



**CONSOLIDATED RESULTS AS AT 30 JUNE 2016 APPROVED**

- **TIGHTER CONTROL OVER NPLS: NPL COVERAGE AT 45.6% (+3.2 P.P. ON FY15), CLOSE TO THE SYSTEM'S TOP LEVEL**
- **HIGH CAPITAL STRENGTH: PHASED-IN CET1r AT 12.2%<sup>1</sup> VS SREP RATIO OF 11.25%**
- **LIQUIDITY ADEQUATE FOR CURRENT MARKET ENVIRONMENT: LIQUIDITY COVERAGE RATIO (LCR) AT 114% VS SREP REQUIREMENT OF 90%**
- **POSITIVE TREND REVERSAL IN FUNDING FROM CUSTOMERS: +1.6% Q/Q**
- **PICKUP IN REVENUES: NET INTEREST AND OTHER BANKING INCOME +2.6% Y/Y AND +8.4% Q/Q**
- **VIGOROUS OPERATING COST CURBING INITIATIVES: -4.6% Y/Y**
- **GROSS OPERATING PROFIT +EUR 21.3 MLN (+51.3%) Y/Y**
- **NET PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY -EUR 206.1 MLN AFTER RECOGNITION OF EUR 344.5 MLN NET LOAN LOSSES AND FULL WRITEDOWN OF SUBSIDIARY BANCA CESARE PONTI'S GOODWILL FOR AN AMOUNT OF EUR 19.9 MLN**
- **2016-2020 STRATEGIC PLAN ROLLED OUT**
- **PLAN FOR BANCA CARIGE ITALIA'S MERGER INTO BANCA CARIGE APPROVED**
- **MR. CALABI APPOINTED TO THE EXECUTIVE COMMITTEE**

---

<sup>1</sup> Ratio as at 30/06/2016 calculated on the basis of operational estimates, pending official reporting on 11 August 2016.

*Genoa, 5 August 2016* – Banca Carige's Board of Directors has approved the Group's consolidated results as at 30 June 2016. The main focus of the Group's activities throughout the period was on the preparation of the 2016-2020 Strategic Plan, which was disclosed on 29 June last, and a loan portfolio review aiming at tightening control over NPLs. At the same time, the Group focused on restoring a positive performance in revenues and funding from customers, with encouraging results.

### **Profit and Loss results for the Carige Group**

The P&L for the first half of 2016 closed with a net negative result of EUR 206.1 mln (-EUR 41.0 mln in 1Q 2016) -weighed down by net loan provisions on exposures already existing as at the end of 2015- as against a positive result of EUR 16.4 mln in June 2015, which was inclusive of a EUR 68.1 mln non-recurring positive component in relation to the disposal of the Insurance Companies.

More specifically, with rates continuing to fall, Net Interest Income (EUR 161.7 mln) was down 5.3% due to a compression of interest income only partly offset by a decreasing cost of funding.

Although lower than in the first six months of 2015 (-3.5%), net fees and commissions (EUR 125.6 mln) reversed their trend in Q2 compared to the first quarter of 2016, mainly on the back of management fees primarily in AUM (+EUR 3.8 mln) and commercial banking commissions (+EUR 1.2 mln).

Net income from trading/valuation of financial assets (Finance) contributed a positive EUR 44.7 mln (+96.7% on 1H 2015) mainly traceable to trading; the figure also includes non-

recurring items (disposal of shareholdings in CartaSì and Visa Europe) for an amount of EUR 6.6 mln.

Net interest and other banking income for the first half of the year thus showed positive signs of improvement totalling EUR 332.0 mln, up by EUR 8.4 mln on the prior period (+2.6% Y/Y).

Net impairment losses on balance-sheet loans to customers for the first half of 2016 totalled EUR 344.5 mln (EUR 133.4 mln in the same period of last year) on account of significant writedowns taken partly as a result of an extensive review conducted by the ECB on positions existing as at the end of 2015, which led to an increase in NPL coverage from 42.4% in December 2015 to 45.6%, close to the Italian banking system's top level. Calculated on an annualised basis, the cost of credit is 344 bps (119 bps in 1H 2015).

