PRESS RELEASE

BANCA CARIGE: CONSOLIDATED RESULTS AS AT 31 MARCH 2016

- **ROBUST CAPITAL POSITION WITH COMMON EQUITY TIER 1 (CET1) AT 12.3%**

- **LEVERAGE RATIO AMONG THE HIGHEST IN THE SYSTEM AT 8.1% AND LIQUIDITY COVERAGE RATIO (LCR) AT 129%**

- **NON-PERFORMING LOAN PORTFOLIO STABLE ON 1Q15 LEVELS, WITH BAD LOAN COVERAGE AT 60.7%**

- **PARENT COMPANY'S SHARE OF NET CONSOLIDATED PROFIT (LOSS) FOR THE YEAR TOTALS -EUR 41.0 MLN (vs. -EUR 45.5 MLN IN Q1 2015) AFTER RECOGNITION OF EUR 9.2 MLN IN CONTRIBUTIONS PAID TO THE NATIONAL RESOLUTION FUND**

- **SUBMISSION OF BUSINESS PLAN BY 30 JUNE 2016**

Genoa, 10 May 2016 – Banca Carige's Board of Directors has approved the interim Report on Operations as at 31 March 2016. Results are reflective of the resilience of the fundamentals of the Group, which operated in a market environment affected, particularly in the first months, by strong funding tensions gradually subsiding by the end of the reporting period, with a *trend* reversal observed in April and May; a contribution to a gradual return to normal also came from a set of one-off measures introduced by the Authorities, including the government guarantee scheme (GACS) on the senior tranche of bad loan securitisations and the private initiative leading to the creation of the Atlante fund, primarily designed to support the capital increases of cooperative banks getting listed.

Profit and loss results for the Carige Group

The profit and loss for the first three months of 2016 posted a negative result of -EUR 41.0 mln (-EUR 45.5 mln in Q1 2015).

More specifically, with benchmark rate levels at an all-time low, net interest income (EUR 83.9 mln) showed a yearly decline of 5.1% caused by a negative interest rate effect on loans to customers, only partially offset by the drop in funding volumes and by a positive interest rate effect due to less costly forms of short-term funding.

Net fees and commissions (EUR 60.5 mln) were broadly stable Y/Y, but down by EUR 6.9 mln from Q4 2015 primarily on the back of lower fees and commissions on collection and payment services, expense recoveries on current accounts and asset management.

Income from Finance provided a positive contribution of EUR 14.9 mln (EUR 5.1 mln in Q1 2015), largely traceable to trading.

Net interest and other banking income is thus 2.7% higher than in the prior period.

Provisions on balance-sheet loans to customers totalled EUR 92.4 mln (EUR 78.5 mln in the same period last year) due to write-downs on large-amount positions. The annualised cost of credit is 178 bps, as compared to 139 bps in Q1 2015 and 164 bps in Q4 2015 (134 bps the annual cost for 2015).

Operating expenses (EUR 138.6 mln), although penalised by the recognition of EUR 9.2 mln worth of yearly contributions to the National Resolution Fund, were down by 1.5% Y/Y. Net of this component, expenses were down 8.1% as a result of the introduction of the administrative cost cutting programme in the budget and the previously initiated structural reduction in personnel expenses.

Personnel expenses amounted to EUR 82.1 mln, down 5.2% on Q1 2015, and other administrative expenses, totalling EUR 69.0 mln, include the foregoing contribution to the National Resolution Fund, net of which they would be lower by 9.3%. Net of this component, the 81.2% cost/income ratio compares with 90.7% in Q1 2015.

Loss before tax amounted to EUR 67.3 mln (-EUR 56.0 mln as at 31 March 2015). Net of income tax recoveries for an amount of EUR 24.4 mln and the non-controlling interests' share of profit (loss) (-EUR 1.9 mln), the Parent Company's share of net profit (loss) for the period was a negative EUR 41.0 mln (-EUR 45.5 mln in March 2015).

Key capital indicators for the Carige Group

Direct funding from customers (EUR 21.4 bn) was down both Y/Y (-14.3%), and Q/Q (-8.5%). The reduction, partly traceable to the wholesale component of sell/buy-back repurchase agreements (respectively -EUR 1.6 and -EUR 0.3 bn in the two periods), was principally the result of a reaction by households and businesses to the effects of four Italian banks' crisis in November 2015 and the introduction of the bail-in mechanism under the Bank Recovery and Resolution Directive (BRRD), effective as of 1 January 2016. Funding from (retail and corporate) customers, totalling EUR 16.4 bn, was down by EUR 1.7 bn in Q1 and 2.4 bn on March 2015. The quarterly decline affected both the short-term component of current accounts (only partly offset by trends in time deposits), and the medium-long term component, due to trends in bonds.

