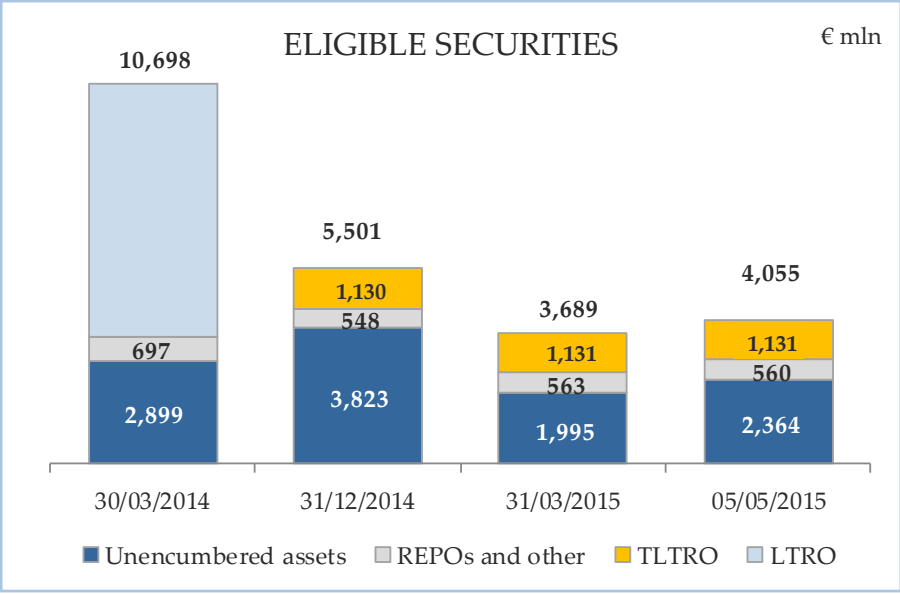


# Banking Group securities portfolio

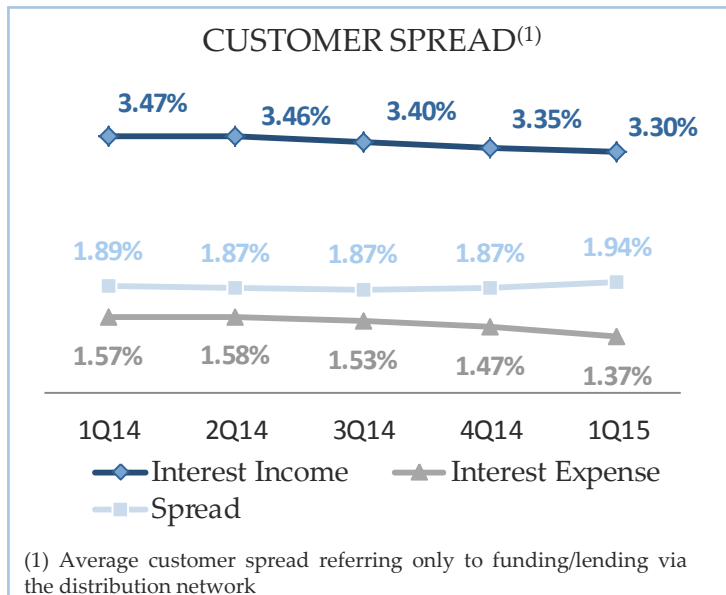
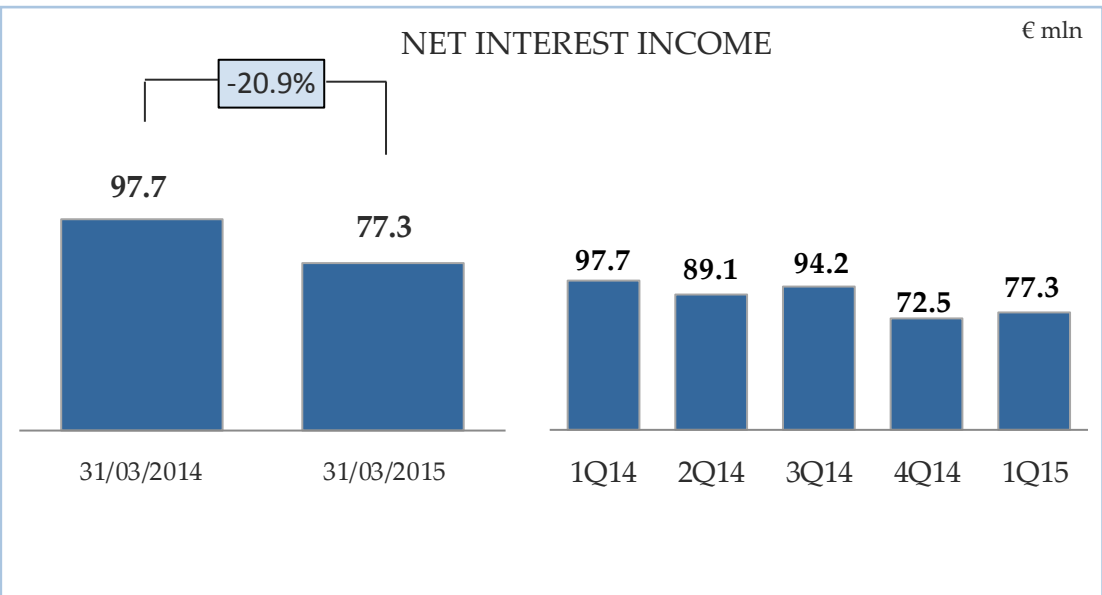


