PRESS RELEASE

BANCA CARIGE
Cassa di Risparmio di Genova e Imperia

Banca Carige's Board of Directors, chaired by Cesare Castelbarco Albani, has today resolved upon the following agenda items, as presented by Chief Executive Officer Piero Luigi Montani:

- ***Approval of results for the Banca Carige Group and Parent Company as at 31 December 2013***
- ***Approval of the Group's 2014-2018 Business Plan***
- ***Exercise of delegated power to increase capital for EUR 800 mln***
- ***Approval of the Corporate Governance and Ownership Structure Report***

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Approval of Banca Carige Group results as at 31 December 2013

The 2013 Full-Year Report is reflective of a turning point for the Banca Carige Group and lays down the foundations for the execution of the Business Plan for 2014-2018

- Key actions for the execution of the business plan have already been launched
  - Eur 800 mln capital increase
  - Disposal of the group’s asset management company, Carige AM SGR S.p.A., with a capital gain of EUR 92.9 mln
  - Almost-full impairment of goodwill (94% of carrying value) for an amountof EUR 1,673.0 mln

- Focus on disposal of insurance companies and initial assessment of other non-core asset disposals

- Rigorous credit assessment policy: coverage ratio higher than regional peers average with bad loans coverage up from 49.8% to 56.3% and substandard loans coverage up from 14.6% to 20.3%
- Material improvement in liquidity profile and reduction in financial risk profile
- Addition of new management team members
- Business: positive balance of over 2,000 new current accounts
- Improvement in cross selling index
- Stable retail customer funding
- Net profit (loss) for the period as at 31/12/2013 shows a net consolidated loss of EUR 1,761.7 mln accounted for by one-off items for an amount of -EUR 1,168.7 mln. Net normalized profit (loss) totals –EUR 593 mln, partly on the back of significant net provisions on total loans for a total amount of EUR 1,090.8 mln (of which EUR 1,063.4 mln cash loans)

Approval of the Group's 2014-2018 Business Plan

The strategy

- Re-confirm Carige's historical vocation as a locally rooted Retail Bank focused on Northern Italy for households and Small-Medium businesses
- Reduce the Bank's profile risk
- Pursue the «Efficient Distributor» model, partly exiting the role of Product-maker in non-core business segments
- Renovate the operating model

TARGETS

- 2018 Targets:
  - ✓ ROTE: 9%

- ✓ Cost/Income: 51.4%
- ✓ BIS3 full compliant CET1 ratio: ~11.5%

ENHANCING THE POINTS OF STRENGTH

- Major footprint in Italy's richest areas
- Wide customer base with high level of loyalty and satisfaction
- Pro-actively responsive branch network
- Gradually growing in the digital arena

Exercise of delegated power to increase capital

- Green light given to the capital increase for a total amount of EUR 800 mln
- The term for the exercise of pre-emptive rights by shareholders will be effective as of June 2014, unless otherwise instructed by the Supervisory Authorities
- Pre-underwriting agreements entered into with Mediobanca - Banca di Credito Finanziario S.p.A. (as Global Coordinator and Joint Bookrunner), Citigroup Global Markets Ltd., Credit Suisse Securities (Europe) Ltd, Deutsche Bank A.G. London Branch and UniCredit Corporate & Investment Banking (as Co-Global Coordinators and Joint Bookrunners) and Commerzbank and Nomura International Plc. (as Joint Bookrunners). The banks' syndicate has been extended to include Banco Santander SA as Joint Bookrunner.

Approval of the Corporate Governance and Ownership Structure Report

- As required by art. 123-ter of the Consolidated Law on Finance, the Board of Directors has also approved the annual Corporate Governance and Ownership Structure Report for 2013, where analytical disclosure is given of the Group's adoption of the Corporate Governance Code for listed companies issued by Italy's stock exchange, Borsa Italiana S.p.A.

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2013 Full-Year Results

During the year, the Group operated against a backdrop of macro-economic and financial environment deterioration which made it necessary to align the assets' book value to the new context, thereby reducing the risk profile. This led to the recognition of material non-recurring value adjustments in the income statement.

The most significant non-recurring item for the period, totalling EUR 1,673.0 mln (of which EUR 1,647.6 mln posted in the third quarter) consisted in the impairment of goodwill recognised upon past acquisition of banks and branch networks, which translated into a 94% reduction of their carrying value.

The entire loan book was reviewed according to strict classification and assessment criteria, in line with instructions received during inspections by the Supervisory Authority. This resulted in the recognition of cash loan loss provisions in the balance sheet for an amount of EUR 1,063.4 mln, corresponding to a cost of credit of 417 bps, which drove the coverage of non-performing loans to levels comparable with those of best regional peers: i.e. 56.3% (from 49.8%) for bad loans and 20.3% (from 14.6%) for substandard loans, with the overall coverage of non-performing cash loans standing at 36.1%.

In the fourth quarter, approximately EUR 2 bn worth of the AFS portfolio was divested and re-invested in shorter-maturity securities to improve the liquidity profile (the average residual maturity was down from 6.5 years as at Sept 2013 to 2.9 years as at the end of 2013): this action generated losses for an amount of EUR 302.3 mln.

Write-downs were recognised in the insurance business for a total amount of EUR 185.0 mln, largely attributable to depreciation of real estate properties (EUR 131.3 mln), addition to the claims reserve and write-downs on loans (EUR 39.0 mln in total).

Conversely, a positive contribution came from non-recurring items including the capital gain arising from the disposal of the Group's Asset Management company (EUR 92.9 mln) and effects from recognition of the re-valued stake held in the Bank of Italy for an amount of approximately EUR 300 mln[1].

[1] It is noted that, with the in-depth review currently underway by relevant authorities with regard to the application of IAS/IFRSs to such transaction, a different interpretation of the accounting standards may emerge with respect to the adopted approach. Should the re-valuation of stakes held in the Bank of Italy be recognised under a net equity reserve and assuming the related tax rate to be the

The critical elements of the macro-economic and financial cycle were also reflected on the downturn in funding and lending volumes with retail customers (gross loans down 4.6% from EUR 25.3 to 24.2 bn and direct funding down 3.1% from EUR 20.8 to 20.1 bn) and the business as usual (-15.9% in Net Interest Income and -7% in net fees and commissions, including ‘CIV’ (it. *commissione di istruttoria veloce*, fast-track credit facility fee). On the other hand, strict operational control made it possible to reduce operating costs by 2.0%, excluding one-off items consisting primarily in the depreciation of real estate properties of the insurance business. Asset management increased (+4.9% from EUR 10 bn to EUR 10.5 bn), partly on the back of a pick-up in mutual funds underwritten and a 34.0% growth in bancassurance products placed.

The Parent Company showed trends similar to those observed in the consolidated accounts, with recognition of a net loss amounting to EUR 1,964.7 mln.

The Board of Directors has therefore decided to propose to the Shareholders' Meeting the coverage of the loss as follows:

PROPOSAL FOR THE COVERAGE OF THE 2013 NET LOSS

Net loss of the period	**-1,964,690,877**
Use of reserves	-770,201,068
Use of share premium reserve	-1,020,989,843
Loss to be carried forward	-173,499,966

With hints of an economic recovery starting to show, the intense work carried out during the year to align balance sheet items with prudential values and the launch of a EUR 800 mln capital increase are the essential pre-requisites for the execution of the new Strategic Plan, whereby the new Management Team has embarked on a path for returning to a sustainable growth.

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same, the profit (loss) for the year 2013 would recognise approximately EUR 300 mln less in gains on disposal of AFS financial assets (roughly EUR 264 mln after the 12% substitute tax paid). However, the net accounting equity, inclusive of profit (loss) for the period, would not change inasmuch as the non-recognition of the net capital gain would be offset by accounts being credited with the re-valuation of valuation reserves, after related tax charges.

The 2014/2018 Business Plan

The Business Plan sets out the **guidelines** for the Group's strategy over the 2014/2018 time horizon, which are aimed to:

- Re-confirm Carige's historical vocation as a locally rooted Retail Bank focused on Northern Italy for households and Small-Medium businesses
- Reduce the Bank's profile risk
- Pursue the «Efficient Distributor» model, partly exiting the role of Product-maker in non-core business segments
- Renovate the operating model.

The **priorities** identified for the pursuit of this strategy include:

- Strengthening of the capital base
- Mitigation of financials risks and improvement of liquidity position
- Upgrading of the credit management model
- Renovation of the organisational model to increase sales effectiveness
- Improvement of the operational efficiency
- Simplification of the organisational structure and strengthening of the Management Team

The execution of the Business Plan will make it possible to enhance the Group's **points of strength,** which include: a) major footprint in Italy's richest areas, b) wide customer base with high level of loyalty and satisfaction, c) a pro-actively responsive branch network, d) growing engagement in the digital arena.