The cost-curbing actions introduced were reflected in a 4.6% reduction in operating expenses (EUR 269.1 mln) compared to the same period of last year, albeit weighed down by non-recurring factors including: EUR 9.2 mln in contributions to the National Resolution Fund, EUR 20.8 mln in DTA charges and EUR 22.3 mln in savings on personnel expenses, net of which the decrease would be 7.3% with cost/income down to 80.4% from 87.2% in 1H 2015.

Personnel expenses (EUR 143.2 mln) were down 5.3% on 1H 2015; the reduction is 18.1% when including the foregoing non-recurring positive effects (EUR 22.3 mln) from agreements on the company supplementary pension scheme. Other administrative expenses, amounting to EUR 144.8 mln, were down 12.2% Y/Y on a like for like basis; compared to the first half of 2015, they are up 10.7% as they include EUR 20.8 mln in DTA charges

under art. 11 of Legislative Decree no. 59/2016 and EUR 9.2 mln in contributions to the National Resolution Fund.

Profit (loss) before tax amounted to -EUR 294.4 mln (-EUR 80.1 mln as at 30 June 2015). Net of income tax recoveries for an amount of EUR 86.0 mln and the minority interests' share of profit (loss) (-EUR 2.4 mln), the net profit (loss) attributable to the Parent Company for the period was a negative EUR 206.1 mln (+EUR 16.4 mln in June 2015, which was inclusive of the foregoing non-recurring positive item of EUR 68.1 mln in connection with the Insurance Companies' disposal).

### **Key capital indicators for the Carige Group**

The Group showed a EUR 2.3 bn reduction in Overall funding with respect to the end of the year (to EUR 42.9 bn), entirely traceable to dynamics unfolding in the first quarter of the year, also at banking system level. Direct funding from customers totalled EUR 21.8 bn (-EUR 1.7 bn in the first six months of the year); however, a trend reversal was registered in the second quarter of 2016 with outflows stopping in both retail and institutional funding, thus leading to a 1.6% increase in the aggregate as compared to 31 March 2016 (+0.5% for the retail and corporate component, now totalling EUR 16.5 bn).

Indirect funding, totalling EUR 21.2 bn (-3.1% on December 2015 and -1.7% on March 2016), showed a reduction in both Assets under Custody (-EUR 0.3 bn to EUR 10.5 bn) and Assets under Management (-EUR 0.4 bn to EUR 10.7 bn), primarily in mutual funds (-EUR 0.6 bn to EUR 4.8 bn); in the second quarter of 2016, this trend was concentrated in Assets under Custody, with Assets under Management holding stable. Bancassurance products continued their positive trend and were up 4.0% to EUR 5.3 bn (+EUR 0.2 bn) as compared to December 2015.

Over the six-month period, lending continued to decline (-4.6%), particularly in the less profitable component of short-term loans to institutional customers. Loans to households and businesses were down by EUR 0.5 bn: lending to households fell 4.0% primarily as a result of maturities coming due, whereas current accounts remained broadly stable; the corporate segment saw a drop in the short-term component of current accounts. Despite the loan stock reduction, the positive trend continued in new mortgage loans to both households (+EUR 214 mln, of which EUR 123 mln in Q2) and businesses (+EUR 402 mln, with a broadly even distribution over the first two quarters of the year).

The government bond portfolio, amounting to EUR 2.7 bn, maintains a low risk profile in terms of both sizing (103.5% of own funds vs. an Italian system average of 175.5%) and duration (2.7 years).

Capital ratios continue to remain among the highest in the System, benefiting, among other aspects, from a lower level of Risk Weighted Assets: albeit reflective of the effects from a stronger NPL coverage ratio, the phased-in CET1 ratio remained unaltered compared to December 2015, at 12.2%<sup>2</sup>; Basel 3 Leverage Ratio at 7.8%<sup>2</sup>.

The liquidity profile proves adequate: the Liquidity Coverage Ratio (LCR) is 114% , broadly in excess of the ECB's 90% SREP requirement, with cash and unencumbered eligible assets totalling EUR 2.0 bn (after repayment of two Lower Tier 2 subordinated debt issuances in June for an aggregate nominal amount of EUR 423 mln).