- The Banking Group securities portfolio has halved compared to 31/12/2013 (from EUR 6.1 bn to EUR 2.8 bn, excluding BoI stake), and is stable on end-2014 levels
- The average term to maturity of the government bond portfolio is stable on end-2014 levels, and is significantly lower than it was as at 31/12/2013
- As was the case at end 2014, the gross AFS reserve of the Banking Group as at 31/03/2015 continues to be close to zero (EUR 6.4 mln)

Figures do not include the stake in the Bank of Italy and securities relating to assets under disposal



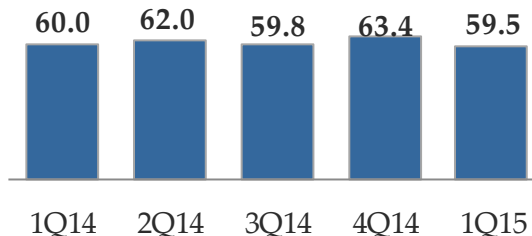
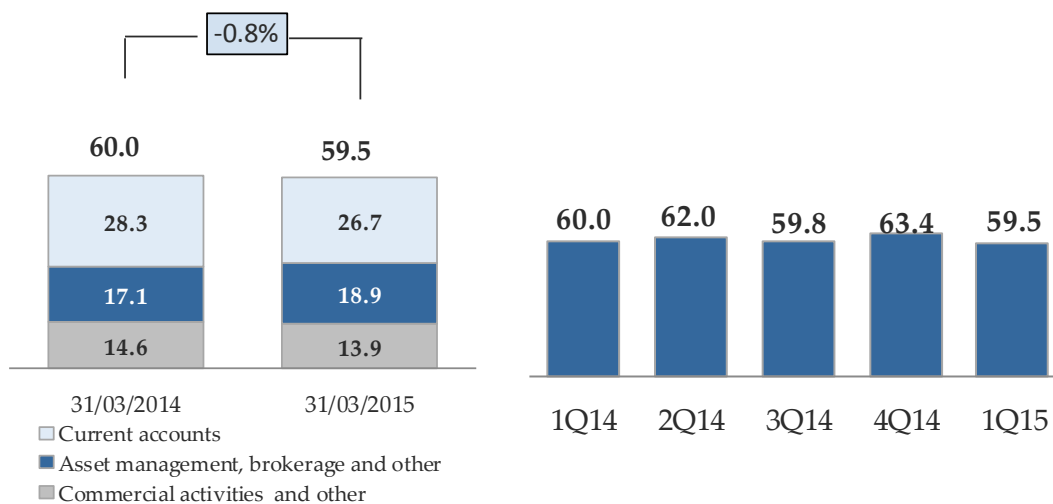
- Adequate liquidity profile with EUR 2 bn worth of unencumbered assets as at 31/03/2015 and EUR 2.4 bn as at 05/05/2015
- Temporary decrease of the LCR (estimated at 97%) partly on account of the delay in the closing of the Insurance Companies' disposal. Closing included, the ratio would be 106%
- The NSFR is estimated at 105%
- Both the above-mentioned ratios will further improve, following the capital increase