The opportunities for improvement were particularly identified in a) tapping the potential of the existing client base, b) room available to improve the cost base, c) room for cost of credit reduction, based, among other things, on the enablers created in 2013

The **actions already launched by Management to execute the Business Plan** attached priority to capital strengthening by way of: a) disposal of the Group's Asset Management company, b) preparatory activities for the EUR 800 mln capital increase approved by the Board of Directors today, c) talks underway to sell the Group's insurance companies and other Group assets and d) launch of the process for validation of the AIRB approach.

Business Plan delivery will also be supported by the significant reduction in the carrying amount of goodwill in 2013.

In line with Carige’s «Retail Bank» mission, the risk profile of the securities portfolio was reduced and the loan book assessed and classified according to strict criteria.

Additional actions already launched with a view to increasing sales effectiveness, operational efficiency and simplifying the organisational structure are centred on the implementation of the Hub & Spoke model involving eight pilot branches, and an assessment of the Group's current IT scope.

In addition to the initiatives underway, the **capital strengthening** priority encompasses actions aimed at reducing risk-weighted assets by re-focusing on lower-risk customers and alternative products. As a whole, the capital strengthening efforts will drive the BIS 3 full compliant CET1 ratio to approximately 11.5% by the end of the Business Plan period, well above regulatory requirements.

Financial risk mitigation is expected to translate into an improved risk profile of the securities portfolio, a review of the operational mechanisms and delegated powers for market risk management; improvements in the liquidity position will translate into: a substantial liquidity buffer being maintained over the entire Business Plan period (NSFR over 110% in 2018); a reduced funding gap; and a structurally lower reliance on institutional funding, with 80% of the LTRO repaid by the end of the year

A defining aspect of the Business Plan is an **upgraded credit management model**: governance mechanisms and the internal control system will be fully reviewed, with centralisation of the credit process and strengthening of monitoring procedures and internal credit management skills. Credit policies will also be redefined, with priority given to loans to SMEs and a gradual exit from the Large Corporate segment.

Debt collection for the non-performing loan book will be re-organised with managers' attention focused on a limited number of large non-performing exposures and part of the smaller-amount NPL book potentially disposed of (currently, 68.4% of bad loan positions for amounts lower than EUR 100,000 account for 12.1% of total NPLs).

Increased sales effectiveness will be achieved through renewal and simplification of the organisational model via a reinforced salesforce and increased productivity. In 2014, Carige Italia is planned to be merged in view of a gradual shift towards a 'One Bank' model during the Business

Plan period, enhancing the peculiarities of local market areas. Simplification will focus on the organisational structure of Head Office and Market Areas' functions, shortening the Centre-Network chain. The Network will be rationalised through the aggregation of 80/90 branches and the adoption of the Hub & Spoke model.

Salesforce and productivity re-enforcement will start from re-deployment of over 600 employees to sales activities. Increased productivity will also be based on the introduction of interchannel management logics to increase customer contacts and cross-selling opportunities.

Moreover, the existing customer base potential is planned to be tapped by strengthening the role of Banca Cesare Ponti as the Group's bank dedicated to Private Banking and Wealth Management as well as by innovating the customer relationship model to maintain and expand the high-value customer base.

An additional priority in the Business Plan consists in improving **operational efficiency** by focusing on the optimisation of costs and personnel management.

The former area of focus will be centred upon stronger spending control, optimisation of ICT costs and potential outsourcing of administrative, ancillary and facility management activities to ensure a stronger focus on the core business.

With regard to personnel management, the Plan provides for incentive-based early retirement upon attainment of minimum age or service requirements for approximately 600 employees and, at the same time, includes hiring of approximately 150 young resources via an apprenticeship contract and wider use of part-time work.

Across the board with respect to the above priorities is the **simplification of the organisational structure and strengthening of the Management Team** which include a reduction in reporting levels from 4 to 3, a clear-cut Market/Credit separation and the renewal of the Management Team, partly already underway.

The **macro-economic scenario** used for reference in the Business Plan is based on forecasts provided for the period until 2016 by highly dependable external sources; for the 2017-18 period, such sources have been supplemented with consensus-based internally processed data and Management assumptions.

Although after an uncertain start, Italy's economic situation in the last quarter of 2013 appears to have finally overcome the recessionary spiral and positive, albeit modest, signs of growth are emerging for the 2014-2016 period:

- gradual growth of Italy's GDP from 0.8% in 2014 to 1.6% in 2016
- low interbank interest rates until 2016
- gradually narrower Btp-Bund spreads

With regard to the banking system, the recovery in lending will be conditional upon the possibility for banks to complete their capital strengthening process and profitability will be affected by high levels of loan loss provisions, only partly offset by an upturn in total revenues.

Trends in main balance sheet aggregates (with regard to banking only) over the Business Plan period may be summarised in an average 3.4% annual increase in direct funding from customers from EUR 20.6 bn in 2013 to EUR 24.2 bn in 2018 and an average 2.8% annual increase in gross loans to customers from EUR 24.2 bn to EUR 27.7 bn, with a loan to deposit ratio down accordingly from 105.7% to 100.7%.

Over the BP time horizon, a funding mix shift to indirect deposits (average 4% annual increase) is expected, with the asset management share tending to increase.

As a result of growing business volumes and planned sales-boosting initiatives, total revenues are expected to rise from EUR 835 mln to EUR 1,108 mln, reflective of an average annual increase of 5.8%.

The Group's overall reorganisation is estimated to reduce costs on average by 1.1% a year (from EUR 603 mln in 2013 to EUR 570 mln in 2018). Based on these forecasts, the cost/income ratio would stand at 51.4% in 2018, down from 72.3% in 2013.

By virtue of Management actions envisaged, inter alia, for credit management, cost of credit is expected to normalise from 414 bps in 2013 to 70 bps in 2018.

As a result of the above, a return to an adequate level of profit is expected as early as from 2016, up to achieving a net profit of EUR 219 mln in 2018, with an expected ROTE (Return On Tangible Equity, computed by dividing net earnings by total shareholders' equity less intangible assets) of 9.0% at the end of the Business Plan period.

The capital increase and effects from other capital strengthening initiatives will make it possible to align the Group's capital structure to Basel 3 stricter rules on capital requirements, partly in view of the launch of the European Banking Union, with a BIS 3 full compliant CET1 ratio of approximately 11.5% in 2018.

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Exercise of delegated power to increase capital

The Board of Directors has further resolved to exercise the power granted by the Extraordinary Shareholders Meeting of 29 April 2013 pursuant to art. 2443 of the Italian Civil Code.

In particular, the Board of Directors –exercising the afore-mentioned delegated power- has resolved to increase share capital against payment in one or more tranches, for up to a maximum amount of EUR 800 mln, inclusive of share premium, if any, through the issuance of ordinary shares having regular dividend entitlement and the same characteristics as shares outstanding as at the date of issuance, with no indication of par value, to be offered pre-emptively to holders of ordinary and savings shares, proportionally to the number of ordinary and savings shares held.

Furthermore, the Board of Directors has resolved to defer to a subsequent resolution (to be taken according to the procedure provided for under art. 2443 of the Italian Civil Code, immediately prior to the start of the offer period for the shares issued as part of the pre-emptive rights issue to increase capital) the determination of all further details of the capital increase, including, in particular: the issue price (inclusive of share premium, if any) and the exact number of ordinary shares to be issued under the rights issue, the share allotment ratio, as well as the terms and conditions for subscription.

The issue price of shares issued by way of execution of the afore-mentioned capital increase will be determined by the Board of Directors in consideration, *inter alia*, of market conditions, price quoted for the Company’s ordinary shares and market practice for similar transactions.

The maximum capital increase amount, totalling Euro 800 mln, has been set by the Board of Directors in consideration of: *(i)* the 2013 results; *(ii)* the new business plan of the Banca CARIGE Group for the 2014-2018 period, in order to obtain a Group capital base in compliance with the new supervisory regulations of “Basel 3”, iii) the asset disposal plan, which is still underway and appears unlikely to be completed shortly, in line with the Group's need for capital strengthening.

As was resolved upon by the Board of Directors in its meeting on 26 February 2014, the Company expects the offer of shares reserved for eligible existing shareholders (Rights issue) to be effective in June 2014, unless otherwise instructed by the Supervisory Authority.
The minutes of the Board of Directors’ Meeting and amended Articles of Association will be made available to the public under the terms and within the deadlines set out by regulations in force.

Banca Carige has entered into pre-underwriting agreements with Mediobanca - Banca di Credito Finanziario S.p.A. (as Global Coordinator and Joint Bookrunner), Citigroup Global Markets Ltd., Credit Suisse Securities (Europe) Ltd, Deutsche Bank A.G. London Branch and UniCredit Bank AG Milan Branch (as Co-Global Coordinators and Joint Bookrunners) and Commerzbank and Nomura International Plc. (as Joint Bookrunners).