The non-performing loan portfolio totalled gross EUR 7.0 bn with coverage up 3.2 p.p. on December 2015 at 45.6%, well above system average. The bad loan portfolio, totalling

---

<sup>2</sup> Ratio as at 30/06/2016 calculated on the basis of operational estimates, pending official reporting on 11 August 2016.

gross EUR 3.7 bn (EUR 1.4 bn net), showed a stable 60.7% coverage (60.4% as at December 2015); unlikely to pay exposures amounted to gross EUR 3.1 bn (EUR 2.2 bn net), with coverage up to 30.1% (24.2% as at December 2015).

\*\*\*\*\*

In July, the Group started executing the 2016-2020 Strategic Plan which was disclosed to the market on 29 June last. In particular, the structuring process for disposal of a tranche of the NPL portfolio was initiated, preparatory activities for a partial outsourcing of ICT were launched, union negotiations were put underway and operating cost curbing initiatives continued. Furthermore, as part of the initiatives set out in the Strategic Plan, the Boards of Directors of Banca Carige and its subsidiary, Banca Carige Italia, have today approved the plan for merger by absorption of the aforesaid subsidiary into Banca Carige.

The transaction, which shall definitively be resolved upon once the required procedure for authorisation by the Supervisory Authority is completed, will take place under the simplified procedure envisaged for wholly-owned companies by existing regulations and will not give rise to any share swap. The Merger, which is subject to the required authorisations, is expected to be completed by 31 December 2016.

The one-off merger transaction, aimed at achieving a major undeferrable efficiency increase via a simplified Group organisational structure, fits within the scope of the Strategic Plan initiatives.

\*\*\*\*\*

In its meeting today, the Board of Directors of Banca Carige additionally integrated the composition of the Executive Committee by appointing Director Mr. Claudio Calabi to serve as a new elected Member, with recommendation for chairmanship. Mr. Calabi is now

an Executive Director and, as such, no longer qualifies as independent under the Articles of Association; as a consequence Mr. Calabi steps down from his position as Chairman of the Appointment Committee.

\*\*\*\*\*

***Declaration of the Manager responsible for preparing the Company's financial reports pursuant to art. 154-bis, para. 2 of Legislative Decree no. 58/1998 (Consolidated Law on Finance)***

*Pursuant to Article 154-bis, paragraph 2, of the Italian Consolidated Law on Finance, the Manager responsible for preparing Banca Carige S.p.A.'s financial reports, Mr. Mauro Mangani, declares that the accounting information contained in this Press Release corresponds to the underlying documentary evidence, books and accounting records.*

\*\*\*\*\*

The Banca Carige Group's results as at 30 June 2016 will be presented to the financial community in a conference call scheduled for 5 August 2016 at 3.00 p.m. (CET). A live webcast will also be available.

Dial in numbers and other details to access the conference call can be found on the Bank's corporate website ([www.gruppocarige.it](http://www.gruppocarige.it)) under 'Investor Relations'.

**INVESTOR RELATIONS**

tel. +39 010 579 4877

fax +39 010 579 4875

e-mail: [investor.relations@carige.it](mailto:investor.relations@carige.it)

**PRESS RELATIONS**

tel. +39 010 579 3380

fax +39 010 579 2731

e-mail: [relazioni.esterne@carige.it](mailto:relazioni.esterne@carige.it)