- Net Interest Income up to EUR 77.3 mln (+6.5% from 4Q14), driven by a lower cost of funding and in line with Business Plan forecasts
- The 20.9% decrease with respect to 1Q14 is generated by the decrease in funding/lending volumes (impact EUR 9.9 mln) and by the interest rate effect (EUR 10.5 mln)
- The lower interest rate component is attributable to a different mix/average maturity of the securities' portfolio compared to 1Q14, coupled with a considerable migration of exposures to bad loan status in the course of last year

## NET FEES AND COMMISSIONS

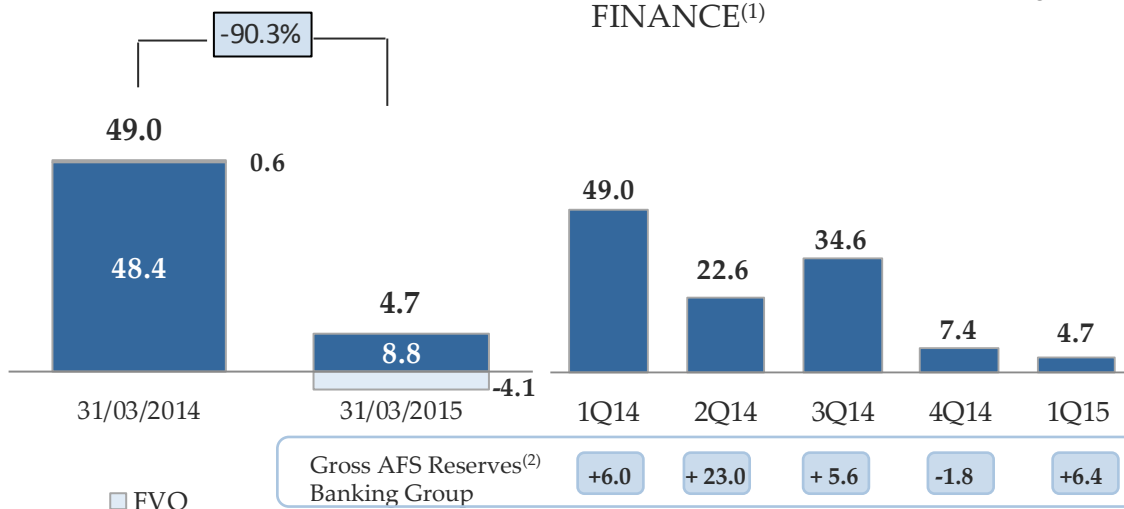
€ mln



- In 1Q15, net fees and commissions were substantially stable with respect to 1Q14 (-0.8% to EUR 59.5 mln)
- In particular, AuM fees and commissions increased (+15.9% to EUR 11.6 mln) while expense recoveries on current accounts were down 8.4% to EUR 28.7 mln
- Fees and Commissions do not include those related to bancassurance products (+14.4% to EUR 5.8 mln) of the Insurance Companies under disposal

## FINANCE<sup>(1)</sup>

€ mln



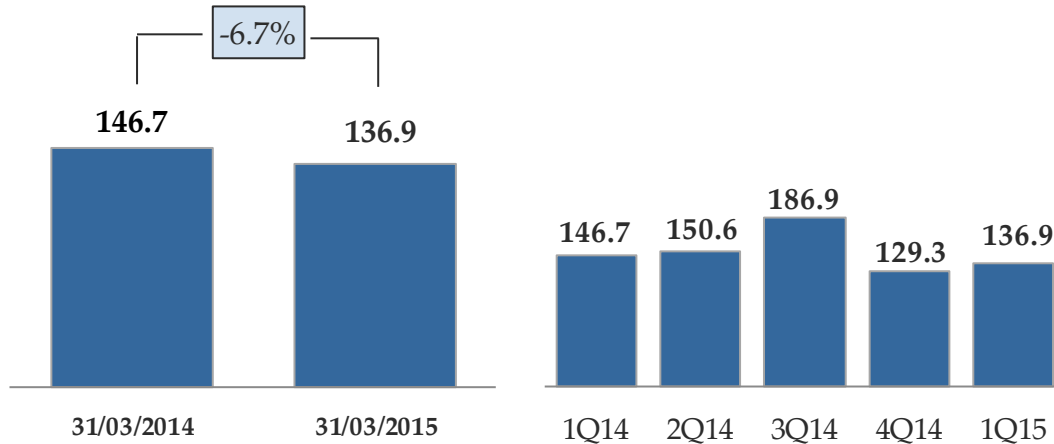
- The decrease with respect to 4Q14 (-6,1%) was driven partly by seasonality and partly by the implementation of aggressive commercial policies impacting on expense recoveries on c/a and payment services
- Income from financial activities totalled EUR 4.7 mln, lower than in the previous quarters (which had benefitted from the positive effects arising from the divestment of the securities portfolio)