Under the said agreements, the afore-mentioned banks undertook, subject to the usual terms and conditions for transactions of a similar type and nature, to participate in a syndicate of banks for the capital increase by entering into an underwriting agreement with Banca Carige at a time close to the launch of the Rights Issue, which sets out the banks' commitment to underwrite Banca Carige's ordinary shares remaining unsubscribed, if any, at the end of the auction of the unexercised pre-emptive rights for a maximum amount of EUR 800 mln.

As allowed for by the pre-underwriting agreements, the banks' syndicate has been extended to include Banco Santander SA as Joint Bookrunner, under the same terms and conditions as set out in the pre-underwriting agreements entered into by the other Joint Bookrunners.

In promoting the underwriting syndicate, Banca Carige was advised by Mediobanca – Banca di Credito Finanziario S.p.A.. The Company is being counselled by 'Studio Legale d’Urso Gatti e Bianchi' as legal advisor, whereas Clifford Chance is acting as the legal advisor for the underwriting syndicate.

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Approval of the Corporate Governance and Ownership Structure Report

As required by art. 123-ter of the Consolidated Law on Finance, the Board of Directors has also approved the annual Corporate Governance and Ownership Structure Report for 2013, where analytical disclosure is given of the Group's adoption of the Corporate Governance Code for listed companies issued by Italy's stock exchange, Borsa Italiana S.p.A.

Moreover, pursuant to art. 3 of the Corporate Governance Code for listed companies, the Board of Directors has assessed the independence of its directors. As a result of the assessment, which was conducted to also verify requirements under art. 148, para. 3, of the Consolidated Law on Finance and art. 18, para. 4, of the Articles of Association, the following directors qualified as fully independent:

- Mr. Jérome Gaston Raymond Bonnet
- Ms. Evelina Christillin
- Mr. Lorenzo Cuocolo
- Mr. Philippe Marie Michel Garsuault
- Mr. Guido Pescione
- Mr. Lorenzo Roffinella
- Ms. Elena Vasco
- Ms. Lucia Venuti
- Mr. Philippe Wattecamps

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Restatement of balances and disclosures for the previous year in accordance with IAS 8 (Accounting policies, Changes in Accounting Estimates and Errors)

The following section discusses the restatements of financial statement balances and the disclosures for the year ended December 31, 2012 that Banca Carige (hereinafter the “Bank” or “Banca Carige”) has decided to make in application of the provisions of IAS 8 in order to take account of the content of Consob ruling no. 18758 of January 10, 2014 (hereinafter “Ruling 18758”) as well as the notice initiating the process for the adoption of the measures referred to in Article 154-ter, paragraph 7, of Legislative Decree 58/1998 of March 4, 2014 (hereinafter the "Notice").

In addition, the restatements of the financial statement balances and the disclosures for the year ended December 31, 2012 arising from the retrospective application of the recognition policy for a specific kind of premium (the “reinstatement premium”) relating to non-life insurance are discussed.

1. Consob Ruling no. 18758 of January 10, 2014

On January 10, 2014, Consob issued the Ruling, which was transmitted to Banca Carige on January 13, 2014, confirming the finding of non-compliance for Banca Carige’s consolidated and separate financial statements as at December 31, 2012 and the condensed consolidated interim financial statements as at June 30, 2013, with the regulations governing their preparation, and it asked the Bank to publish, pursuant to Article 154-ter, paragraph 7, of Legislative Decree 58/1998, certain additional disclosures. On January 22, 2014, Banca Carige issued a specific press release with the disclosures required by Consob.

In the press release of January 22, 2014, Banca Carige said that it did not agree with the judgment of non-compliance issued by Consob, noting that the Bank had already written down the goodwill of the banking CGUs in the interim financial report as at September 30, 2013, with the consequent recognition of the impairment in its accounts, pointing out that the alleged non-compliance essentially regarded the measurement of items in the financial statements for which any restatement would have no monetary effect and/or impact on the regulatory capital of the Bank and the Group. However, in order to avoid any divergences with Consob concerning the interpretation and application of accounting standards, taking due account of the importance of the Bank in the capital markets, and in the spirit of its ongoing cooperation with the authorities, Banca Carige has decided to apply IAS 8 in the preparation of the consolidated financial statements as at December 31, 2013, with reference to:

a. the measurement of the equity investment in the Bank of Italy, recognizing the interest at cost in the financial statements as at December 31, 2012 and earlier accounts, rather than at the pro-rata value of the equity held (as Consob – in the above Ruling – felt that the equity value did not reflect its fair value);
b. the disclosures provided in the notes to the consolidated financial statements as at December 31, 2012, of the Carige Group concerning the impairment testing of goodwill for the Banca Carige Italia and Banca del Monte di Lucca CGUs.

a. Measurement of the equity investment in the Bank of Italy

The application of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors involves the retrospective correction of the value of the ownership interest at January 1, 2012, with subsequent restatement of the comparative figures in the financial statements at December 31, 2012. However, the above correction has no monetary effect and does not impact the value of the regulatory capital of the Bank and the Group. In addition, as a result of changes in legislation and the bylaws during 2013, which definitively clarified the structure and nature of the financial and administrative rights of the shareholders of the Bank of Italy, the interest held by the Bank and the Carige Group has been measured at fair value, in an amount consistent with the estimates contained in the report prepared – at the request of the Minister for the Economy and Finance – by the Bank of Italy itself with the help of a committee of experts.

The restatements made to the Carige Group accounts for the previous year were therefore equal to:

	Gross amount	**Tax effect**	**Net amount**
Shareholders' equity at Jan. 1, 2012	-861.4	+59.8	-801.6
2012 income statement	0.0	0.0	0.0
2012 comprehensive income	-28.3	+2.0	-26.3
Shareholders' equity at December 31, 2012	-889.7	+61.8	-827.9

Amounts in millions of euros

b. Disclosures on the impairment testing of the goodwill of the Banca Carige Italia and Banca del Monte di Lucca CGUs

With regard to Consob's specific findings relating to impairment testing:

- the use of a 10-year period was consistent with the business plan that Banca Carige Italia intended to pursue, in view of the fact that its financial benefits were expected to be fully achieved only in the second five years of activity of the new banking entity and in accordance with the strategic plans of Banca del Monte di Lucca, since the territorial expansion planned by the latter was expected to deploy its effects over a period of more than 5 years;

- the forecasts for the early years of the period stem from the annual and multi-year planning approach that the Bank routinely performs, which was also adopted in setting our commercial targets;
- The AIRB approach has already been used for years in the Bank’s lending process and is the most accurate technique for estimating risk-weighted assets for the purposes of valuing banks.

The decision to use – for impairment testing – an AIRB approach that has not yet been validated by the Bank of Italy for use for regulatory purposes was well-founded, as it makes it possible to measure the level of credit risk of the assets of the CGU appropriately and, consequently, represents the best approach for the numerical development of plans for measurement purposes. Accordingly, the adoption of the AIRB approach does not represent an improvement that changes the actual cash flows of the Bank, but rather the application of an estimation method that makes it possible to determine as precisely as possible the actual risk exposure of the loan portfolio in order to adequately calculate the part of capital that, in covering the risk of unexpected losses, cannot be considered part of the value.

Taking due account the alleged non-compliance with the applicable IAS/IFRS found by Consob, the Bank has taken steps to re-examine in detail the annual and multi-year planning approach underpinning the growth assumptions adopted. In order to re-assess the results of the impairment testing performed as part of preparing the financial statements at December 31, 2012, the Bank carried out a further measurement exercise to determine the value in use of the Banca Carige Italia and Banca del Monte Lucca CGUs at December 31, 2012, using the parameters summarized in the following table:

Parameter	**Original**	**Recalculation**
Risk-free rate	5.50%	5.50%
Beta	0.89	0.84
Equity risk premium	5.00%	5.00%
Cost of capital	10.00%	9.70%
Growth rate (g)	2.00%	2.28%
Analytic estimation horizon	10 years	5 years
Normalization of profit	No	10%
Minimum common equity ratio requirement	8.00%	8.00%

As regards the analytical estimation horizon, although the reasons that prompted the Bank to originally select a 10-year period were reasonable in the circumstances at that time, and that choice is not per se prohibited under IAS/IFRS, the measurement exercise used a period of five years since that is the period used most frequently in impairment tests. In particular, the evaluation exercise was carried out using only the first 5 years of the forecasting period, identifying the long-term profit to be used to calculate the terminal value, normalizing the profit for the 5th year (see the parameter "Normalization of profit") to take account of the fact that, in accordance with the original program, Banca Carige Italia would not have fully implemented its plans at the end of the first five years.