Indirect funding (EUR 21.5 bn; -8.1% on March 2015 and -1.5% on December 2015) showed a quarterly reduction by EUR 0.3 bn in asset management (EUR 10.7 bn), specifically in mutual funds (-EUR 0.4 bn); positive results have been observed since March, with a *trend* reversal registered in the first two months of the quarter. Bancassurance products continued their good performance and grew by EUR 0.1 bn. Assets under custody (EUR 10.8 bn, including EUR 5.5 bn in volumes administered by Amissima Assicurazioni) were broadly stable during the quarter.

Lending, amounting to EUR 23.8 bn, was down by 2.9% (-EUR 0.7 bn) during the quarter and by 6.5% (-EUR 1.7 bn) Y/Y primarily on account of the wholesale component of buy/sell back repos (respectively -EUR 0.4 bn and -EUR 1.4 bn in the two periods).

Loans to households and businesses registered a slight decrease (-EUR 0.3 bn both Y/Y and Q/Q); in detail, loans to households were down 2.8% in the quarter (-EUR 198 mln), largely on the back of trends in mortgage loans (-3.1%), while loans to businesses, broadly flat in aggregate terms (-0.3%), reflected a 3.1% uptrend in mortgage loans (+EUR 176 mln), thus supporting the trends of loans eligible under the TLTRO programme, and a downtrend in the short-term component, particularly current accounts (-2.7%; -EUR 75 mln).

Operational management data updated to early May is evidence of direct funding growing since March 2016, driven by the positive performance of short-term funding (current accounts and time deposits).

The government bond portfolio amounts to EUR 2.4 bn (i.e. approximately 98% of the total securities portfolio, excluding the stake held in the Bank of Italy), has an average 1.8-year duration and makes up 83.8% of own funds as against an Italian Banking System average of about 180%.

Capital ratios remain among the highest in the System: Phased-in *CET1 Ratio* at 12.3%[1], +10 bps on the value as at December 2015 and +104 p.p. above the ECB's SREP target (11.25%); *Leverage Ratio* at 8.1%[1].

The liquidity profile proves adequate despite the adverse market environment and customer funding reduction. In particular:

- the *Liquidity Coverage Ratio* (LCR) is at 129%, well above the minimum SREP target required by the ECB (90%)
- cash and unencumbered ECB-eligible assets total EUR 2.1 bn; during the quarter, a number of transactions for an aggregate amount of EUR 1.3 bn were structured to improve the Group's liquidity profile, including two retained covered bond issuances

[1] Pending official reporting on 12 May 2016, the capital ratios as at 31 March 2016 were calculated based on operational estimates

The non-performing loan portfolio (EUR 6.9 bn gross; EUR 3.9 bn net) remained stable on Q1 2015 levels, with coverage rising to 43.1% (42.4% at the end of 2015). More specifically, the bad loan portfolio (EUR 3.5 bn gross; EUR 1.4 bn net) shows coverage rising to 60.7% (60.4% as at 31 December 2015) and is granular, concentrated in Northern Italy, mainly mortgage backed and accounts for a 57.4% share of net tangible common equity (*Texas Ratio*[2]). Coverage for the unlikely-to-pay loan portfolio (EUR 3.1 bn gross; EUR 2.3 bn net) is up 123 bps to 25.4%.

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It is noted that Law Decree no. 59/2016 was published on 3 May 2016. Under article 11, the Decree contains new tax rules for Deferred tax assets ("DTAs"), whereby companies will be allowed to continue to apply the current rules on conversion of deferred tax assets into tax credits, provided they exercise a specific option and commit to paying an annual fee of 1.5% until 2029. Based on data for 2015 and according to the current interpretation of the Decree, the annual fee for the Group is estimated at EUR 14 mln (fiscally deductible for both corporate income tax (IRES) and Regional tax on productivity (IRAP) purposes). Recognition is due in the second quarter of 2016.

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With regard to the ECB's request for preparation of a new Funding Plan by 31 March 2016, as well as a new Business Plan and a medium-term Plan on the Group's strategic options by 31 May 2016, contained in the ECB's *draft decision* of 19 February and confirmed in the letter of 31 March 2016 (the "*final decision*"), the Bank's new Board of Directors submitted

[2] Net Bad Loans to net tangible equity (excluding goodwill)

a request to the ECB's Administrative Board of Review on 11 April 2016 for an internal administrative review of the *final decision*. On 27 April 2016, having considered the renewal of two thirds of the Bank's Board of Directors, including the Chairman and Chief Executive Officer, which took place after the adoption of the *final decision* in question, the ECB's Administrative Board of Review proposed that the ECB's Supervisory Board should review the final deadlines for submission of the Business Plan and medium-term Plan. On 4 May 2016, the Bank received a new *draft decision* from the ECB, partially modifying the decisions contained in the *final decision* delivered on 31 March 2016. In particular, the new decision specifies that the Bank shall submit to the ECB:

- by 31 May 2016, the guidelines of the Business Plan and medium-term Plan, in addition to an update of the Funding Plan submitted on 31 March 2016
- by 30 June 2016, the detailed Business Plan and medium-term Plan, based on the guidelines submitted on 31 May 2016

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Furthermore, the Board of Directors has appointed Bank representatives to the governing bodies of the Bank’s subsidiaries, reducing their overall number and costs.

