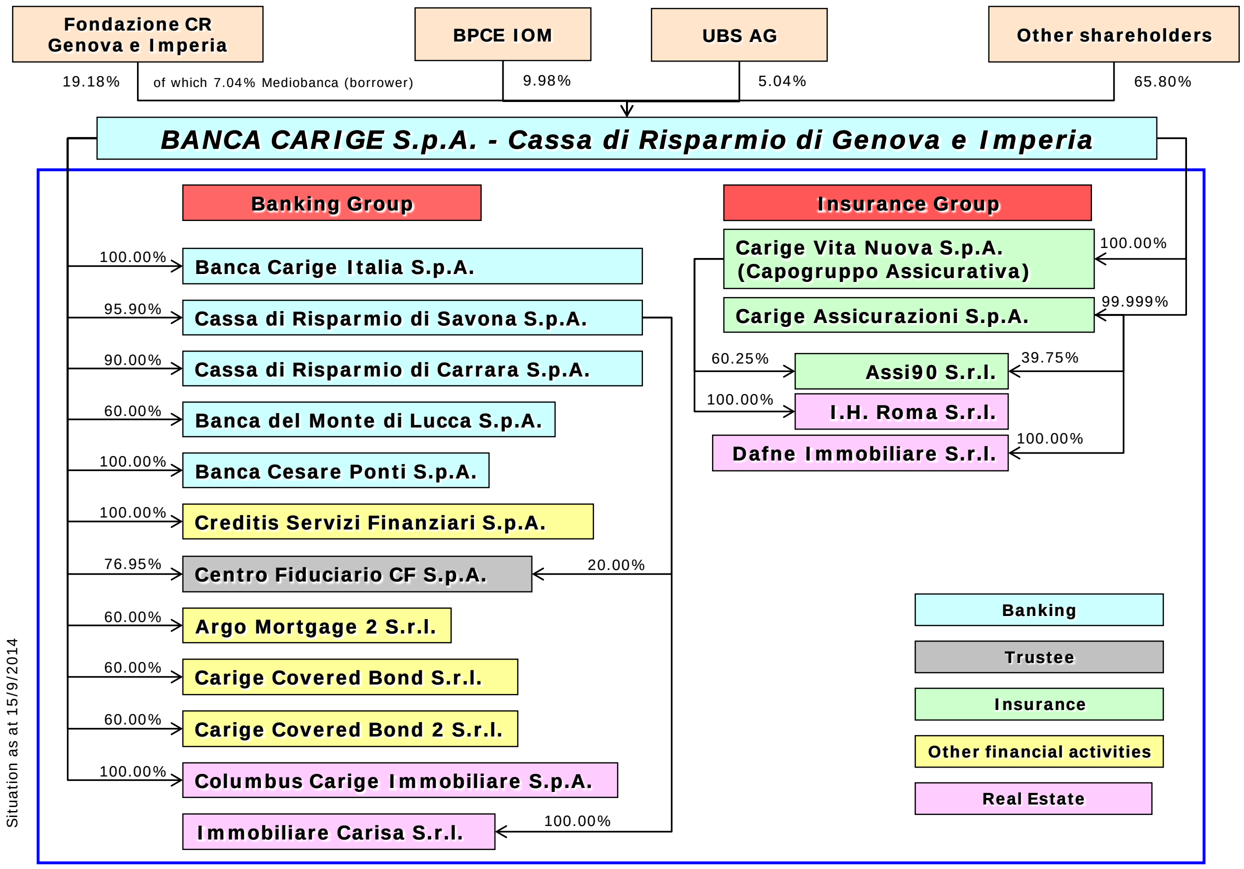
INTERIM REPORT

AS AT 30 SEPTEMBER 2014

THE BANCA CARIGE GROUP



BANCA CARIGE GROUP
INTERIM REPORT
as at 30 September 2014

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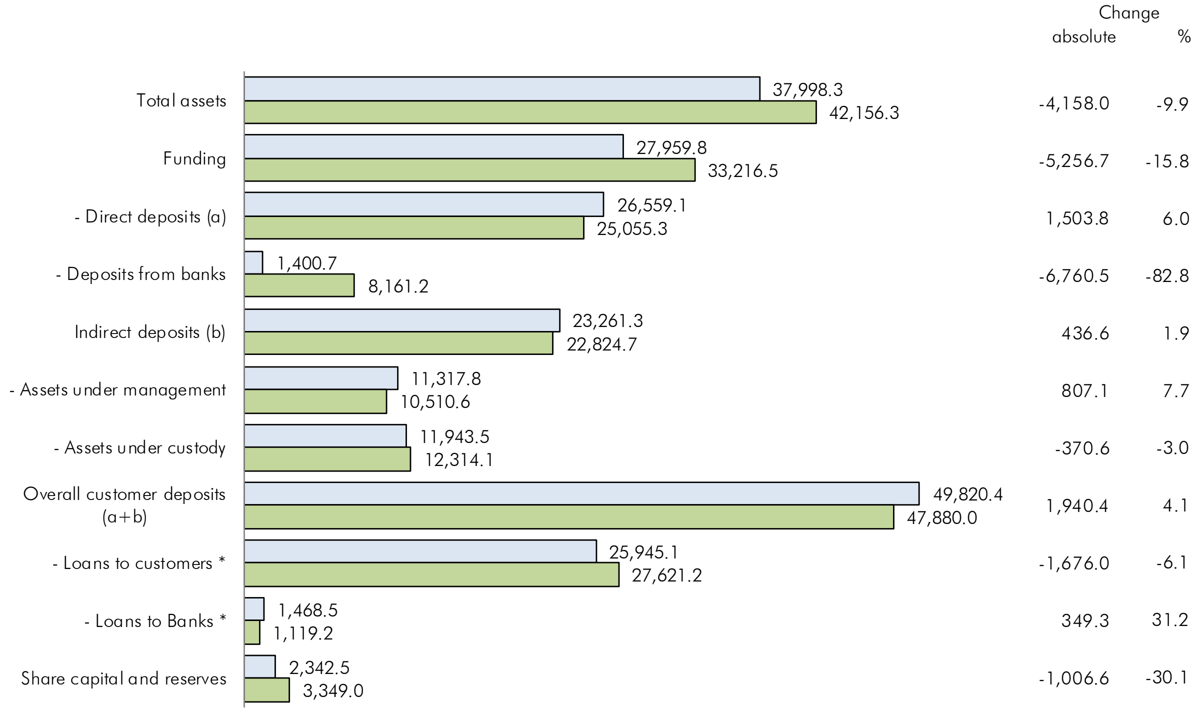
NOTE: The following conventional signs are used in the tables:

- when data is nil

… when data is insignificant

CONSOLIDATED HIGHLIGHTS

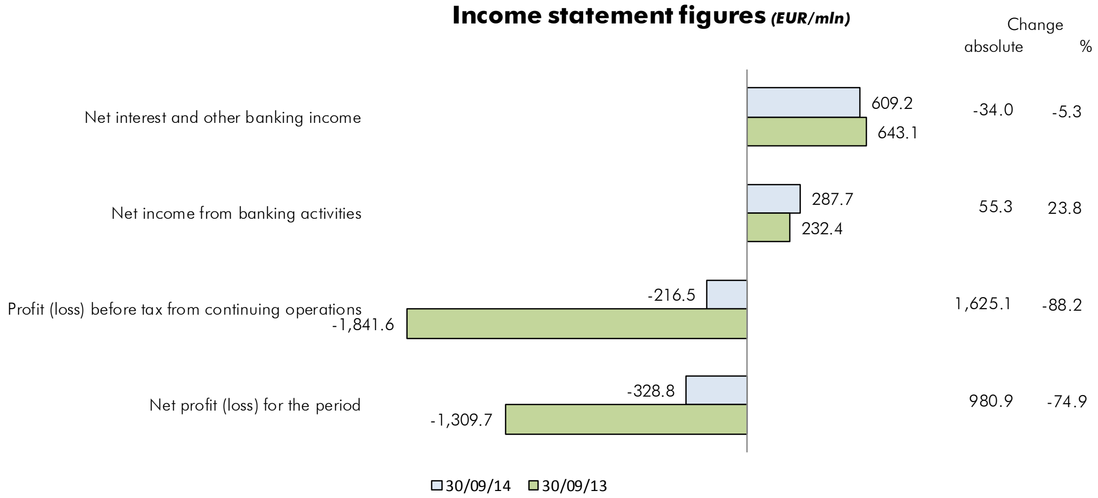
Balance sheet figures (EUR/mln)



* Net of debt securities classified as L&R and before value adjustments.

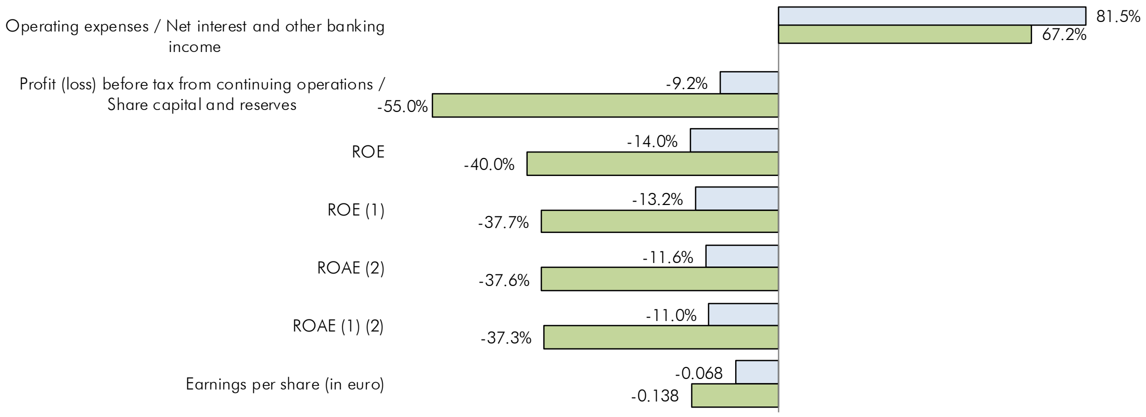
☐ 30/09/14 ☐ 31/12/13

Income statement figures (EUR/mln)



	Situation as at 30/09/14	31/12/13	Change absolute	%
RESOURCES (end of period)				
Number of branches	671	678	-7	-1.0
Insurance agencies	377	392	-15	-3.8
Number of bank employees	5,316	5,387	-71	-1.3
Number of bank and insurance employees	5,763	5,851	-88	-1.5

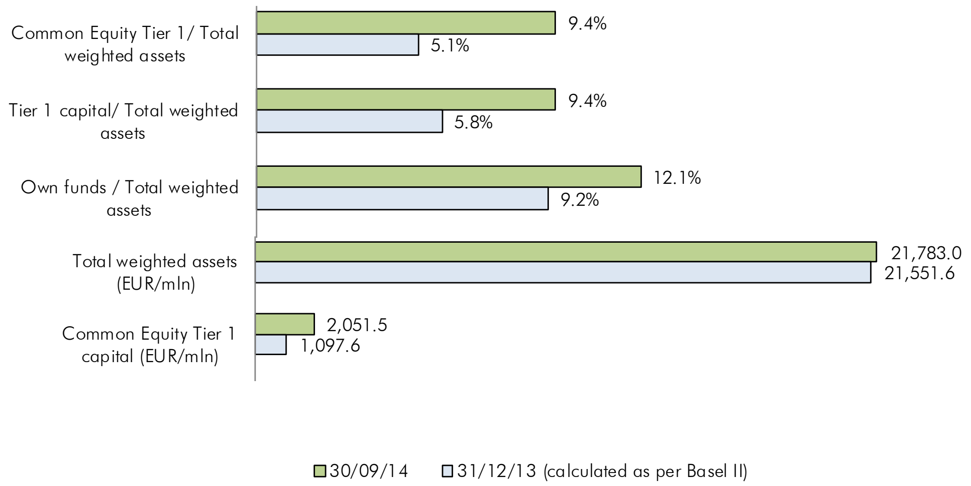
KPIs *(%)*



(1) After the AFS reserve (item 140 under Liabilities of the balance sheet).
(2) Return On Average Equity.

30/09/14 30/06/13

Capital ratios *(%)*



BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS *

BOARD OF DIRECTORS

CHAIRMAN
Cesare Castelbarco Albani **

DEPUTY CHAIRMAN
Alessandro Repetto**

CHIEF EXECUTIVE OFFICER
Piero Luigi Montani**

DIRECTORS
Jérôme Gaston Raymond Bonnet
Luca Bonsignore
Remo Angelo Checconi **
Evelina Christillin
Lorenzo Cuocolo
Philippe Marie Michel Garsuault
Guido Pescione
Lorenzo Roffinella
Elena Vasco
Lucia Venuti
Philippe Wattecamps
Giuseppe Zampini**

BOARD OF STATUTORY AUDITORS

CHAIRMAN
Stefano Lunardi

STANDING AUDITORS
Maddalena Costa
Vittorio Rocchetti

ALTERNATE AUDITORS
Francesco Isoppi

INDEPENDENT AUDITORS
Reconta Ernst & Young S.p.A.

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS
Luca Caviglia

** at the date of publication of this document*
*** Member of the Executive Committee*

The Board of Directors was appointed by the Ordinary Shareholders' Meeting on 30 September 2013 for the 2013-2014-2015 financial years, hence with term of office until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2015.
On 29 October 2013 Piero Luigi Montani was co-opted by the Board of Directors to replace outgoing Director Mr. Luigi Gastaldi (resigning on the same date), with term of office until the following Shareholders' Meeting, and later serve as CEO as of 5 November 2013.

The Ordinary Shareholders' Meeting of 30 April 2014 confirmed the appointment of Piero Luigi Montani as Director, with the same term of office as the other Directors, expiring on the date of the shareholders' meeting called to approve the financial statements at 31/12/2015. On 6/5/2014, the Board of Directors confirmed for Mr. Montani the powers he had been granted upon prior appointment to the position of Managing Director.
The Executive Committee was appointed by the Board of Directors' Meeting of 07/10/2013, with term of office expiring on the date of the Shareholders' Meeting called to approve the financial statements at 31/12/2015, as regards Elected Members, in addition to the Chairman, Deputy Chairman, Managing Director who are Members by right.
The Board of Statutory Auditors was appointed by the the Ordinary Shareholders' Meeting on 30 April 2014 for the 2014-2015-2016 financial years and, therefore, with term of office lasting until approval of the financial statements for the year ending 31 December 2016. On 15 May, 2014, the Board of Directors declared the expiry of the term of office for Standing Auditor Mr. Diego Maggio, pursuant to Art. 148, paragraph 4 – quater of Legislative Decree no. 58 of 24/2/1998. In compliance with Art. 26 of the Articles of Association, the outgoing Standing auditor was replaced by former Alternate auditor Mr. Vittorio Rocchetti, who – in accordance with art. 2401, paragraph 1, of the Italian Civil Code – will remain in office until the next Shareholders' Meeting, which will supplement the Board of Statutory Auditors as necessary.