(1) Dividends, net profit (loss) from trading, gains/losses from valuation

(2) Operational data restated for prior periods

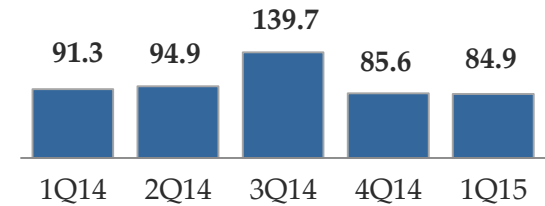
## OPERATING COSTS

€ mln

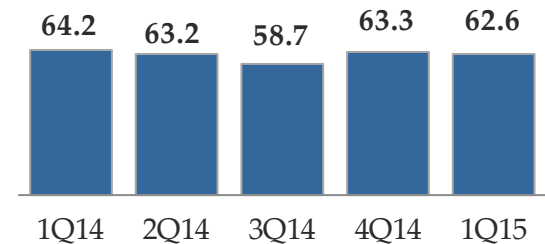


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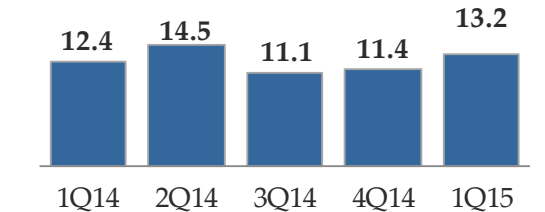
## PERSONNEL COSTS



## OVERHEAD COSTS



## AMORTISATION<sup>(1)</sup>

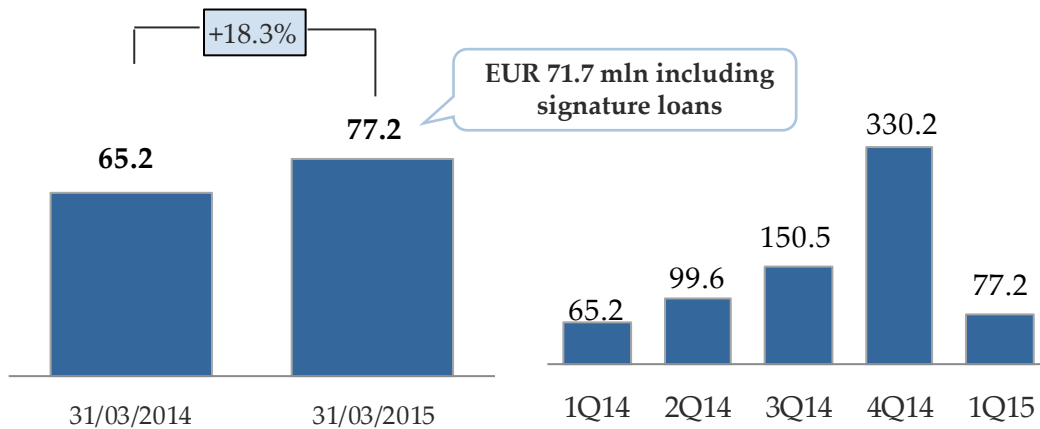


- Operating costs were down significantly (-6.7% Y/Y to EUR 136.9 mln)
- Cost reduction is driven by the structural decrease in personnel expenses, totalling EUR 84.9 mln in Q1 (-7.0% Y/Y)
- The gap between 1Q15 and 4Q14 derives mainly from recognition of net reversals on provisions for risks and charges totalling EUR 3.1 mln (in 4Q14), and of impairments on immovable properties for EUR 1.5 mln (in 1Q15) subsequent to the closure of branches