Based on these parameters, which correspond to those underlying the minimum hypothesis reported in the press release of January 22, 2014, the value in use of the CGU was in line with or greater than the associated carrying amount, thus making any write-down of goodwill relating to the two CGUs unnecessary.

CGU	Original value in use	Restated value in use	Carrying amount
Banca Carige Italia	2,939,679	2,486,029	2,486,261
Banca del Monte di Lucca	131,580	102,030	90,266

The Board of Directors of the Bank also asked a leading advisory firm to retrace the measurement process in order to confirm whether, taking account of the non-compliance with IAS/IFRS found by Consob, the value of the Banca Carige Italia as calculated at December 31, 2012 exceeded, or was at least in line, with its carrying amount. The opinion issued by the advisors on March 17, 2014 confirms that the value of the Banca Carige Italia CGU was in line with its carrying amount in the consolidated financial statements at December 31, 2012 and that the measurement process, based on a five-year plan for the analytical estimate of profitability, complied with the requirements of IAS 36.

The Board of Directors of the Bank has also appointed another expert to conduct an independent assessment of the measurements and the procedure followed in order to confirm the validity of the evaluation process. The expert has also issued an opinion, confirming the correct application of IAS 36 and that the Bank acted with appropriate diligence and professional reasonableness.

2. Consob Notice of March 26, 2014 concerning "Disclosures to the public pursuant to Article 114 of Legislative Decree 58/98"

On March 4, 2014 Banca Carige received a notice with which Consob made further allegations of non-compliance - in addition to those specified in Ruling 18758 of January 10, 2014 - with the IAS/IFRS in the separate and consolidated financial statements at December 31, 2012 of Banca Carige. The facts and circumstances that, according to Consob, would represent the non-compliance of the aforesaid financial statements regard the fact that the additions to the reserves recognized by Carige Assicurazioni S.p.A. (hereinafter "Carige Assicurazioni" or the "Company") in the 2012 financial statements were the result of “procedural deficiencies, process errors in the management and provisioning of claims and the failure to use statistical and actuarial methods to determine the ultimate cost to be used in the analytical measurement of outstanding claims as at the date of preparation of the 2011 financial statements”. The failure to revalue the technical provisions in the 2011 financial statements of the Company should be regarded as an error pursuant to IAS 8 and, therefore, the Company should have performed an error correction pursuant to IAS 8. Consequently, both the consolidated financial statements and the separate financial statements for the year ended December 31, 2012 of Banca Carige erroneously reflect the fact that the Carige Assicurazioni "recognized the revaluation of the technical provisions [...] through the income statement rather than carrying out a retrospective restatement of the items involved", as required by IAS 8.

Subsequently, in a notice of March 26, 2014 concerning "Disclosures to the public pursuant to Article 114 of Legislative Decree 58/98", Consob asked the Bank to provide information in its 2013 financial report and in the press release announcing the Bank's results concerning:

a. the circumstances underlying the retrospective restatement of the financial statements with regard to the inadequacy of the claims provisions for civil automotive liability and the procedures used to determine the effects of these errors;
b. the circumstances for which the retrospective restatement of financial data concerning the inadequacy of the claims reserves for general civil liability is impracticable, noting in particular the findings of ISVAP (now IVASS – the insurance industry regulator) in its notice of irregularities of August 3, 2012 concerning the criteria used to determine the ultimate cost provision recognized under liabilities in the 2011 financial statements;
c. the findings of inspections carried out recently by IVASS of Carige Vita Nuova and Carige Assicurazioni, specifying the accounting impact of the irregularities found by that regulatory authority concerning the financial statements of the Group, as well as the restoration and maintenance of operating conditions for the insurance activities of the aforementioned companies.

We provide the following disclosures requested by Consob.

a) Retrospective restatement of financial statement items concerning the inadequacy of the claims provisions for civil automotive liability.

Concerning the nature of the allegations, we note first of all that this does not impact (except for very modest tax effects) the volume of the assets of the Company at the end of 2012, but only the time (before the end of 2012) over which that aggregate was formed and should have been recognized. According to Consob, the effects of insufficient provisions resulting from procedural deficiencies, process errors in the management and provisioning of claims and the failure to use statistical and actuarial methods to determine the ultimate cost to be used in the analytical measurement of outstanding claims, should have been recognized in the 2011 financial statements and not those for 2012.

In 2013, the Company, with the help of qualified professionals, undertook an in-depth internal investigationto acquire new information concerning irregularities in the management of claims. This investigationsubstantially altered our understanding of the information available at the time of the preparation of the 2011 financial statements and prompted the Shareholders' Meeting of November 4, 2013, to approve a shareholder suit against two former chief executive officers. Banca Carige, in the preparation of the consolidated financial statements at December 31, 2013, therefore recalculated, in accordance with and for the purposes of IAS 8, the opening balances for assets, liabilities and shareholders' equity in the consolidated financial statements for 2012 and the comparative figures for 2012 for the portion attributable to the irregularities cited by Consob. Based on the analysis conducted, and following discussions with Consob to address the issues highlighted by the latter in its Notice of March 4, 2014, Banca Carige believes that the shortfall in the claims provisions for civil automotive liability recognized in the 2011 financial statements, amounting to no less than €138 million, as indicated in the notice of irregularities of August 3, 2012, received from ISVAP can be taken as the basis of the restatement of the opening balances for 2012, net of tax effects.

The adjustments made to the Carige Group financials for the previous year are therefore equal to:

	Gross amount	**Tax effect**	**Net amount**
Shareholders' equity at Jan. 1, 2012	-138.0	+38.0	-100.0
2012 income statement	+138.0	-38.0	+100.0
2012 comprehensive income	+138.0	-38.0	+100.0
Shareholders' equity at December 31, 2012	0.0	0.0	0.0

b) Impracticability of retrospective restatement of financial data with reference to the inadequacy of the claims provision for general civil liability.

With regard to the determination of the ultimate cost claims provision for general civil liability business, ISVAP (now IVASS), in its notice of irregularities of August 3, 2012, noting that "the criteria used to determine the ultimate cost of the claims provision recognized under liabilities in the

2011 financial statements do not appear appropriate to ensure that the provision is sufficient, in compliance with the principle of prudence, to meet the payment of claims and related expenses", did not attempt to quantify the shortfalls in question, as it had for civil automotive liability.

Banca Carige, in the light of the internal investigations conducted during 2013, considered the option of retrospectively restating the values for the above shortfall. In this regard, however, it should first be noted that a precise reconstruction of the claims provision at December 31, 2011, would be an extremely complex undertaking because it would require the analysis and subsequent valuation of each individual claim to reconstruct the information available at the date of preparation of the financial statements in question. In addition to being materially impracticable to complete in a reasonable time frame, such a reconstruction, which would require the complete re-elaboration of the analytical breakdown of the claims reserve, would not be able to distinguish the information known at the date of preparation of the 2011 financial statements from the information that became available later due to the stratification of events over the long period of time that has elapsed and the very size of the policy portfolio to which the provisions refer.

Consequently, such a reconstruction is considered impractical in accordance with the criteria laid down in the relevant accounting standard (see IAS 8 paragraph 52). It should be remembered, however, that the shortfall in provisions does not impact (except for modest tax effects) the assets and liabilities of the Company at the end of 2012, but only the timing of the recognition of the events that contributed to forming that aggregate.

c) findings of the recent inspections by IVASS of Carige Assicurazioni and Carige Vita Nuova.

From October 1, 2013 to February 27, 2014, IVASS conducted an inspection pursuant to Article 189 of Legislative Decree 209 of September 7, 2005 of the insurance subsidiaries Carige Assicurazioni and Carige Vita Nuova. On March 20, 2014 Carige Vita Nuova S.p.A. and the Carige Assicurazioni S.p.A. were notified of the results of these inspections with the delivery of the reports containing the findings and observations of the regulator.

The investigations found:

- partially unfavorable results for Carige Vita Nuova S.p.A., attributable to persistent weaknesses in the governance and control systems that increase the exposure of Carige Vita Nuova to operational, reputational and strategic risks. These risk factors have contributed to the deterioration of its financial position and the consequent reduction of the adjusted solvency ratio of the insurance group below the minimum requirement;

- largely unfavorable results for Carige Assicurazioni S.p.A., attributable to persistent weaknesses in the systems for governing, managing and controlling key business risks, which have caused a deterioration in performance and financial position, with the consequent cessation of operating conditions. In particular, the weaknesses identified in controlling real estate, financial and operational risks are reflected in measurement policies and practices adopted, with the recognition of substantial extraordinary impairment losses. This has resulted in a shortfall of assets covering technical provisions and the reduction of the solvency ratio to 48%, compared with the ratio of 120% imposed by IVASS in March 2013.

In addition, IVASS has notified both companies of an assessment of violations found during the inspections, potentially subject to fines in accordance with Legislative Decree 209 of September 7, 2005.