INTERIM REPORT ON OPERATIONS

REAL ECONOMY AND MONEY MARKET

Notwithstanding the widespread monetary and fiscal policy measures aimed at boosting economic recovery, the international scenario shows signs of a generalised pessimism: the downward pressures on the international prices of raw materials trigger deflationary effects; the emerging countries' economy - suffering significantly from the stagnation of world trade - is slowing down, whilst the more industrialised economies are constrained by the extent of their public debts.

The slowdown of international trade results in limited growth of world GDP for the whole of 2014 (+3%, in line with 2013).

In this context, a countertrend is shown by the U.S. economy, which is benefitting from an improving labour market, with the offer back to an uptrend -albeit at a slow pace-, the unemployment rate further decreasing (5.9% in August) and a stable employment rate (59%). This trend favours an increase in domestic demand, which shields the economy from the weakness of the global economic cycle. The U.S. GDP, expected to grow by 2.2% in 2014, is therefore driven by consumption and investments, whilst consumer price inflation remains rather low (+1.7% in August), mainly as a consequence of the downturn in energy prices.

Among the emerging countries, a further widespread slowdown in their economic growth is observed, confirming their lower than pre-crisis contribution to the growth of world trade. Going beyond their common denominator as net raw material exporters, some different situations are observed in the aggregate of emerging countries: while China, emerging Asia and some Sub-Saharan African countries maintain a relatively strong growth rate based on the uptrend in domestic demand, India, Indonesia and Mexico are characterised by an overall improvement and a vigorous reform programme; finally, Russia, Brazil, South Africa, Turkey, Argentina and Venezuela show elements of greater fragility.

The Euro Area economy suffers on the one hand from a slowdown in trade and, on the other, from a further decrease in investments, notwithstanding the favourable financial conditions, penalised as they are by the climate of uncertainty and enduring difficulties in the labour market: the GDP of the Euro Area is estimated to be growing feebly throughout 2014 (+0.6%, -0.4% in 2013): moreover, the consumer and business confidence index show a gradually worsening trend.

Industrial production in the Euro Area nonetheless recorded a YoY growth of 1.7% in July (+2.5% in Germany and 0.1% in France); new manufacturing orders grew by 3.8% (+5.9% in Germany); retail sales, in August, showed a steady recovery (+1.8% YoY for the aggregate Area, +2.5% in Germany, +3.3% in France).

The unemployment rate remained at high levels in August (11.5%), although down slightly compared both to the end of last year (11.8%) and to the average level for 2013 (12%).

Inflation remained at minimum levels, standing at 0.4% in August, down compared to the previous months and the average for 2013 (1.4%); however, “core” inflation (excluding items subject to volatile prices, like energy) stayed near 1% (0.9%), just slightly below the average value for 2013 (1.4%).

At European Banking System level, the Comprehensive Assessment (hereinafter "CA") was completed, which included an Asset Quality Review (AQR) and a stress test, that examined the resilience of banks' balance sheets as at 31/12/2013 with projections over the 2014-2016 three-year period under a baseline scenario (developed by the European Commission) and an adverse scenario (pre-defined by the ECB and the European Systemic Risk Board, ESRB), with results being integrated with the AQR outcome (“join-up”). It is noted that the CA is an exercise with primarily prudential implications, based on the conservative application of assessment criteria, including statistical methods, and that the join up of the AQR results with the Stress Test made the latter more conservative than similar tests conducted in the past. The Comprehensive Assessment Exercise resulted in nine Italian banks showing potential capital shortfalls, for a total amount of EUR 9.7 bn as at 31/12/2013. Considering the capital increases finalised between January and September 2014, the potential capital shortfall was reduced to EUR 3.3 bn relative to 4 banks, including Banca Carige, as described in the following paragraph "The Strategy".

The Italian economy is weighed down by the still unfavourable trend in domestic demand, with investments decreasing further and consumption essentially stable, and by a lower than expected foreign demand, penalised by the slowdown of emerging countries, U.S. dollar weakness and geopolitical tensions between Russia and Ukraine.

The easing of monetary conditions by the ECB looks insufficient to stimulate the current economic cycle; Italy's national fiscal policy measures -now shifting to a more expansionary approach, deferring achievement of structural breakeven of budget deficit to a later time- are therefore decisive; the mid-year tax bonus of EUR 80 for annual incomes of up to EUR 26,000, contributed to supporting a slow recovery of household spending from recession. GDP is expected to decrease by 0.4% throughout 2014 (down 1.8% in 2013), particularly on the back of a continuing downward trend in investments.
In the first eight months of 2014, industrial production decreased by 0.1% YoY, as a consequence of the fall in consumer durables (-0.6%) and energy (-5.3%); domestic sales volumes and industrial orders (respectively -1.5% and -0.6% YoY) were also on the decrease, against a positive trend for foreign volumes (+1.8% sales, +3.9% orders).
Signs of concern continue to come from the labour market. The unemployment rate remains at high levels: in August it was 12.3% (12.4% in December 2013, 12.2% the average for 2013), with youth unemployment (15-24 year olds) up further to 44.3% (+3.6% YoY). This weakness adversely impacts household consumption: retail sales in the first eight months of 2014 fell by 1.3% YoY, due primarily to a drop in turnover for small retailers.
Foreign trade for the first eight months of the year showed a slight growth in exports (+0.9% compared to the same period in 2013), entirely attributable to the demand from European markets, in contrast to a fall in imports (down 2.2%), due to the sharp decline in flows from non-EU markets, with a positive trade balance of approximately EUR 26 bn.
Inflation shows a further downturn and has been in negative territory since August; in September it reached -0.1% against 0.7% in December and an annual average of 1.2% in 2013.
With reference to public finance, demand from the public sector in the first nine months of 2014 stood at roughly EUR 68.6 bn, improving by approximately EUR 7.7 bn in comparison with the corresponding period of the previous year.
As for the monetary policy, the top global banks continued to be supportive of expansionary measures, keeping official interest rates at historically low levels: the Federal Reserve kept the interest rate within the 0 to 0.25% range; the ECB further cut the refinancing rate (bringing it to an all-time low of 0.05% in September) and the deposit rate, which went down to -0.2%; it also confirmed the "Targeted LTRO" (T-LTRO) programme, i.e. long-term refinancing transactions targeted at providing loans to the non-financial sector (Tltro); using these funds, banks will be able to replace more costly sources of funding, contributing to alleviating potential tensions on the bond and Government bond markets.
During the first nine months of the year, the 3-month Euribor rate fell, on the whole, from 0.27% to 0.10% due to the consequences of the ECB's subsequent expansionary measures taken in June and September, which reversed the uptrend; the gross yield on government securities dropped from 3.04% to 1.68%, by contrast marking a continuously decreasing trend. Gross yields on government securities registered a decrease across the board: the average yield fell from 0.66% to 0.18% on Italian BOTs (treasury bonds), from 1.71% to 0.89% on CCTs (treasury credit certificates) and from 3.65% to 2.42% on BTPs (long-term treasury bonds).
In the wake of easing tensions on the financial markets, the btp/bund spread gradually fell below 200 basis points, reaching 140 bps at the end of September (216 bps at the end of December 2013), even though pronounced volatility returned to the markets in the most recent months, with the spread climbing to over 160 bps in October.
The foreign currency exchange market was characterised by a global depreciation of the euro against the dollar, with the exchange rate standing at 1.26 in September 2014 (vs. 1.38 in December 2013).
In the interbank market, direct deposits of Italian banks showed a slightly decreasing trend in September (-0.6% YoY), reflecting the sharp fall in bonds (-10.6%), only partially offset by the positive trend in resident customer deposits (+3.8%).
The trend in bank loans, despite expansionary money market conditions, was weighed down by the weakness in demand from households and businesses, and the adoption of a more prudential approach by banks, prompted by worsening credit quality and the need for capital and liquidity strengthening identified by prudential supervisory regulations. Loans to households and non-financial businesses fell by 0.9% YoY and gross bad loans rose by around 22.6%. The bad loans to total loans ratio was 9.2% (7.3% for the previous year). The value reached 15.2% for companies, while it stood at 6.7% for households.