(1) Net provisions for risks and charges, net adjustments to/ recoveries on property, plant, equipment and on intangible assets

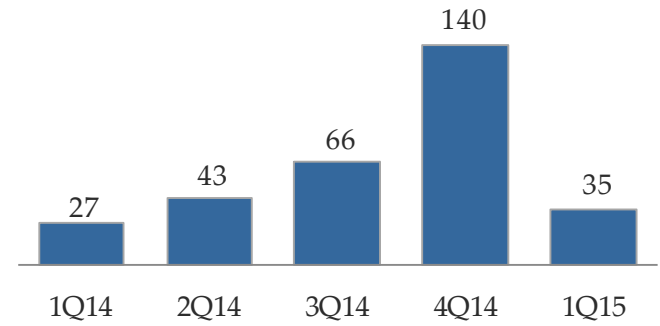
## LOSS PROVISIONS ON CASH LOANS

€ mln



## COST OF CREDIT<sup>(1)</sup>

bps



(1) Calculated as provisions on loans to customers and net loans to customers

- Loan loss provisions amount to EUR 77.2 mln, combined with a stabilising cost of credit (35 bps in the quarter), in line with the Business Plan forecasts
- Clear-cut slowdown in migration to bad loan status (+EUR 83 mln); part of NPL portfolio “secured” with work-out agreements signed for about EUR 500 mln worth of exposures previously classified as “substandard”

	31/03/2015						
Loans	Gross	%	Loan losses	Net	%	Coverage	Coverage including write-offs
Bad loans	3,170.3	12.8%	1,858.3	1,312.0	6.0%	58.6%	61.3%
Unlikely to pay	3,440.8	13.9%	803.3	2,637.5	12.0%	23.3%	23.3%
Past Due	173.4	0.7%	26.2	147.2	0.7%	15.1%	15.1%
<b>Non-performing loans</b>	<b>6,784.5</b>	<b>27.3%</b>	<b>2,687.9</b>	<b>4,096.7</b>	<b>18.7%</b>	<b>39.6%</b>	<b>41.5%</b>
Performing loans	18,039.3	72.7%	184.5	17,854.8	81.3%	1.0%	1.0%
<b>Total loans to customers</b>	<b>24,823.8</b>	<b>100.0%</b>	<b>2,872.3</b>	<b>21,951.5</b>	<b>100.0%</b>	<b>11.6%</b>	<b>12.3%</b>