Finally, together with the results of the inspections, each company was notified of corrective action to be taken in light of the inspection findings, concerning the restoration of compliance with prudential supervisory rules, in particular through an operation to strengthen the capital of Carige Assicurazioni S.p.A. in an amount of not less than €92 million, indicated by IVASS as appropriate for restoring operating conditions at the Company.

At its meeting of March 27, 2014, the Board of Directors of Banca Carige therefore resolved to approve, subject to the granting of the necessary authorizations by the Bank of Italy, a capital increase at Carige Assicurazioni S.p.A. in the amount of €92 million, after reducing capital in proportion to losses incurred, and the subscription of the increase with the exercise of the right of pre-emption for any new shares that are not taken up.

The accounting effects of the observations made by IVASS as part of its investigation have been reflected in the consolidated financial statements of the Banca CARIGE Group at December 31, 2013.

3. Retrospective application of the recognition criteria for a specific type of premium (reinstatement premiums) relating to non-life insurance business.

The Carige Group has restated the comparative figures for its income statement and balance sheet at December 31, 2012 to reflect the retrospective application of the recognition criteria for a specific type of premium (reinstatement premiums), relating to non-life insurance business, in compliance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Specifically, starting from the preparation of these consolidated financial statements, reinstatement premiums are recognized on an accruals rather than cash basis, in order to ensure a more effective representation of corporate events and transactions. The effect was recognized in its entirety in 2012, as the portion attributable to prior periods was not material. For this reason, disclosures for the amount of the correction at the beginning of the comparative period have not been presented.

	Gross amount	**Tax effect**	**Net amount**
Shareholders' equity at Jan. 1, 2012	0.0	0.0	0.0
2012 income statement	-18.0	+4.9	-13.1
2012 comprehensive income	-18.0	+4.9	-13.1
Shareholders' equity at December 31, 2012	-18.0	+4.9	-13.1

The following tables report the amount of the corrections made to the comparative figures.

CONSOLIDATED BALANCE SHEET

(figures in thousands of euro)

Assets	1/1/2012 (*)	Restated measurement of the equity investment in the Bank of Italy	Restated claims reserve for automotive third-party liability	1/1/2012 restated
10. Cash and cash equivalents	604,122			604,122
20. Financial assets held for trading	170,364			170,364
30. Financial assets designated at fair value through profit and loss	534,176			534,176
40. Financial asstes available-for-sale	9,665,750	(861,407)		8,804,343
50. Investments held to maturity	-			-
60. Due from banks	1,986,409			1,986,409
70. Loans to customers	26,885,944			26,885,944
80. Hedging derivatives	152,543			152,543
100. Equity investments	53,885			53,885
110. Technical insurance reserves reassured with third parties subject to joint control	154,748			154,748
120. Property and equipment	1,206,593			1,206,593
130. Intangible assets	1,859,969			1,859,969
of which:				-
goodwill	1,779,644			1,779,644
140. Tax assets	1,064,309		37,950	1,102,259
a) current	109,880			109,880
b) deferred	954,429		37,950	992,379
pursuant to Law 214/2011	171,310			171,310
160. Other assets	521,876			521,876
Total assets	44,860,688	(861,407)	37,950	44,037,231

(*) With reference to item 140 b), the figure was redetermined with respect to the originally published value as a result of the retrospective application of the new version of IAS 19.

Liabilities and shareholders' equity	1/1/2012 (*)	Restated measurement of the equity investment in the Bank of Italy	Restated claims reserve for automotive third-party liability	1/1/2012 restated
10. Due to banks	5,922,303			5,922,303
20. Due to customers	15,919,602			15,919,602
30. Securities issued	11,616,164			11,616,164
40. Financial liabilities held for trading	66,150			66,150
50. Financial liabilities designated at fair value through profit and loss	1,460,833			1,460,833
60. Hedging derivatives	1,212,376			1,212,376
80. Tax liabilities	413,412	(59,825)		353,587
a) current	47,454			47,454
b) deferred	365,958	(59,825)		306,133
100. Other liabilities	894,101			894,101
110. Employee termination indemnities	85,206			85,206
120. Allowances for risks and charges:	298,726			298,726
a) post employment benefits	269,263			269,263
b) other allowances	29,463			29,463
130. Technical reserves	4,096,189		138,000	4,234,189
140. Valuation reserves	(497,131)	(800,626)		(1,297,757)
160. Equity instruments	15,772			15,772
170. Reserves	329,804			329,804
180. Share premium reserve	1,013,277			1,013,277
190. Share capital	1,790,392			1,790,392
200. Treasury shares (-)	-			-
210. Minority interests (+/-)	54,246	(956)	(449)	52,841
220. Net income (loss) (+/-)	169,266		(99,601)	69,665
Total liabilities and shareholders' equity	44,860,688	(861,407)	37,950	44,037,231

(*) With reference to items 80 b), 140 and 220 the figures were redetermined with respect to the originally published value as a result of the retrospective application of the new version of IAS 19.

CONSOLIDATED BALANCE SHEET

(figures in thousands of euro)

Assets	31/12/2012	Restated measurement of the equity investment in the Bank of Italy	Restated claims reserve for automotive third-party liability	Retrospective application of criteria for the recognition of reinstatement premiums	31/12/2012 restated
10. Cash and cash equivalents	376,709				376,709
20. Financial assets held for trading	194,962				194,962
30. Financial assets designated at fair value through profit and loss	457,561				457,561
40. Financial asstes available-for-sale	9,833,217	(889,653)			8,943,564
50. Investments held to maturity	602,777				602,777
60. Due from banks	2,165,106				2,165,106
70. Loans to customers	30,142,748				30,142,748
80. Hedging derivatives	217,594				217,594
100. Equity investments	90,164				90,164
110. Technical insurance reserves reassured with third parties subject to joint control	195,471				195,471
120. Property and equipment	1,208,678				1,208,678
130. Intangible assets	1,869,051				1,869,051
of which:					
goodwill	1,779,487				1,779,487
140. Tax assets	1,442,153			4,940	1,447,093
a) current	146,108				146,108
b) deferred	1,296,045			4,940	1,300,985
pursuant to Law 214/2011	786,629				786,629
160. Other assets	529,642				529,642
Total assets	49,325,833	(889,653)	-	4,940	48,441,120

(*) With reference to item 140 b), the figure was redetermined with respect to the originally published value as a result of the retrospective application of the new version of IAS 19.

Liabilities and shareholders' equity	31/12/2012	Restated measurement of the equity investment in the Bank of Italy	Restated claims reserve for automotive third-party liability	Retrospective application of criteria for the recognition of reinstatement premiums	31/12/2012 restated
10. Due to banks	8,486,727				8,486,727
20. Due to customers	16,729,803				16,729,803
30. Securities issued	11,022,540				11,022,540
40. Financial liabilities held for trading	21,379				21,379
50. Financial liabilities designated at fair value through profit and loss	1,273,024				1,273,024
60. Hedging derivatives	1,548,821				1,548,821
80. Tax liabilities	625,854	(61,787)			564,067
a) current	302,414				302,414
b) deferred	323,440	(61,787)			261,653
100. Other liabilities	766,418			17,963	784,381
110. Employee termination indemnities	91,652				91,652
120. Allowances for risks and charges:	363,308				363,308
a) post employment benefits	334,237				334,237
b) other allowances	29,071				29,071
130. Technical reserves	4,717,735				4,717,735
140. Valuation reserves	136,888	(826,875)			(689,987)
160. Equity instruments	1,173				1,173
170. Reserves	372,089		(99,601)		272,488
180. Share premium reserve	1,020,020				1,020,020
190. Share capital	2,177,219				2,177,219
200. Treasury shares (-)	(18,259)				(18,259)
210. Minority interests (+/-)	52,649	(991)		(58)	51,600
220. Net income (loss) (+/-)	(63,207)		99,601	(12,965)	23,429
Total liabilities and shareholders' equity	49,325,833	(889,653)	-	4,940	48,441,120

(*) With reference to items 80 b), 140 and 220 the figures were redetermined with respect to the originally published value as a result of the retrospective application of the new version of IAS 19.