Bank interest rates were down in the first nine months of the year (the average weighted rate on loans to households and non-financial businesses was 3.76% in September as compared to 3.82% in December 2013), while the cost of funding fell to 1.59% (1.88% in December 2013). Although widening slightly from the beginning of the year, the spread remained at extremely low levels (217 bps in September 2014, vs. 194 bps in December 2013). Prior to the start of the financial crisis, it exceeded 300 bps.

STRATEGY

The objective of the Carige Group for 2014-2018 is to strengthen its capital position, keep its risk profile under control and boost core business profitability by further improving its cost base and upgrading its customer service model.
To this end, Banca Carige's Board of Directors approved the new 2014-2018 Business Plan on 27 March 2014, whereby the Group set out a turnaround strategy that hinges on simplifying all of the Company's areas with a view to: pursuing the corporate mission of reconfirming its historical vocation as a locally rooted retail bank focusing on northern Italy to serve households and small to medium-sized businesses; reducing the banking Group's risk profile; pursuing the «Efficient Distributor» model, partly exiting the role of Product-maker; renewing the operating model.
This strategy is based on six areas of action:

- strengthening the capital base;
- mitigating financials risks and improving the liquidity position
- upgrading the credit management model;
- renewing the organisational model to increase sales and distribution efficiency;
- improving the operational efficiency;
- simplifying the organisational structure and strengthening the Management Team.

During the first nine months of the financial year, the Bank implemented the key initiatives planned for the first phase of the Business Plan, laying the foundations for future growth by rebalancing its capital position via the successful completion of the share capital increase for an amount of EUR 799.3 mln early in July which, together with the net capital gain resulting from the accounting treatment of the new shareholdings in the Bank of Italy for an amount of EUR 221.9 mln, represented the main recapitalisation measure undertaken by the Group during the year.
Furthermore, the rigorous process of risk profile review continued. Focusing particularly on credit and market risk, the process -launched in late 2013- was conducted with a view to adjusting balance-sheet assets to more prudential values. During the last financial year, the review specifically targeted the loan portfolio, which was scrutinised in its entirety on the basis of strict classification criteria, in line with guidance received from the Supervisory Authorities during their inspections, generating an impact on the Group's profit and loss of EUR 1,063.4 mln in net impairment losses on loans expensed in 2013 (equalling a cost of credit of 417 bps) and the classification of exposures to non-performing status for an amount of approximately EUR 2.5 bn. In addition, the banking group's securities portfolio was downsized and related average life to maturity was reduced from approx. 6 years as at 30/09/2013 to about 3 years at year end.
In 2014, the risk profile mitigation process translated into a further major downsizing of the banking group's securities portfolio, with volumes down from an initial EUR 6.4 bn as at 31/12/2013 to approximately EUR 3 bn as at 30/09/2014 and related average term to maturity further reduced from 3 to 2.1 years by the end of the third quarter.
Moreover, as part of the scope of the Business Plan assumptions, further major actions were implemented to improve the Group's capital structure and risk profile, including:

- signing of a union agreement on 30 September 2014, encompassing 600 incentive-based early retirements and an in-depth review of the remuneration structure, with EUR 50 mln worth of cost savings a year, when at steady state;
- a branch network rationalisation plan with a first phase of 35 branches already closed, out of the 80/90 closures planned in the 2014-2018 Business Plan;

- definition of the new 'Central Management' organisational setup, with a significant reduction in the number of Headquarters offices, the simultaneous adoption of a new Corporate Governance model and the strengthening of the management team, with the onboarding of key executives;
- execution of capital management actions allowing for a reduction in RWAs by approximately EUR 1 bn in 2014;
- rebalancing of the capital position, via the afore-mentioned banking group's securities portfolio downsizing and concurrent full repayment of the LTRO for a total amount of EUR 7 bn. In this connection, the Group has seized the new funding opportunities offered by the new T-LTRO programme, borrowing an initial amount of approximately EUR 750 mln.

Finally, on 26 October 2014, Banca Carige's Board of Directors took note of the results of the Comprehensive Assessment which were communicated by the European Central Bank on 23 October 2014, upon conclusion of an in-depth review conducted in collaboration with the European Banking Authority (EBA) and the Bank of Italy.

In the case of Banca Carige, the application of the Stress Tests to the financial year 2013 – which was adversely affected by the one-off initiatives implemented by the Bank in the course of the year –amplified the impacts on the reported capital shortfall.
The CA exercise results for Banca Carige do not factor in the EUR 1,021.2 mln worth of capital eligible as Common Equity Tier 1 Ratio (hereinafter also "CET1R") arising from the amounts relating to the following items: (i) the EUR 221.9 mln net capital gain resulting from the accounting treatment of the new shareholdings in the Bank of Italy; (ii) the EUR 799.3 mln capital increase completed in July 2014 and further measures –not factored in- undertaken by Banca Carige in the first 9 months of 2014. The CA outcome was reflected in a 3.88% CET1R for the Banca Carige Group after the AQR, with a capital shortfall of EUR 951.6 mln as compared to the minimum requirement of 8.00%, and a CET1 ratio of respectively 2.34% and -2.36%, under the baseline and adverse scenarios, respectively corresponding to a shortfall of EUR 1,321.1 mln and 1,834.6 mln.
By factoring in the EUR 1,021.2 mln worth of capital arising from the key capital measures completed in the first 9 months of 2014, a post-AQR capital surplus of EUR 69.6 mln emerges with respect to the minimum requirements, while the shortfalls under the two different stress test scenarios respectively amount to EUR 299.9 mln and EUR 813.4 mln.

Comprehensive Assessment Outcome								
Results disclosed by the ECB						**AQR surplus after key capital strengthening measures**	**Results including other capital strengthening measures**	
AQR shortfall	**Baseline ST shortfall**	**Adverse ST shortfall**	**Maximum shortfall**	**Key capital strengthening measures (1)**	**Shortfall after key capital strengthening measures**		**Other capital strengthening measures**	**Final shortfall after all capital strengthening measures**
-951.60	**-1,321.09**	**-1,834.57**	**-1,834.57**	**1,021.17**	**-813.40**	**69.57**	**0.00**	**-813.40**

(1) Measures include the capital increase against consideration completed in July 2014 for an amount of EUR 799.30 mln and a capital gain of EUR 221.87 mln from accounting treatment of the new shareholdings in the Bank of Italy.