Coverage  
Avg. Regional peers  
as at 31/12/2014<sup>(2)</sup>

52.8%

37.4%

0.6%

Net of REPOs  
1.2%

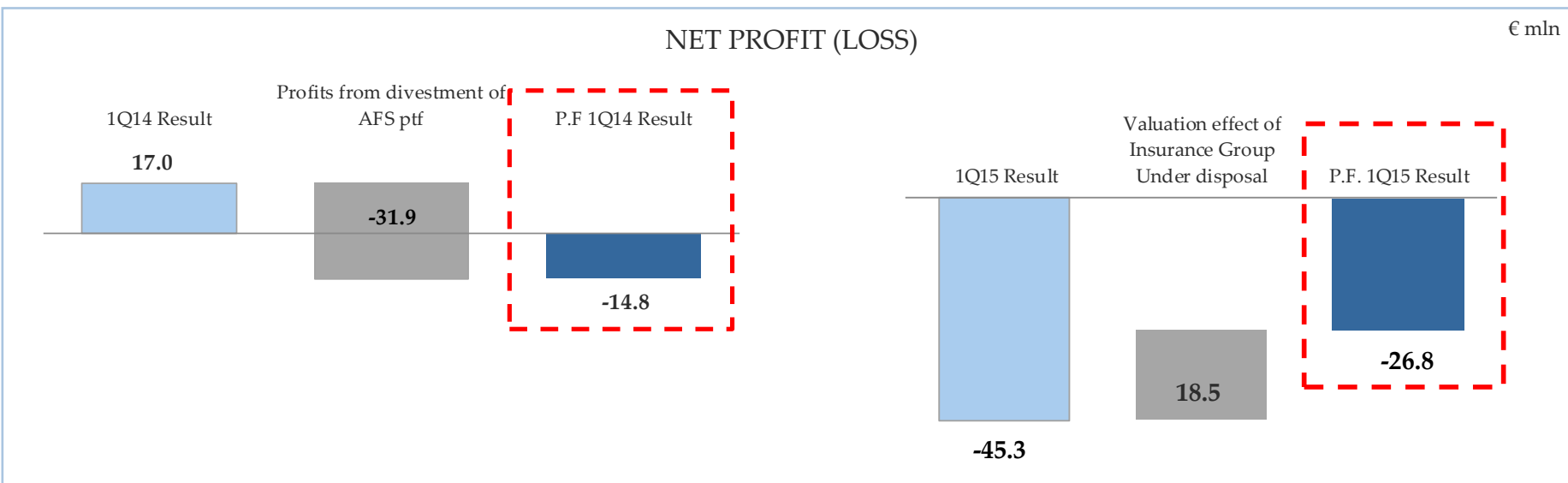
- The coverage ratio for NPLs is essentially unaltered with respect to the end of 2014 and ranks among the highest for regional banks
- The coverage of performing loans - still at 1% - remains on high levels (1.2% net of REPOs with *Cassa Compensazione e Garanzia* - central counterparty clearing house)

	31/12/2014					
Loans	Gross	%	Loan losses	Net	%	Coverage
Bad loans	3,087.3	11.7%	1,805.2	1,282.1	5.4%	58.5%
Unlikely to pay	3,226.1	12.2%	759.9	2,466.2	10.4%	23.6%
Past Due	169.0	0.6%	23.8	145.2	0.6%	14.1%
<b>Non-performing loans</b>	<b>6,482.5</b>	<b>24.5%</b>	<b>2,588.9</b>	<b>3,893.6</b>	<b>16.4%</b>	<b>39.9%</b>
Performing loans	19,992.7	75.5%	206.7	19,786.0	83.6%	1.0%
<b>Total loans to customers</b>	<b>26,475.2</b>	<b>100.0%</b>	<b>2,795.6</b>	<b>23,679.6</b>	<b>100.0%</b>	<b>10.6%</b>

	31/03/2014					
Loans	Gross	%	Loan losses	Net	%	Coverage
Bad loans	2,735.4	10.0%	1,548.4	1,187.1	4.8%	56.6%
Unlikely to pay	2,724.3	10.0%	529.6	2,194.7	8.8%	19.4%
Past Due	159.8	0.6%	22.7	137.1	0.5%	14.2%
<b>Non-performing loans</b>	<b>5,619.6</b>	<b>20.6%</b>	<b>2,100.7</b>	<b>3,518.9</b>	<b>14.1%</b>	<b>37.4%</b>
Performing loans	21,622.4	79.4%	200.9	21,421.5	85.9%	0.9%
<b>Total loans to customers</b>	<b>27,242.0</b>	<b>100.0%</b>	<b>2,301.6</b>	<b>24,940.5</b>	<b>100.0%</b>	<b>8.4%</b>