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Further to amendments made to the Italian Consolidated Law on Finance (TUF), it is noted that figures as at 31 March 2016 are published on a voluntary basis with no commitment by the Group to preparing or publishing quarterly information and related interim reports on operations in the future.

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Declaration of the Manager responsible for preparing the company's financial reports pursuant to paragraph 2 of Article 154-bis of the Italian Legislative Decree no. 58/1998 (Consolidated Law on Finance)

The Manager responsible for preparing the company's financial reports of Banca Carige S.p.A, Mr. Mauro Mangani, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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A commentary to the consolidated results as at 31 March 2016 will be made available on the Bank's website (www.gruppocarige.it) under Investor Relations.

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ACCOUNTING TABLES
BANCA CARIGE GROUP

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR/000)*

	31/03/2016	31/12/2015	Change absolute	%
10 - *CASH AND CASH EQUIVALENTS*	296,673	324,395	(27,722)	-8.5
20 - *FINANCIAL ASSETS HELD FOR TRADING*	16,456	15,065	1,391	9.2
40 - *FINANCIAL ASSETS AVAILABLE FOR SALE*	2,742,092	3,803,770	(1,061,678)	-27.9
60 - *LOANS TO BANKS*	875,410	1,220,489	(345,079)	-28.3
70 - *LOANS TO CUSTOMERS*	20,721,671	21,472,616	(750,945)	-3.5
80 - *HEDGING DERIVATIVES*	75,530	54,730	20,800	38.0
100 - *EQUITY INVESTMENTS*	94,856	92,536	2,320	2.5
120 - *PROPERTY AND EQUIPMENT*	779,539	783,816	(4,277)	-0.5
130 - *INTANGIBLE ASSETS*	73,834	78,062	(4,228)	-5.4
of which:				
- goodwill	*19,942*	*19,942*	-	-
140 - *TAX ASSETS*	2,165,160	2,145,389	19,771	0.9
a) current	*1,218,118*	*1,186,602*	*31,516*	*2.7*
b) deferred	*947,042*	*958,787*	*(11,745)*	*-1.2*
b1) of which pursuant to Law 214/2011	*615,269*	*647,443*	*(32,174)*	*-5.0*
160 - *OTHER ASSETS*	319,932	307,988	11,944	3.9
TOTAL ASSETS	**28,161,153**	**30,298,856**	**(2,137,703)**	**-7.1**

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

	31/03/2016	31/12/2015	Change absolute	%
10 - *DUE TO BANKS*	2,932,244	2,824,957	107,287	3.8
20 - *DUE TO CUSTOMERS*	14,090,269	15,536,566	(1,446,297)	-9.3
30 - *SECURITIES ISSUED*	6,829,071	7,327,427	(498,356)	-6.8
40 - *FINANCIAL LIABILITIES HELD FOR TRADING*	3,952	4,824	(872)	-18.1
50 - *FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS*	505,022	557,795	(52,773)	-9.5
60 - *HEDGING DERIVATIVES*	229,113	220,628	8,485	3.8
80 - *TAX LIABILITIES*	30,146	18,303	11,843	64.7
(a) current	*18,127*	*6,735*	*11,392*	...
(b) deferred	*12,019*	*11,568*	*451*	*3.9*
100 - *OTHER LIABILITIES*	698,832	922,239	(223,407)	-24.2
110 - *EMPLOYEE TERMINATION INDEMNITIES*	71,141	72,235	(1,094)	-1.5
120 - *ALLOWANCES FOR RISKS AND CHARGES:*	317,350	324,830	(7,480)	-2.3
a) post-employment benefits	*239,888*	*244,932*	*(5,044)*	*-2.1*
b) other allowances	*77,462*	*79,898*	*(2,436)*	*-3.0*
140 - *VALUATION RESERVES*	(190,166)	(198,017)	7,851	-4.0
170 - *RESERVES*	(298,163)	(832,387)	534,224	-64.2
180 - *SHARE PREMIUM RESERVE*	175,985	811,949	(635,964)	-78.3
190 - *SHARE CAPITAL*	2,791,422	2,791,422	-	-
200 - *TREASURY SHARES*	(15,572)	(15,572)	-	-
210 - *NON-CONTROLLING INTERESTS (+/-)*	31,482	33,398	(1,916)	-5.7
220 - *NET PROFIT (LOSS) FOR THE PERIOD (+/-)*	(40,975)	(101,741)	60,766	-59.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**28,161,153**	**30,298,856**	**(2,137,703)**	**-7.1**