As part of the AQR, whose scope of review amounted to approximately EUR 21 bn, accounting for over 80% of total customer loans (EUR 25.4 bn), the need for EUR 215.7 mln worth of additional provisions (before-tax) was identified under extremely prudential criteria in the portfolio subject to the credit file review. These results confirm the adequacy of the initiatives set out by the Bank in 2013 and continuing in the current year under the same rigorous criteria. In particular, it should be emphasised that the Bank has -to a significant extent- already recognised these provisions in its 2014 9-month results, as illustrated in the Explanatory Notes - Accounting Policies. While acknowledging the CA results, the Bank's Board of Directors has outlined that the process of rigorous review of its risk profiles, particularly credit and market risk, which was conducted with a view to adjusting balance-sheet assets to more prudential values starting from 2013 as previously described, has led to major impacts on the 2013 profit and loss and, therefore, on the assets in scope for the stress tests.

Specifically, the loan book review conducted at the end of 2013, which had an impact on the Group's profit and loss of EUR 1,063.4 mln in net loan loss provisions and approximately EUR 2.5 bn in exposures classified to non-performing status, was reflected in the stress tests carried out as part of the CA, reverberating negatively on future profitability, in terms of both net interest income and cost of credit.
However, the accuracy of the loan book review process and adequacy of the capital increase were confirmed by the Asset Quality Review conducted by the Regulator which, having considered the capital measures already implemented (corresponding to EUR 1,021.2 mln of eligible CET1 capital), did not identify any capital shortfalls in its comprehensive assessment of the selected portfolios.
As stated, the risk profile mitigation process translated into a major downsizing, in 2014, of the banking group's securities portfolio and related average term to maturity, with volumes down from an initial EUR 6.4 bn as at 31/12/2013 to approximately EUR 3 bn as at 30/09/2014. The positive effects of the downsizing were in no way reflected in the stress test exercise, which was conversely penalised over the three-year horizon by the effects of the haircuts applied to the 2013 portfolio.
The shortfalls arising from the CA exercise are therefore exclusively attributable to the Stress Tests which, by their very nature, do not capture the peculiarities of the trends and results of 2013, a financial year of strong dis-continuity with the past, and amplify the impact of the one-off initiatives implemented by the Bank. Said one-off initiatives in effect resulted in non-recurring negative impacts in 2013 whereas their positive effects, which the stress test exercise is not reflective of, are expected to unfold over the next five years.
Furthermore, the CA exercise did not consider all additional initiatives of capital structure and risk profile improvement implemented by the Bank in 2014, which allow the Group to confirm its capital adequacy, having a CET1R of 9.4% as at 30/09/2014 considerably higher than both the regulatory minimum (4.5%) and the minimum augmented by the capital conservation buffer (7.0%).
With a view to covering the reported demand for additional capital in the amount of EUR 813.4 mln as resulting from the CA, on 26 October 2014, the Bank's Board of Directors resolved that a series of capital management measures included in the Capital Plan be adopted, which were submitted to the ECB for approval on 5 November 2014. More specifically, they include:

- a share capital increase against consideration for no less than EUR 500 mln, via a rights issue for the Bank's shareholders; the Bank has obtained the commitment of Mediobanca – Banca di Credito Finanziario S.p.A. -acting as Global Coordinator and Bookrunner- to pre-underwrite, for an amount of up to EUR 650 mln, the subscription of all shares arising from the capital increase, should this higher amount be deemed necessary for the purpose of ECB validation the Capital Plan measures;
- disposal of the Group's assets operating in the insurance business, as well as in private banking and consumer lending.
- buyback of the subsidiary banks' non-controlling interests.

Upon conclusion of the described process, the Bank will proceed with fulfilling all obligations necessary to execute the planned capital increase and the other capital measures within the timeframe set by the ECB.

After the end of quarter, on 29 October, the Bank concluded the negotiations for disposal of the equity investments in the Group's insurance companies, coming to an agreement for the disposal of Carige Vita Nuova S.p.A. and Carige Assicurazioni S.p.A. to an affiliate of Apollo Global Management LLC. Upon transaction closing, due by the end of the first quarter of 2015, subject to the authorisations by the relevant authorities and certain conditions precedent, the Carige Group's banks will enter into a long term agreement with the two insurance companies for the distribution of life and non-life insurance products. The disposal will be finalised at a total price of EUR 310 mln and will result in a pro-forma CET 1 Ratio full compliant benefit of approx. 115 bps as at 30 September 2014.

PERFORMANCE

In the persistently weak and uncertain macroeconomic environment, the banking system continues to face difficulties in maintaining a proper balance of capitalisation, liquidity and profitability targets.

Despite this difficult context, the Group gave momentum to its capital, financial and credit rebalancing effort, particularly through the afore-mentioned share capital increase, a rebalanced liquidity profile and careful credit monitoring.

The Group's banking activities, however, recorded a weak trend in lending, while deposits were slightly on the increase.

In terms of net profit (loss) for the period, the first nine months of 2014 closed at -EUR 328.8 mln, against a loss of EUR 1,309.7 mln in the same period of 2013 which was essentially attributable to a major impairment of goodwill, totalling EUR 1,647.6 mln, and recognition of impairment losses on loans and financial assets for an amount of EUR 415.1 mln. The result is particularly traceable to: the capital loss from valuation under IFRS 5 of the insurance companies held for sale (EUR 208.4 mln gross of profits generated by the insurance companies in the period); provisions for personnel costs arising primarily from the incentive-based early retirement scheme and remuneration structure review following the new union agreement (EUR 43.9 mln) and additional non-recurring items for a total amount of EUR 22 mln (goodwill impairment for the Cassa di Risparmio di Carrara, costs associated with the planned closure of part of the branches identified in the Plan, additional one-off tax impact). Net of these non-recurring items, the 9M14 period would have closed with a result of –EUR 50.0 mln (vs. -EUR 174.4 mln in 9M2013). The ordinary course of business was weighed down by the drop in net interest income, down compared to September 2013, owing to a negative contribution of funding/lending volumes. Lower profitability was mainly the result of the loan book reclassification policy, which led to an increase in bad loans (with a consequent reduction in interest-bearing loan volumes), and a re-composition of the securities portfolio for the purpose of improving the liquidity and risk profile of the Group, with the portfolio being repositioned to a duration in line with the early repayment of the LTRO. Similarly, net fee and commission income decreased compared to the previous period and financial items were affected by the downturn in net profit (loss) from assets designated at fair value (which, in 2013, included the effects from changes in the fair value measurement method for all of the own securities issued, including those for which the Group had elected to use the so-called Fair Value Option) and gains (losses) on disposal of financial assets held to maturity.

Loan loss provisions, lower than those taken in the first nine months of 2013, were consistent with the policy for a prudential classification and assessment of the loan book, which was reflected in coverage ratios increasing to the higher banking system levels for Italian regional banks.

Operating costs edged up compared to the same period of 2013, primarily on the back of increasing personnel costs arising from the afore-mentioned allocation to the early-retirement scheme and one-off expenses incurred under the union agreement signed in September 2014.