(1) Excluding debt securities classified as L&R

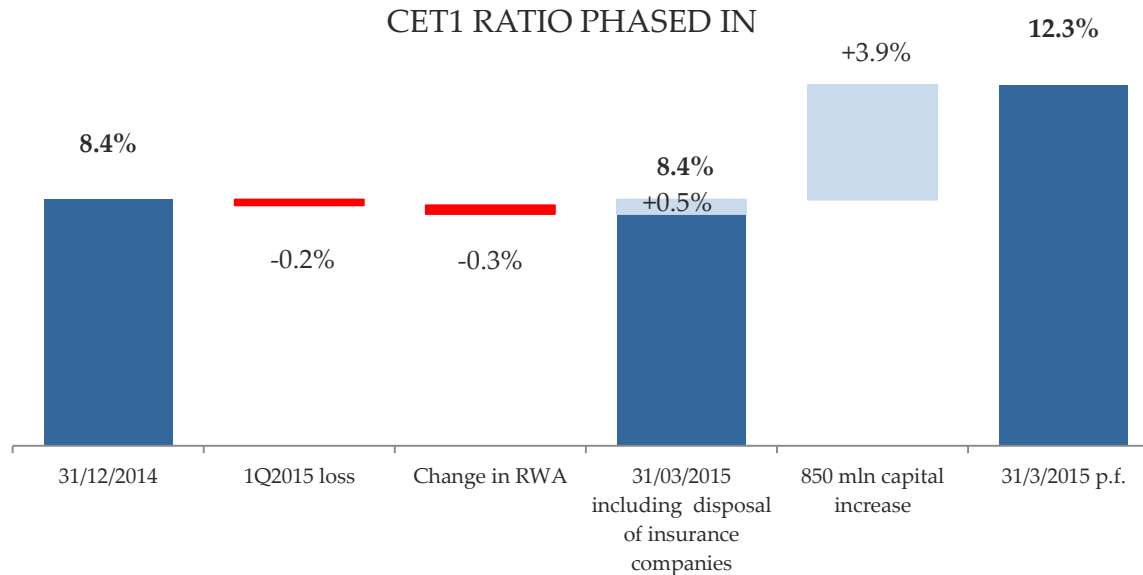
(2) Calculated on data disclosed to the public by UBI, Banco Popolare, BPER, BPM, Credem, Creval and BP Sondrio



- The loss for 1Q15 is reflective of the intense effort of risk profile mitigation conducted in 2014 which particularly penalised the net interest income and profit from trading. The next months will benefit from the expected re-launch of the core business - already reflected in the funding/lending volumes of the quarter - and from finalisation of the asset disposals underway
- The 1Q15 result is also affected by recognition under IFRS 5 of the value of the Insurance Companies under disposal, for an overall amount of -EUR 18.5 mln (of which EUR 12.0 mln pertaining to the AFS reserve)
- Upon closing of the Insurance Companies' disposal, the P&L account will benefit from realisation of the correlated AFS reserves (at their value on the closing date) included in the net consolidated equity, and amounting to EUR 80.5 mln as at the end of March

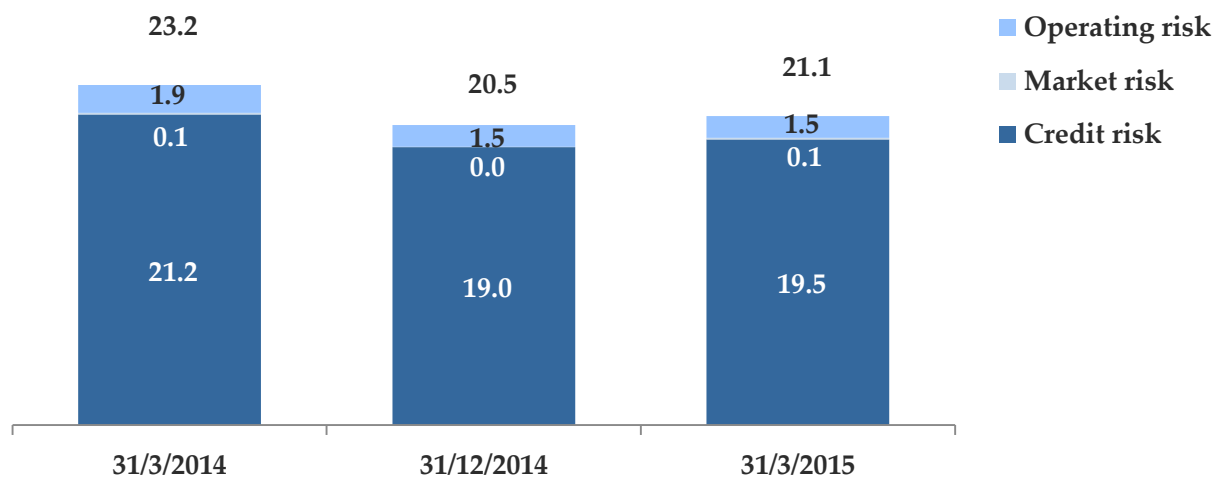


## CET1 RATIO PHASED IN



## BASEL3 RWAs

€ bn



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## 1Q15 Results

13 May 2015