**FINANCIAL STATEMENTS  
BANCA CARIGE GROUP**



## CONSOLIDATED BALANCE SHEET

### ASSETS (EUR/000)

	30/06/2016	31/12/2015	Change	
			absolute	%
<b>10 · CASH AND CASH EQUIVALENTS</b>	300,847	324,395	(23,548)	-7.3
<b>20 · FINANCIAL ASSETS HELD FOR TRADING</b>	9,658	15,065	(5,407)	-35.9
<b>40 · FINANCIAL ASSETS AVAILABLE FOR SALE</b>	3,017,553	3,803,770	(786,217)	-20.7
<b>60 · LOANS TO BANKS</b>	1,305,035	1,220,489	84,546	6.9
<b>70 · LOANS TO CUSTOMERS</b>	20,058,107	21,472,616	(1,414,509)	-6.6
<b>80 · HEDGING DERIVATIVES</b>	52,635	54,730	(2,095)	-3.8
<b>100 · EQUITY INVESTMENTS</b>	91,572	92,536	(964)	-1.0
<b>120 · PROPERTY AND EQUIPMENT</b>	775,120	783,816	(8,696)	-1.1
<b>130 · INTANGIBLE ASSETS</b>	54,540	78,062	(23,522)	-30.1
of which:				
- goodwill	-	19,942	(19,942)	-100.0
<b>140 · TAX ASSETS</b>	2,181,701	2,145,389	36,312	1.7
a) current	1,171,791	1,186,602	(14,811)	-1.2
b) deferred	1,009,910	958,787	51,123	5.3
b1) of which pursuant to Law no. 214/2011	615,164	647,443	(32,279)	-5.0
<b>160 · OTHER ASSETS</b>	327,310	307,988	19,322	6.3
<b>TOTAL ASSETS</b>	<b>28,174,078</b>	<b>30,298,856</b>	<b>(2,124,778)</b>	<b>-7.0</b>

### LIABILITIES AND SHAREHOLDERS' EQUITY (EUR/000)

	30/06/2016	31/12/2015	Change	
			absolute	%
<b>10 · DUE TO BANKS</b>	2,975,772	2,824,957	150,815	5.3
<b>20 · DUE TO CUSTOMERS</b>	14,375,126	15,536,566	(1,161,440)	-7.5
<b>30 · SECURITIES ISSUED</b>	6,888,209	7,327,427	(439,218)	-6.0
<b>40 · FINANCIAL LIABILITIES HELD FOR TRADING</b>	3,024	4,824	(1,800)	-37.3
<b>50 · FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	495,806	557,795	(61,989)	-11.1
<b>60 · HEDGING DERIVATIVES</b>	244,855	220,628	24,227	11.0
<b>80 · TAX LIABILITIES</b>	62,363	18,303	44,060	...
(a) current	50,330	6,735	43,595	...
(b) deferred	12,033	11,568	465	4.0
<b>100 · OTHER LIABILITIES</b>	676,613	922,239	(245,626)	-26.6
<b>110 · EMPLOYEE TERMINATION INDEMNITIES</b>	70,882	72,235	(1,353)	-1.9
<b>120 · ALLOWANCES FOR RISKS AND CHARGES:</b>	97,152	324,830	(227,678)	-70.1
a) post-employment benefits	42,437	244,932	(202,495)	-82.7
b) other allowances	54,715	79,898	(25,183)	-31.5
<b>140 · VALUATION RESERVES</b>	(149,743)	(198,017)	48,274	-24.4
<b>170 · RESERVES</b>	(342,745)	(832,387)	489,642	-58.8
<b>180 · SHARE PREMIUM RESERVE</b>	175,954	811,949	(635,995)	-78.3
<b>190 · SHARE CAPITAL</b>	2,791,422	2,791,422	-	0.0
<b>200 · TREASURY SHARES</b>	(15,572)	(15,572)	-	0.0
<b>210 · NON-CONTROLLING INTERESTS (+/-)</b>	31,016	33,398	(2,382)	-7.1
<b>220 · PROFIT (LOSS) FOR THE YEAR (+/-)</b>	(206,056)	(101,741)	(104,315)	...
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>28,174,078</b>	<b>30,298,856</b>	<b>(2,124,778)</b>	<b>-7.0</b>

## CONSOLIDATED INCOME STATEMENT

(EUR/000)