KEY EVENTS IN THE NINE-MONTH PERIOD

On 10 January 2014, the Italian Securities and Exchange Commission, Consob, issued ruling no. 18758, which was notified to Banca Carige on 13 January 2014, concerning the ascertainment of non-compliance of Carige's separate and consolidated full-year report as at 31 December 2012 and condensed consolidated half-year report as at 30 June 2013 with financial reporting standards and requested the Bank to disclose certain elements of information, pursuant to art. 154-ter, para. 7, of Legislative Decree no. 58/1998. On 22 January 2014, Carige provided the market with the information requested by Consob in a specific press release. On 4 March 2014, Carige received a notice initiating the process for adoption of the measures referred to in art. 154-ter, paragraph 7, of Legislative Decree no. 58/1998 in which Consob made further allegations of non-compliance of the separate and consolidated financial

statements of Banca Carige as at 31 December 2012 with the IAS/IFRS, with specific regard to the methods for calculation of the technical reserves of the insurance subsidiary Carige Assicurazioni and valuation of equity investments.
For further details, including information about the amendments made to the comparative data upon approval of the 2013 financial statements and 2014 condensed consolidated half-year financial report, please refer to the specific sections included in the aforementioned financial reports.
On 14 January, the Bank of Italy completed its inspection at the Centro Fiduciario C.F. S.p.A., which had started on 19 September 2013 with initiation of administrative sanctioning proceedings, notified to the General Manager and the company on 31 March, in relation to the late reporting of one suspicious transaction.
On 20 February, as part of the activities in preparation for the share capital increase via a rights issue for an amount of up to EUR 800 mln, Carige 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 AG London Branch and UniCredit Corporate & Investment Banking (as Co-Global Coordinator and Joint Bookrunner) and Commerzbank and Nomura International Plc (as Joint Bookrunners). Subsequently, as allowed for by the pre-underwriting agreements, the banks' syndicate was extended to include Banco Santander SA as Joint Bookrunner, under the same terms and conditions as set out in the afore-mentioned agreements.
Lastly, on the same date, the Board of Directors, having acknowledged the resignation of certain members of the Boards of Directors of some of its subsidiaries, made the following designations:
- at Banca Carige Italia, outgoing directors Evelina Christillin and Elena Vasco were replaced by Mr. Roberto Pani and Mr. Giovanni Battista Pittaluga;
- at Cassa di Risparmio di Savona, outgoing Directors Ms. Raffaella Orsero and Mr. Aldo Dellepiane were replaced by Mr. Alessandro Repetto, who took on the role of Deputy Chairman, and Mr. Alessio Albani;
- at Carige Vita Nuova, Mr. Giovanni Battista Pittaluga was appointed to serve as Chairman, following resignation of current Chairman, Mr. Guido Alpa,;
- at Carige Assicurazioni, Mr. Luigi Gastaldi, former Deputy Chairman, was appointed to serve as Chairman in replacement of the outgoing Chairman Mr. Guido Alpa, whereas Mr. Remo Checconi, a former Director, was appointed to serve as Deputy Chairman.

On 26 February, the Board of Directors was informed of the communication received by Carige from its shareholder, Fondazione Cassa di Risparmio di Genova e Imperia on 25 February, whereby, pursuant to art. 2367, paragraph 1 of the Civil Code, the Foundation requested that an extraordinary shareholders' meeting of the Bank be urgently called regarding the agenda: "Power delegated to the Board of Directors on 29 April 2013 to increase share capital; - potential extension of the period for exercising the delegated power; - potential adoption of the resolution by 31 March 2014, with execution of the share capital increase in June 2014".
Considering that the currently expected timeframe for execution of the capital increase – should the relevant power be exercised – lies on the assumption that the start date of the shares offering period, as part of a transaction in line with market practice, will be in the first half of June 2014 and that the deadline is in line and consistent with the pre-underwriting commitments for the setting up of an underwriting syndicate as well as with the need to meet all legal obligations applicable, the Board of Directors has resolved that the execution of the capital increase – and, more precisely, the term for the exercise of pre-emptive rights by shareholders – unless otherwise instructed by the Supervisory Authority – will be effective as of June 2014.

The Board also resolved that the calling of Carige's extraordinary shareholders' meeting requested by the shareholder Fondazione Carige be postponed to another meeting.
On the same date, Fondazione Carige, took note of the resolution taken by the Bank's Board of Directors with the support of its legal and financial consultants and, having recalled the reasons presented by the Foundation in its report pursuant to art. 125 ter of Legislative Decree no. 58/1998 and considering that, in light of the above, the need for calling an extraordinary shareholders' meeting of Carige no longer applied, it announced that its resolution of 25 February 2014 calling for an Extraordinary Shareholders' Meeting of Banca Carige was considered superseded and accordingly rescinded.

In March, IVASS concluded the inspection at the insurance subsidiaries which it had started on 1 October 2013. Having acknowledged the results of the inspection and request for intervention, as reported by the Supervisory Authority, on 20 March 2014, the Board of Directors of Carige Assicurazioni resolved that a request for recapitalisation, in the amount of EUR 92 mln, be transmitted to the Parent Company in order to reinstate an available solvency margin equal to approximately 120% of the required solvency margin. On 27 March 2014, this request was accepted by the Board of Directors of Banca Carige which, subject to the necessary authorisations being granted by the Bank of Italy, resolved to approve the capital strengthening of Carige Assicurazioni SpA for the afore-mentioned amount. Following approval granted by the Bank of Italy with Note registered under protocol no. 0540135/14 of 26 May 2014, which authorised Banca Carige S.p.A. to underwriting the share capital increase of Carige Assicurazioni S.p.A. for the entire amount of EUR 92,000,000.00, on 30 June 2014 Banca Carige S.p.A. paid up an amount of EUR 91,998,080.00 as a consideration for the subscription of 287,494 new shares.
In its meeting on 27 March, the Board of Directors resolved to approve the 2014–2018 Business Plan of the Banca Carige Group, whose strategy is to reconfirm Carige's historical vocation as a locally rooted retail bank, focusing on northern Italy, to serve households and small- to medium-sized businesses.
The Board of Directors also resolved to exercise the power it had been delegated by the extraordinary shareholders' meeting of 29/4/2013 pursuant to art. 2443 of the Italian Civil Code. In particular, the Board of Directors, exercising the aforementioned power, resolved to increase share capital, against consideration in one or more tranches, for an aggregate 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, deferring to a subsequent meeting any decision concerning the definition of the final conditions of the capital increase. On 11/6/2014, CONSOB approved the Registration Document, Informative Note and Summary Note, jointly constituting the Prospectus for the rights issue offered to Banca Carige's ordinary and savings shareholders and admission to trading of Banca Carige's ordinary shares arising from the share capital increase on the Electronic Stock Market (*Mercato Telematico Azionario*, MTA) organised and managed by Borsa Italiana S.p.A..
On 12 June 2014, the Board of Directors set the final terms and conditions for the share capital increase via a rights issue, approving the issuance of up to 7,992,888,534 new ordinary shares, with no indication of par value and the same characteristics (including regular dividend entitlement) as the ordinary shares outstanding, to be offered pre-emptively to holders of ordinary and/or savings shares – in the offering period running from 16/6/2014 to 4/7/2014 – at a subscription price of EUR 0.10 (applying a discount of 40.78% with respect to the Theoretical Ex Rights Price (TERP), calculated on closing price as at 11/6/2014) for each new Banca Carige share, of which EUR 0.05 as share premium, with an allotment ratio of 93 newly issued shares for every 25 ordinary and/or savings shares held. In relation to the share capital increase, Carige S.p.A. signed, an underwriting agreement on the same date with Mediobanca – Banca di Credito Finanziario S.p.A., acting as Global Coordinator and Joint Bookrunner, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank A.G. London Branch and UniCredit Bank AG, Milan branch, acting as Co-Global Coordinators and Joint Bookrunners, Banco Santander SA, Commerzbank Aktiengesellschaft – London Branch and Nomura International plc., as Joint Bookrunners, as well as Banca Akros S.p.A., Banca Aletti S.p.A. and Intermonte SIM S.p.A., as Co-Lead Managers.
The pre-emptive offering of up to 7,992,888,534 newly issued Banca Carige ordinary shares arising from the rights issue (launched on 16 June 12014) was completed on 4 July 2014: during the offering period, 2,145,619,350 pre-emptive rights were exercised for the subscription of 7,981,703,982 new shares, accounting for 99.9% of total new shares offered, for an overall amount of EUR 798,170,398.20. Subsequently, on 8/7/2014, in compliance with article 2441, paragraph 3, of the Italian Civil Code, all 3,006,600 rights left unexercised at the end of the rights offering period were sold at a unit price of EUR 0.245. These rights were exercised in full by 11/7/2014 with subscription of a total number of 11,184,552 new shares arising from the exercise of said rights, for an overall amount of EUR 1,118,455.20. The Public Offering was thus completed with the subscription of all 7,992,888,534 New Shares, for an overall amount of 799,288,853.40, without the Underwriting Syndicate having to step in.
Finally, the certification of full subscription of the share capital increase was filed with the Genoa Register