CONSOLIDATED INCOME STATEMENT

(figures in thousands of euro)

Items	2012	Restated measurement of the equity investment in the Bank of Italy	Restated claims reserve for automotive third-party liability	Retrospective application of criteria for the recognition of reinstatement premiums	31/12/2012 restated
10. Interest and similar income	1,422,387				1,422,387
20. Interest and similar expense	(666,423)				(666,423)
30. Interest margin	755,964				755,964
40. Fee and commission income	359,416				359,416
50. Fee and commission expense	(56,226)				(56,226)
60. Net fee and commission income	303,190				303,190
70. Dividends and similar income	6,461				6,461
80. Profit (Losses) on trading	3,559				3,559
90. Fair value adjustments in hedge accounting	(284)				(284)
100. Profits (Losses) on disposal or repurchase of:	157,266				157,266
a) loans	*262*				*262*
b) financial assets available-for-sale	*155,540*				*155,540*
d) financial liabilities	*1,464*				*1,464*
110. Profit (Losses) on financial assets and liabilities designated at fair value	4,817				4,817
120. Net interest and other income	1,230,973				1,230,973
130. Net losses/recoveries on impairment of:	(603,284)				(603,284)
a) loans	(447,435)				(447,435)
b) financial assets available-for-sale	(155,863)				(155,863)
d) other financial activities	14				14
140. Net income from banking activities	627,689				627,689
150. Net insurance premiums	1,032,007				1,032,007
160. Otrher net insurance income (expense)	(1,333,867)		138,000	(17,963)	(1,213,830)
170. Net income from banking and insurance activities	325,829		138,000	(17,963)	445,866
180. Administratives expenses:	(667,284)				(667,284)
a) personnel expenses	(402,938)				(402,938)
b) other administrative expenses	(264,346)				(264,346)
190. Net provisions for risks ang charges	(4,498)				(4,498)
200. Net adjustments to/recoveries on property and equipment	(27,529)				(27,529)
210. Net adjustments to/recoveries on intangible assets	(34,431)				(34,431)
220. Other operating expenses (income)	59,716				59,716
230. Operating expenses	(674,026)			-	(674,026)
240. Profit (Losses) on investments in associates and companies subject to joint control	3,182				3,182
270. Profit (Losses) from diosposal of investments	50				50
280. Income (Loss) before tax from continuing operations	(344,965)		138,000	(17,963)	(224,928)
290. Taxes on income from continuing operations	282,450		(37,950)	4,940	249,440
300. Income (Loss) after tax from continuing operations	(62,515)		100,050	(13,023)	24,512
320. Net income (loss)	(62,515)		100,050	(13,023)	24,512
330. Minority interests	692		449	(58)	1,083
340. Parent Company's net income (loss)	(63,207)		99,601	(12,965)	23,429

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(figures in thousands of euro)

		2012	Restated measurement of the equity investment in the Bank of Italy	Restated claims reserve for automotive third-party liability	Retrospective application of criteria for the recognition of reinstatement premiums	31/12/2012 restated
10	**NET INCOME (LOSS)**	**(62,515)**	**0**	**100,050**	**(13,023)**	**24,512**
	Other comprehensive income (net of tax), without reversal to income statement					
40	Actuarial gains (losses) on defined benefit plans	(53,565)				(53,565)
	Other comprehensive income (net of tax), with reversal to income statement					
90	Cash flow hedges	(39,421)				(39,421)
100	Financial assets available-for-sale	752,601	(26,284)			726,317
130	**Total other comprehensive income (net of tax)**	**659,615**	**(26,284)**	**0**	**0**	**633,331**
140	**TOTAL COMPREHENSIVE INCOME (Items 10 + 130)**	**597,100**	**(26,284)**	**100,050**	**(13,023)**	**657,843**
150	Total consolidated comprehensive income pertaining to minority interests	720	(35)	449	(58)	1,076
160	**Total consolidated comprehensive income pertaining to Parent Company**	**596,380**	**(26,249)**	**99,601**	**(12,965)**	**656,767**

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Pursuant to art. 154-ter paragraph 5 of Legislative Decree no. 58/1998, the Banca Carige Group's Annual Report as at 31 December 2013 will be made available to the public, under the terms and within the deadlines set out by regulations in force, at the Bank's registered office, the Italian Stock Exchange (Borsa Italiana S.P.A.) and the corporate website www.gruppocarige.it. A special notice will be published in the Italian financial daily, “Il Sole 24 Ore”, and on the afore-mentioned corporate website www.gruppocarige.it.

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Declaration of the Financial Reporting Officer 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 undersigned, Deputy General Manager Daria Bagnasco, Head of Governance and Control of Banca CARIGE S.p.A., in her capacity as the Manager responsible for preparing the Company’s *financial reports, declares that the accounting information contained in this Press Release corresponds to the underlying documentary evidence and accounting records.*

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The Banca Carige Group's results as at 31 December 2013 will be presented to the financial community with a conference call scheduled for 28 March 2014 at 8:30 a.m. (CET). A live audio webcast of the conference will also be available.

Details necessary to access the call will be available on the Bank's website (www.gruppocarige.it) under 'Investor Relations'.

Genoa, 27 March 2014

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FINANCIAL STATEMENTS
OF THE BANCA CARIGE GROUP

CONSOLIDATED BALANCE SHEET

ASSETS *(figures in thousands of euro)*

	31/12/2013	31/12/2012 (*)	Change absolute	%
10 - *CASH AND CASH EQUIVALENTS*	339,280	376,709	(37,429)	-9.9
20 - *FINANCIAL ASSETS HELD FOR TRADING*	132,697	194,962	(62,265)	-31.9
30 - *FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS*	258,633	457,561	(198,928)	-43.5
40 - *FINANCIAL ASSETS AVAILABLE-FOR-SALE*	10,544,587	8,943,564	1,601,023	17.9
50 - *INVESTMENTS HELD TO MATURITY*	-	602,777	(602,777)	-100.0
60 - *DUE FROM BANKS*	1,218,989	2,165,106	(946,117)	-43.7
70 - *LOANS TO CUSTOMERS*	25,476,359	30,142,748	(4,666,389)	-15.5
80 - *HEDGING DERIVATIVES*	125,811	217,594	(91,783)	-42.2
100 - *EQUITY INVESTMENTS*	91,552	90,164	1,388	1.5
110 - *TECHNICAL INSURANCE RESERVES REASSURED WITH THIRD PARTIES SUBJECT TO JOINT CONTROL*	155,233	195,471	(40,238)	-20.6
120 - *PROPERTY AND EQUIPMENT*	1,070,877	1,208,678	(137,801)	-11.4
130 - *INTANGIBLE ASSETS*	188,067	1,869,051	(1,680,984)	-89.9
of which:				
- goodwill	*106,479*	*1,779,487*	*(1,673,008)*	*- 94*
140 - *TAX ASSETS*	2,083,257	1,447,093	636,164	44.0
a) current	*298,245*	*146,108*	*152,137*	*...*
b) deferred	*1,785,012*	*1,300,985*	*484,027*	*37.2*
b1) pursuant to Law 214/2011	*1,425,756*	*786,629*	*639,127*	*81.2*
160 - *OTHER ASSETS*	470,933	529,642	(58,709)	-11.1
TOTAL ASSETS	**42,156,275**	**48,441,120**	**(6,284,845)**	**-13.0**

LIABILITIES AND SHAREHOLDERS' EQUITY *(figures in thousands of euro)*

	31/12/2013	31/12/2012 (*)	Change absolute	%
10 - *DUE TO BANKS*	8,161,242	8,486,727	(325,485)	-3.8
20 - *DUE TO CUSTOMERS*	14,817,367	16,729,803	(1,912,436)	-11.4
30 - *SECURITIES ISSUED*	9,217,979	11,022,540	(1,804,561)	-16.4
40 - *FINANCIAL LIABILITIES HELD FOR TRADING*	14,567	21,379	(6,812)	-31.9
50 - *FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS*	1,296,816	1,273,024	23,792	1.9
60 - *HEDGING DERIVATIVES*	457,998	1,548,821	(1,090,823)	-70.4
80 - *TAX LIABILITIES*	252,242	564,067	(311,825)	-55.3
(a) current	*94,683*	*302,414*	*(207,731)*	*-68.7*
(b) deferred	*157,559*	*261,653*	*(104,094)*	*-39.8*
100 - *OTHER LIABILITIES*	812,430	784,381	28,049	3.6
110 - *EMPLOYEE TERMINATION INDEMNITIES*	89,232	91,652	(2,420)	-2.6
120 - *ALLOWANCES FOR RISKS AND CHARGES:*	375,415	363,308	12,107	3.3
a) post employment benefits	*320,900*	*334,237*	*(13,337)*	*-4.0*
b) other allowances	*54,515*	*29,071*	*25,444*	*87.5*
130 - *TECHNICAL RESERVES*	5,017,768	4,717,735	300,033	6.4
140 - *VALUATION RESERVES*	(123,950)	(689,987)	566,037	-82.0
160 - *EQUITY INSTRUMENTS*	-	1,173	(1,173)	-100.0
170 - *RESERVES*	296,061	272,488	23,573	8.7
180 - *SHARE PREMIUM RESERVE*	1,020,990	1,020,020	970	0.1
190 - *SHARE CAPITAL*	2,177,219	2,177,219	-	0.0
200 - *TREASURY SHARES*	(21,282)	(18,259)	(3,023)	16.6
210 - *MINORITY INTERESTS (+/-)*	55,838	51,600	4,238	8.2
220 - *NET INCOME (LOSS) (+/-)*	(1,761,657)	23,429	(1,785,086)	...
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**42,156,275**	**48,441,120**	**(6,284,845)**	**-13.0**