CONSOLIDATED INCOME STATEMENT

(EUR/000)

		1ST 3M 2016	1ST 3M 2015(*)	Change absolute	Change %
10 -	INTEREST AND SIMILAR INCOME	154,965	185,028	(30,063)	- 16.2
20 -	INTEREST AND SIMILAR EXPENSE	(71,044)	(96,630)	25,586	- 26.5
30 -	**NET INTEREST INCOME**	**83,921**	**88,398**	**(4,477)**	**- 5.1**
40 -	FEE AND COMMISSION INCOME	69,071	73,495	(4,424)	- 6.0
50 -	FEE AND COMMISSION EXPENSE	(8,589)	(11,809)	3,220	- 27.3
60 -	**NET FEE AND COMMISSION INCOME**	**60,482**	**61,686**	**(1,204)**	**- 2.0**
70 -	DIVIDEND AND SIMILAR INCOME	-	72	*(72)*	- 100.0
80 -	NET PROFIT (LOSS) ON TRADING	(4,803)	4,465	*(9,268)*	...
90 -	NET PROFIT (LOSS) FROM HEDGING	(1,156)	(3,150)	1,994	- 63.3
100 -	GAINS (LOSSES) ON DISPOSAL/REPURCHASE OF:	20,500	7,793	12,707	...
	a) loans	-	*(66)*	*66*	*- 100.0*
	b) financial assets available for sale	*15,594*	*9,062*	*6,532*	*72.1*
	d) financial liabilities	*4,906*	*(1,203)*	*6,109*	...
110 -	NET PROFIT (LOSS) FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	*361*	*(4,105)*	4,466	...
120 -	**NET INTEREST AND OTHER BANKING INCOME**	**159,305**	**155,159**	**4,146**	**2.7**
130 -	NET IOSSES/REVERSALS ON IMPAIRMENT OF:	(90,275)	(73,063)	(17,212)	23.6
	a) loans	*(92,401)*	*(78,474)*	*(13,927)*	*17.7*
	b) financial assets available for sale	*(207)*	*(198)*	*(9)*	*4.5*
	d) other financial transactions	*2,333*	*5,609*	*(3,276)*	*- 58.4*
140 -	**NET INCOME FROM BANKING ACTIVITIES**	**69,030**	**82,096**	**(13,066)**	**- 15.9**
170 -	**NET INCOME FROM BANKING AND INSURANCE ACTIVITIES**	**69,030**	**82,096**	**(13,066)**	**- 15.9**
180 -	ADMINISTRATIVE EXPENSES:	(151,115)	(152,605)	1,490	- 1.0
	a) personnel expenses	*(82,068)*	*(86,608)*	*4,540*	*- 5.2*
	b) other administrative expenses	*(69,047)*	*(65,997)*	*(3,050)*	*4.6*
190 -	NET PROVISIONS FOR RISKS AND CHARGES	621	118	503	...
200 -	NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	(4,909)	(6,249)	1,340	*- 21.4*
210 -	NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(6,369)	(7,182)	813	- 11.3
220 -	OTHER OPERATING INCOME (EXPENSES)	23,150	25,130	(1,980)	- 7.9
230 -	**OPERATING EXPENSES**	**(138,622)**	**(140,788)**	**2,166**	**- 1.5**
240 -	GAINS (LOSSES) ON INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	2,257	2,485	(228)	- 9.2
270 -	GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS	5	160	(155)	- 96.9
280 -	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(67,330)**	**(56,047)**	**(11,283)**	**20.1**
290 -	TAX EXPENSE (INCOME) ON CONTINUING OPERATIONS	24,439	18,712	5,727	30.6
300 -	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(42,891)**	**(37,335)**	**(5,556)**	**14.9**
310 -	PROFIT (LOSS) AFTER TAX FROM NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	-	(8,241)	8,241	- 100.0
320 -	**NET PROFIT (LOSS) FOR THE PERIOD**	**(42,891)**	**(45,576)**	**2,685**	**- 5.9**
330 -	NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(1,916)	(82)	(1,834)	...
340 -	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY**	**(40,975)**	**(45,494)**	**4,519**	**- 9.9**

(*) The balances for the forst three 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".