of Companies on 14/7/2014 under the terms and within the deadlines set out by regulations in force, together with the amended Articles of Association.
On 30 April, in addition to approving the financial statements as at 31/12/2013, the Ordinary shareholders' meeting of Carige S.p.A., among other things, confirmed the directorship of Mr. Piero Luigi Montani, who had been co-opted by the Board of Directors in its meeting of 29/10/2013 and appointed Chief Executive Officer of the Bank, effective as of 5/11/2013, with the same term of office as the other members of the Board of Directors, i.e. expiring on the date of the shareholders' meeting called to approve the financial statements as at 31 December 2015.
The same shareholders' meeting appointed the Board of Statutory Auditors for the 2014-2016 three-year period, with its term of office expiring on the date of the shareholders' meeting called to approve the financial statements as at 31/12/2016, on the basis of two lists submitted by shareholders pursuant to art. 26 of the Articles of Association, as follows:

- Maddalena Costa and Diego Maggio were appointed as standing auditors and Vittorio Rocchetti as alternate auditor, from the list obtaining the majority of votes at the shareholders' meeting and submitted by the shareholder, Fondazione Cassa di Risparmio di Genova e Imperia;
- Stefano Lunardi was appointed as standing auditor and elected Chairman of the Board of Statutory Auditors pursuant to art. 26, paragraph 7 of the Articles of Association, and Francesco Isoppi was appointed as alternate auditor, from the list obtaining the minority of votes at the shareholders' meeting and submitted by the shareholders, Coop Liguria S.c.r.l. di consumo, Talea Società di Gestione Immobiliare S.p.A., Gefip Holding SA, Finanziaria di Partecipazioni e Investimenti S.p.A., Genuensis Immobiliare S.p.A., Genuensis di Revisione S.p.A., Immobiliare Ardo S.s., Fondazione Agostino Maria De Mari - Cassa di Risparmio di Savona, Fondazione Cassa di Risparmio di Carrara, Fondazione Banca del Monte di Lucca.

On 5 May, the bank's special meeting of savings shareholders appointed lawyer Alessandro Arvigo as the common representative of savings shareholders for the 2014-2016 three-year period, whose term of office shall expire on the date of the shareholders' meeting called to approve the financial statements at 31/12/2016.
On 6 May, the Board of Directors resolved to confirm Piero Luigi Montani as Chief Executive Officer, following his confirmation as director by the shareholders' meeting on 30 April, along with the responsibilities and delegated powers he was vested with during the meeting on 29/10/2013, at the time of his previous co-optation to the Board.
On 15 May, the Board of Directors ascertained that, as a result of verifications conducted, standing auditor Diego Maggio did not meet the requirements set out under art. 148, paragraph 3, of Legislative Decree no. 58/1998, and was therefore dismissed from office, pursuant to the aforementioned regulations. As provided for by art. 2401 of the Italian Civil Code and art. 26, para. 10 of the Company's Articles of Association, Diego Maggio was succeeded in office as a Standing Auditor by Alternate Auditor, Vittorio Rocchetti, appointed by the Shareholders' Meeting from the same list, obtaining the majority of votes and submitted by the shareholder, Fondazione Cassa di Risparmio di Genova e Imperia.
On the same date, the Board – considering that art. 1, paragraph 147 of Law 147/2013 permits, among other things, entities that adopt international accounting standards (IAS/IFRS) to realign the lower tax value of certain company assets, including properties, with the higher value recognised in the financial statements against payment of a substitute tax for IRES (corporate income tax) and IRAP (Regional Tax on Production Activities) and considering that, as a result of the accounting revaluation performed in the 2005 financial statements during the first-time application of accounting standards IAS/IFRS, most of the Banca Carige Group's real estate properties were recognised in the financial statements at a higher book value than their tax value (which entails the recognition of a deferred tax liability calculated on the basis of ordinary IRES and IRAP rates) - also resolved to approve Carige S.p.A.'s exercising the option of fiscal realignment of the tax values of the bank's properties to the higher statutory values, with an estimated net benefit on the income statement of approximately EUR 33.5 mln (EUR 39.7 mln at Group level) and to fiscally restrict for the purposes of the regulations in question, a portion of reserves or capital for an amount equal to the difference between the higher realigned values and the substitute tax payable.
The Boards of Directors of Banca del Monte di Lucca S.p.A., Cassa di Risparmio di Carrara S.p.A., Cassa di Risparmio di Savona S.p.A. and Banca Cesare Ponti S.p.A. resolved upon similar transactions for an additional total net tax benefit of EUR 6.2 mln.