(*) With respect to those published, prior period balances were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

CONSOLIDATED INCOME STATEMENT

(figures in thousands of euro)

		2013	2012 (*)	Ch. 2013 - 2012 absolute	%
10 -	INTEREST AND SIMILAR INCOME	1,205,428	1,422,387	(216,959)	- 15.3
20 -	INTEREST AND SIMILAR EXPENSE	(569,354)	(666,423)	97,069	- 14.6
30 -	**INTEREST MARGIN**	**636,074**	**755,964**	**(119,890)**	**- 15.9**
40 -	FEE AND COMMISSION INCOME	328,456	359,416	(30,960)	- 8.6
50 -	FEE AND COMMISSION EXPENSE	(56,428)	(56,226)	*(202)*	0.4
60 -	**NET FEE AND COMMISSION INCOME**	**272,028**	**303,190**	**(31,162)**	**- 10.3**
70 -	DIVIDENDS AND SIMILAR INCOME	4,840	6,461	(1,621)	- 25.1
80 -	PROFIT (LOSSES) ON TRADING	(287,903)	3,559	(291,462)	...
90 -	FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(11,108)	(284)	(10,824)	...
100 -	PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	365,859	157,266	208,593	...
	a) loans	*(1,644)*	*262*	*(1,906)*	...
	b) financial assets available-for-sale	*342,875*	*155,540*	*187,335*	...
	c) investments held to maturity	*21,261*	-	*21,261*	...
	d) financial liabilities	*3,367*	*1,464*	*1,903*	...
110 -	PROFIT (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	39,375	4,817	34,558	...
120 -	**NET INTEREST AND OTHER BANKING INCOME**	**1,019,165**	**1,230,973**	**(211,808)**	**- 17.2**
130 -	NET LOSSES/RECOVERIES ON IMPAIRMENT OF:	(1,107,361)	(603,284)	(504,077)	83.6
	a) loans	*(1,063,420)*	*(447,435)*	*(615,985)*	...
	b) financial assets available-for-sale	*(16,570)*	*(155,863)*	*139,293*	*- 89.4*
	d) other financial activities	*(27,371)*	*14*	*(27,385)*	...
140 -	**NET INCOME FROM BANKING ACTIVITIES**	**(88,196)**	**627,689**	**(715,885)**	**...**
150 -	NET INSURANCE PREMIUMS	1,061,314	1,032,007	29,307	*2.8*
160 -	OTHER NET INSURANCE INCOME (EXPENSE)	(1,201,381)	(1,213,830)	12,449	*- 1.0*
170-	**NET INCOME FROM BANKING AND INSURANCE ACTIVITIES**	**(228,263)**	**445,866**	**(674,129)**	**...**
180 -	ADMINISTRATIVE EXPENSES:	(678,268)	(667,284)	(10,984)	1.6
	a) personnel expenses	*(400,146)*	*(402,938)*	*2,792*	*- 0.7*
	b) other administrative expenses	*(278,122)*	*(264,346)*	*(13,776)*	*5.2*
190 -	NET PROVISIONS FOR RISKS AND CHARGES	(29,159)	(4,498)	(24,661)	...
200 -	NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	(163,509)	(27,529)	(135,980)	...
210 -	NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(36,167)	(34,431)	(1,736)	*5.0*
220 -	OTHER OPERATING EXPENSES (INCOME)	115,046	*59,716*	*55,330*	*92.7*
230 -	**OPERATING EXPENSES**	**(792,057)**	**(674,026)**	**(118,031)**	**17.5**
240 -	PROFIT (LOSSES) ON INVESTMENTS IN ASSOCIATES AND COMPANIES SUBJECT TO JOINT CONTROL	98,475	3,182	95,293	...
260 -	IMPAIRMENT ON GOODWILL	(1,673,006)	-	(1,673,006)	...
270 -	PROFIT (LOSSES) FROM DISPOSAL OF INVESTMENTS	(279)	50	(329)	...
280 -	**INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(2,595,130)**	**(224,928)**	**(2,370,202)**	**...**
290 -	TAXES ON INCOME FROM CONTINUING OPERATIONS	818,422	249,440	568,982	...
300 -	**INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(1,776,708)**	**24,512**	**(1,801,220)**	**...**
320 -	**NET INCOME (LOSS)**	**(1,776,708)**	**24,512**	**(1,801,220)**	**...**
330 -	MINORITY INTERESTS	(15,051)	1,083	(16,134)	...
340 -	**PARENT COMPANY'S NET INCOME (LOSS)**	**(1,761,657)**	**23,429**	**(1,785,086)**	**...**

(*) With respect to those published, prior period balances were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

FINANCIAL STATEMENTS
OF BANCA CARIGE SPA

BANCA CARIGE SPA BALANCE SHEET

ASSETS *(figures in thousands of euro)*

	31/12/2013	31/12/12 (*)	Change absolute	12/13-12/12 %
10 - CASH AND CASH EQUIVALENTS	133,353	134,249	(896)	-0.7
20 - FINANCIAL ASSETS HELD FOR TRADING	167,909	312,825	(144,916)	-46.3
40 - FINANCIAL ASSETS AVAILABLE-FOR-SALE	4,838,833	5,080,282	(241,449)	-4.8
50 - INVESTMENTS HELD TO MATURITY	-	602,777	(602,777)	-100.0
60 - DUE FROM BANKS	7,573,280	6,654,789	918,491	13.8
70 - LOANS TO CUSTOMERS	14,283,115	17,758,769	(3,475,654)	-19.6
80 - HEDGING DERIVATIVES	129,165	217,935	(88,770)	-40.7
100 - EQUITY INVESTMENTS	1,823,589	3,310,027	(1,486,438)	-44.9
110 - PROPERTY AND EQUIPMENT	472,699	464,950	7,749	1.7
120 - INTANGIBLE ASSETS	69,579	77,919	(8,340)	-10.7
of which:				
- *goodwill*	-	-	-	...
130 - TAX ASSETS	1,144,845	1,015,810	129,035	12.7
a) current	*192,498*	*67,049*	125,449	...
b) deferred	*952,347*	*948,761*	3,586	0.4
- of which pursuant to Law 214/2011	*755,260*	*583,602*	171,658	29.4
150 - OTHER ASSETS	221,578	316,775	(95,197)	-30.1
TOTAL ASSETS	**30,857,945**	**35,947,107**	**(5,089,162)**	**-14.2**

LIABILITIES AND SHAREHOLDERS' EQUITY *(figures in thousands of euro)*

	31/12/2013	31/12/12 (*)	Change absolute	12/13-12/12 %
10 - DUE TO BANKS	10,445,298	8,694,229	1,751,069	20.1
20 - DUE TO CUSTOMERS	6,911,399	9,366,978	(2,455,579)	-26.2
30 - SECURITIES ISSUED	9,446,611	11,410,465	(1,963,854)	-17.2
40 - FINANCIAL LIABILITIES HELD FOR TRADING	86,180	178,786	(92,606)	-51.8
50 - FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS	1,038,028	833,259	204,769	24.6
60 - HEDGING DERIVATIVES	386,771	1,378,408	(991,637)	-71.9
80 - TAX LIABILITIES	113,183	85,459	27,724	32.4
a) current	*41,153*	*18,915*	22,238	...
b) deferred	*72,030*	*66,544*	5,486	8.2
100 - OTHER LIABILITIES	388,531	462,821	(74,290)	-16.1
110 - EMPLOYEE TERMINATION INDEMNITIES	35,145	36,194	(1,049)	-2.9
120 - ALLOWANCES FOR RISKS AND CHARGES:	317,645	329,499	(11,854)	-3.6
a) post-employment benefits	*300,336*	*313,386*	*(13,050)*	*-4.2*
b) deferred	*17,309*	*16,113*	*1,196*	*7.4*
130 - VALUATION RESERVES	(162,138)	(647,862)	485,724	-75.0
150 - EQUITY INSTRUMENTS	-	1,173	(1,173)	-100.0
160 - RESERVES	639,056	353,024	286,032	81.0
170 - SHARE PREMIUM RESERVE	1,020,990	1,020,020	970	0.1
180 - SHARE CAPITAL	2,177,219	2,177,219	-	0.0
190 - TREASURY SHARES (-)	(21,282)	(18,259)	(3,023)	16.6
200 - NET INCOME (LOSS)	(1,964,691)	285,694	(2,250,385)	...
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**30,857,945**	**35,947,107**	**(5,089,162)**	**-14.2**

(*) With respect to those published, prior period balances were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