	1ST 6M 2016	1ST 6M 2015(*)	Change	
			absolute	%
10 - INTEREST AND SIMILAR INCOME	302,067	355,366	(53,299)	- 15.0
20 - INTEREST AND SIMILAR EXPENSE	(140,320)	(184,631)	44,311	- 24.0
<b>30 - NET INTEREST INCOME</b>	<b>161,747</b>	<b>170,735</b>	<b>(8,988)</b>	<b>- 5.3</b>
40 - FEE AND COMMISSION INCOME	142,042	152,796	(10,754)	- 7.0
50 - FEE AND COMMISSION EXPENSE	(16,439)	(22,579)	6,140	- 27.2
<b>60 - NET FEE AND COMMISSION INCOME</b>	<b>125,603</b>	<b>130,217</b>	<b>(4,614)</b>	<b>- 3.5</b>
70 - DIVIDENDS AND SIMILAR INCOME	13,903	14,435	(532)	- 3.7
80 - NET PROFIT (LOSS) ON TRADING	149	(2,020)	2,169	...
90 - NET PROFIT (LOSS) FROM HEDGING	(344)	(4,695)	4,351	- 92.7
100 - PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	30,906	13,518	17,388	...
a) loans	-	(66)	66	- 100.0
b) financial assets available for sale	24,927	14,198	10,729	75.6
d) financial liabilities	5,979	(614)	6,593	...
110 - PROFITS (LOSSES) FROM FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE	45	1,397	(1,352)	- 96.8
<b>120 - NET INTEREST AND OTHER BANKING INCOME</b>	<b>332,009</b>	<b>323,587</b>	<b>8,422</b>	<b>2.6</b>
130 - NET LOSSES/REVERSALS ON IMPAIRMENT OF:	(339,599)	(125,704)	(213,895)	...
a) loans	(344,451)	(133,332)	(211,119)	...
b) financial assets available for sale	(641)	(1,458)	817	- 56.0
d) other financial transactions	5,493	9,086	(3,593)	- 39.5
<b>140 - NET INCOME FROM BANKING ACTIVITIES</b>	<b>(7,590)</b>	<b>197,883</b>	<b>(205,473)</b>	<b>...</b>
<b>170 - NET INCOME FROM BANKING AND INSURANCE ACTIVITIES</b>	<b>(7,590)</b>	<b>197,883</b>	<b>(205,473)</b>	<b>...</b>
180 - ADMINISTRATIVE EXPENSES:	(288,059)	(305,621)	17,562	- 5.7
a) personnel expenses	(143,240)	(174,790)	31,550	- 18.1
b) other administrative expenses	(144,819)	(130,831)	(13,988)	10.7
190 - NET PROVISIONS FOR RISKS AND CHARGES	(218)	(1,229)	1,011	- 82.3
200 - NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	(9,813)	(11,360)	1,547	- 13.6
210 - NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(13,141)	(14,478)	1,337	- 9.2
220 - OTHER OPERATING INCOME/EXPENSE	42,096	50,580	(8,484)	- 16.8
<b>230 - OPERATING EXPENSES</b>	<b>(269,135)</b>	<b>(282,108)</b>	<b>12,973</b>	<b>- 4.6</b>
240 - PROFITS (LOSSES) ON INVESTMENTS IN ASSOCIATES AND COMPANIES SUBJECT TO JOINT CONTROL	2,257	3,933	(1,676)	- 42.6
260 - IMPAIRMENT ON GOODWILL	(19,942)	-	(19,942)	...
270 - GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS	38	203	(165)	- 81.3
<b>280 - PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(294,372)</b>	<b>(80,089)</b>	<b>(214,283)</b>	<b>...</b>
290 - TAXES ON INCOME FROM CONTINUING OPERATIONS	85,966	24,343	61,623	...
<b>300 - PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>(208,406)</b>	<b>(55,746)</b>	<b>(152,660)</b>	<b>...</b>
310 - PROFITS (LOSSES) AFTER TAX DISCONTINUED OPERATIONS	-	72,271	(72,271)	- 100.0
<b>320 - NET PROFIT (LOSS)</b>	<b>(208,406)</b>	<b>16,525</b>	<b>(224,931)</b>	<b>...</b>
330 - MINORITY INTERESTS	(2,350)	128	(2,478)	...
<b>340 - NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>(206,056)</b>	<b>16,397</b>	<b>(222,453)</b>	<b>...</b>

(\*) The balances for the first six months of the previous year reflect, with respect to those published, changes resulting from the application of the provisions of IFRS 5 "Non-current Assets Held for sale and Discontinued Operations".