BANCA CARIGE SPA INCOME STATEMENT

(figures in thousands of euro)

	31/12/2013	31/12/2012 (*)	Ch. 2013 - 2012 absolute	%
10 - INTEREST AND SIMILAR INCOME	626,655	1,110,366	(483,711)	- 43.6
20 - INTEREST AND SIMILAR EXPENSE	(512,848)	(661,432)	148,584	- 22.5
30 - INTEREST MARGIN	**113,807**	**448,934**	**(335,127)**	**- 74.6**
40 - FEE AND COMMISSION INCOME	146,925	299,340	(152,415)	- 50.9
50 - FEE AND COMMISSION EXPENSE	(51,019)	(57,820)	6,801	- 11.8
60 - NET FEE AND COMMISSION INCOME	**95,906**	**241,520**	**(145,614)**	**- 60.3**
70 - DIVIDEND AND SIMILAR INCOME	49,395	38,540	10,855	28.2
80 - PROFITS (LOSSES) ON TRADING	(280,788)	6,759	(287,547)	...
90 - FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	(9,224)	(669)	(8,555)	...
100 - PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	342,043	125,249	216,794	...
a) loans	*(1,096)*	*(2,082)*	*986*	*- 47.4*
b) financial assets available-for-sale	*318,565*	*126,455*	*192,110*	...
c) investments held to maturity	*21,261*	*-*	*21,261*	...
d) financial liabilities	*3,313*	*876*	*2,437*	...
110 - PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	40,545	5,829	34,716	...
120 - NET INTEREST AND OTHER BANKING INCOME	**351,684**	**866,162**	**(514,478)**	**- 59.4**
130 - NET LOSSES/RECOVERIES ON IMPAIRMENT OF:	(673,882)	(548,915)	(124,967)	22.8
a) loans	*(646,692)*	*(396,487)*	*(250,205)*	*63.1*
b) financial assets available-for-sale	*(13,480)*	*(152,463)*	*138,983*	*- 91.2*
d) other financial transactions	*(13,710)*	*35*	*(13,745)*	...
140 - NET INCOME FROM FINANCIAL MANAGEMENT	**(322,198)**	**317,247**	**(639,445)**	**...**
150 - ADMINISTRATIVE EXPENSES:	(334,492)	(533,411)	198,919	- 37.3
a) personnel expenses	*(193,010)*	*(322,794)*	*129,784*	*- 40.2*
b) other administrative expenses	*(141,482)*	*(210,617)*	*69,135*	*- 32.8*
160 - NET PROVISIONS FOR RISKS AND CHARGES	(3,643)	(942)	(2,701)	...
170 - NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY AND EQUIPMENT	(12,266)	(18,602)	6,336	- 34.1
180 - NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS	(30,036)	(30,019)	(17)	0.1
190 - OTHER OPERATING EXPENSES (INCOME)	118,606	60,536	58,070	95.9
200 - OPERATING EXPENSES	**(261,831)**	**(522,438)**	**260,607**	**- 49.9**
210 - PROFITS (LOSSES) ON INVESTMENTS	(1,621,740)	-	(1,621,740)	...
240 - PROFITS (LOSSES) FROM DISPOSAL OF INVESTMENTS	7	54	(47)	- 87.0
250 - **INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(2,205,762)**	**(205,137)**	**(2,000,625)**	**...**
260 - TAXES ON INCOME FROM CONTINUING OPERATIONS	241,071	490,831	(249,760)	- 50.9
270 - **INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(1,964,691)**	**285,694**	**(2,250,385)**	**...**
290 - NET INCOME (LOSS)	**(1,964,691)**	**285,694**	**(2,250,385)**	**...**

(*) With respect to those published, prior period balances were restated in compliance with IAS 8 (Accounting policies, changes in accounting estimates and errors). Profit (loss) for 2012 includes the operating income /expense of the business unit transferred to Banca Carige Italia in December 2012 and is therefore not comparable with profit (loss) for 2013.

ANNEX
CONSOLIDATED NORMALISED INCOME STATEMENT

CONSOLIDATED NORMALISED INCOME STATEMENT
NET OF NON RECURRING COMPONENTS

(figures in thousands of euro)

	2013	impairment on goodwill	Swapped securities' sale	Insurance Companies' non recurring components	Carige AM Sgr disposal	Bank of Italy's stake revaluation	non recurring components	2013 net of non recurring components
10 - INTEREST AND SIMILAR INCOME	1,205,428						-	1,205,428
20 - INTEREST AND SIMILAR EXPENSE	-569,354						-	-569,354
30 - INTEREST MARGIN	**636,074**	**-**	**-**	**-**	**-**	**-**	**-**	**636,074**
40 - FEE AND COMMISSION INCOME	328,456						-	328,456
50 - FEE AND COMMISSION EXPENSE	- 56,428						-	- 56,428
60 - NET FEE AND COMMISSION INCOME	**272,028**	**-**	**-**	**-**	**-**	**-**	**-**	**272,028**
70 - DIVIDEND AND SIMILAR INCOME	4,840						-	4,840
80 - PROFITS (LOSSES) ON TRADING	-287,903		-298,690	4,315			-294,375	6,472
90 - FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING	-11,108		-3,607				-3,607	-7,501
100 - PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	365,859	-	-	-18,963	-	299,855	280,892	84,967
a) loans	-1,644						-	-1,644
b) financial assets available-for-sale	342,875			-18,963		299,855	280,892	61,983
c) investments held to maturity	21,261						-	21,261
d) financial liabilities	3,367						-	3,367
110 - PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	39,375						-	39,375
120 - NET INTEREST AND OTHER BANKING INCOME	**1,019,165**	**-**	**-302,297**	**-14,648**	**-**	**299,855**	**-17,090**	**1,036,255**
130 - NET LOSSES/RECOVERIES ON IMPAIRMENT OF:	-1,107,361	-	-	-	-	-	-	-1,107,361
a) loans	-1,063,420						-	-1,063,420
b) financial assets available-for-sale	-16,570						-	-16,570
d) other financial transactions	*-27,371*						-	*-27,371*
140 - NET INCOME FROM FINANCIAL MANAGEMENT	**-88,196**	**-**	**-302,297**	**-14,648**	**-**	**299,855**	**-17,090**	**-71,106**
150 - NET INSURANCE PREMIUMS	*1,061,314*						-	*1,061,314*
160- OTHER NET INSURANCE INCOME (EXPENSE)	*-1,201,381*			*-39,007*			*-39,007*	*-1,162,374*
170- NET INCOME FROM BANKING AND INSURANCE ACTIVITIES	**-228,263**	**-**	**-302,297**	**-53,655**	**-**	**299,855**	**-56,097**	**-172,166**
180 - ADMINISTRATIVE EXPENSES:	-678,268	-	-	-	-	-	-	-678,268
a) personnel expenses	*-400,146*						-	*-400,146*
b) other administrative expenses	*-278,122*						-	*-278,122*
190 - NET PROVISIONS FOR RISKS AND CHARGES	*-29,159*						-	*-29,159*
200 - NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	*-163,509*			*-131,300*			*-131,300*	*-32,209*
210 - NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	*-36,167*						-	*-36,167*
220 - OTHER OPERATING EXPENSES (INCOME)	*115,046*						-	*115,046*
230 - OPERATING EXPENSES	**-792,057**	**-**	**-**	**-131,300**	**-**	**-**	**-131,300**	**-660,757**
240 - PROFIT (LOSSES) ON INVESTMENTS IN ASSOCIATES AND COMPANIES SUBJECT TO JOINT CONTROL	98,475				92,889		92,889	5,586
260 - IMPAIRMENT ON GOODWILL	-1,673,006	-1,673,006					-1,673,006	-
270 - PROFIT (LOSSES) FROM DISPOSAL OF INVESTMENTS	-279						-	-279
280 - INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**-2,595,130**	**-1,673,006**	**-302,297**	**-184,955**	**92,889**	**299,855**	**-1,767,514**	**-827,616**
290 - TAXES ON INCOME FROM CONTINUING OPERATIONS	818,422	476,969	99,970	59,179	-1,277	-35,983	598,858	219,564
300 - INCOME (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**-1,776,708**	**-1,196,037**	**-202,327**	**-125,776**	**91,612**	**263,872**	**-1,168,656**	**-608,052**
320 - NET INCOME (LOSS)	**-1,776,708**	**-1,196,037**	**-202,327**	**-125,776**	**91,612**	**263,872**	**-1,168,656**	**-608,052**
330 - MINORITY INTERESTS	-15,051						-	-15,051
340 - PARENT COMPANY'S NET INCOME (LOSS)	**-1,761,657**	**-1,196,037**	**-202,327**	**-125,776**	**91,612**	**263,872**	**-1,168,656**	**-593,001**

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