On 27 May, the Boards of Directors of the subsidiaries Cassa di Risparmio di Carrara S.p.A. and Cassa di Risparmio di Savona S.p.A. – following enforcement of a personal precautionary measure against Giovanni Berneschi – resolved, pursuant to art. 26 of the Consolidated Law on Banking and Ministerial Decree no. 161/1998, to suspend him from his respective offices of Deputy Chairman and Director in the afore-mentioned banks. Simultaneously, the Boards of Directors of the two subsidiaries mandated the respective Chairmen to call the shareholders' meetings to adopt the necessary resolutions in accordance with art. 6, paragraph 2, of Ministerial Decree no. 161/1998 regarding revocation of the aforementioned representative.
On the same date, the majority of the members of the Board of Directors of Centro Fiduciario S.p.A. - Giovanni Bonalumi, Gabriele Delmonte, Roberto Mumolo and Daniela Rosina – tendered their resignations effective from the date of appointment of a new Board by the shareholders' meeting pursuant to existing regulations. Subsequently, on 4/7/2014, Director Giovanni Tedeschi also handed in his resignation, effective from the same date.
On 18 June, considering that the 2014-2018 Business Plan provides for the roll-out of a new distribution structure to be obtained through the closure of 80-90 branches and that, in order to gradually implement the actions set out in the Business Plan, 31 branches of Carige S.p.A.'s distribution network were identified for closure based on specific location, potential and performance analyses, adding to Branch 56-Genoa-Istituto Brignole -which the Committee had already decided to close at its meeting on 16/4/2014- and, for the most part, largely overlapping in terms of sphere of influence and customer catchment area, the Executive Committee resolved to rationalise Carige S.p.A.'s footprint in the Liguria area, by closing 31 branches, 18 of which in the municipality of Genoa, 3 in the province of Genoa, 1 in the municipality of Savona, 3 in the province of Savona and 6 in the province of Imperia, with transfer of the associated customer accounts to the neighbouring branches. In addition, it is noted that, in February and March 2014, five branches of Banca Carige Italia had been closed (branch no. 1 in Piacenza, branch no. 1 in Gallarate and branches at Inverigo, Termini Imerese and Cittadella).

On 1 July, the Board of Directors of Banca Carige Italia S.p.A. appointed Piero Luigi Montani as Chief Executive Officer, who had previously been appointed to the Board by the shareholders' meeting. Concurrently, Gabriele Delmonte terminated his secondment as an executive at the subsidiary, where he served as General Manager, and returned to serve in the Parent Company, Banca Carige, as Head of the Group's Credit division.
On 8 July, the Board of Directors announced the following nominations for positions at some of the Bank's subsidiaries, to be submitted to their respective shareholders' meetings:

- Centro Fiduciario S.p.A.: designation of the new Board of Directors, in the persons of Alessandro Repetto, as Chairman, Piero Luigi Montani and Stefano Ricci as Directors. Banca Carige's Executive Nicola Pegoraro was also appointed as the new General Manager;
- Cassa di Risparmio di Savona S.p.A.: Piero Luigi Montani was appointed as Member of the Board of Directors, to replace Giovanni Berneschi. Banca Carige's Executive Federico Pietrini was designated to serve as General Manager;
- Cassa di Risparmio di Carrara S.p.A.: Cesare Castelbarco Albani was appointed as Deputy Chairman, replacing Giovanni Berneschi;
- Banca Cesare Ponti S.p.A.: Stefano Lunardi, serving as a former alternate auditor, was designated as Chairman of the Board of Statutory Auditors, while Vittorio Rocchetti and Maddalena Costa were nominated as alternate auditors, in view of the resignations of Luigi Sardano and Paolo Farinella.

At the same meeting, the Board of Directors additionally examined and approved the re-organisation of the bank's 'Central Management' structure.
On 14 July 2014, Banca Carige S.p.A. transferred to Ares Life Sciences L.P. 2,231,440 shares of the company Esaote S.p.A., equal to 7.40% of Esaote's share capital for a total consideration of EUR 17,204,724.00, recognising a gross capital gain of about EUR 1.6 mln.
On 11 July, the shareholders' meeting of Centro Fiduciario C.F. S.p.A., based on the prior revocation of Director Giovanni Berneschi for just cause, set the number of Directors at three and appointed Alessandro Repetto as Chairman and Piero Luigi Montani and Stefano Ricci as Directors for the 2014-2016 three-year period. On 17 July, the Genoa Public Prosecutor's Office, as a result of the preventive detention orders taken on the same date against the General Manager, Deputy General Manager and proxy-

holder of the Centro Fiduciario C.F. S.p.A., appointed a *pro-tempore* official administrator pursuant to art. 45 of Legislative Decree no. 231/2001 for business continuity.
On 24 July, having examined the offers received as a result of the process for disposal of the equity interests held in Carige Assicurazioni S.p.A. and Carige Vita Nuova S.p.A., as outlined in the 2014-18 Business Plan approved by the Board on 27 March 2014, the Board of Directors resolved to enter into a phase of exclusive negotiations with Apollo Management Holdings L.P. In this transaction, the Bank was assisted by Mediobanca, Leonardo & Co. S.p.A. and Legance Avvocati Associati. The negotiations with Apollo were subsequently formalised on 29 October 2014, as described in the paragraph "Events after the reporting period and business outlook ".
On 1 August 2014, the Board of Directors resolved to proceed, as a Banking Group, with the submission to the European Central Bank (BCE), via the Bank of Italy, of the application for admission to the "T-LTRO - Targeted Longer-Term Refinancing Operations” programme approved by ECB's Governing Council on 5 June 2014, vesting the CEO and the CFO with the power to fulfil all obligations as may be necessary to give effect to the submission of the aforementioned application on behalf of CARIGE S.p.A. and its subsidiary Banks.
On 8 August, the relevant internal units informed the Bank of Italy about their intention to participate in the financing programme as a Banking Group.
On 28 August, based on evidence from statistical supervisory data, the scope of loans to be considered for determining the ‘initial borrowing allowance’, i.e. the initial refinancing amount available for the Bank (7% of reported eligible loans) was sent to the Bank of Italy. On 11 September, the Bank of Italy confirmed that the Group was entitled to participate in the refinancing programme for a maximum initial amount of approximately EUR 1.14 bn.
On 17 September, with settlement date on 24 September, the Carige Group participated in the first TLTRO transaction, for a total amount of EUR 700 mln, reserving the right to participate in a second tranche in December, for an amount (to be defined) of indicatively EUR 400 mln on the basis of current estimates.
On 30 September the Bank signed a specific agreement with the trade unions, as a result of the process starting on 6 May 2014 which, amongst other things and in line with the 2014-18 Business Plan, included an incentive-based early retirement scheme for at least 600 employees and the recruitment of 150 resources by the end of 2018, in addition to a review of the personnel remuneration structure, aimed at guaranteeing recurring savings on labour costs.

RISK MANAGEMENT

Risk-taking policies in the Carige Group are set by the Board of Directors of the Parent Company, upon preparation of the strategic plan and annual budget.
For details on risk management, please refer to the paragraph “Risk management” in the “Explanatory notes”.

EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK

On 16 October, the Board of Directors of the subsidiary, Cassa di Risparmio di Carrara, appointed Mr Giorgio Provvedi – a Middle Manager of Banca Carige Italia S.p.A. - as General Manager of Cassa di Risparmio di Carrara S.p.A., replacing Mr. Roberto Battistini, set to take on other responsibilities in the Parent Company.
With its resolution of 21 October 2014, upon completion of the Bank's ‘Central Management’ reorganisation process, the Board of Directors approved the review of powers delegated by the Board to the Chief Executive Officer and Management Committees, with the overall framework being completed by way of a resolution adopted on the same date.

On 29 October 2014, Banca Carige and a company organised and held by investment funds managed by affiliates of Apollo Global Management LLC (together with the consolidated subsidiaries, hereinafter collectively referred to as "Apollo") entered into an agreement which provides for the sale of 100% of the shares held by Banca Carige in Carige Vita Nuova S.p.A. and Carige Assicurazioni S.p.A., for a total consideration of EUR 310 mln. The Issuer, together with the other Group banks it controls, entered into long-terms agreements with Apollo for the distribution of life and non-life insurance products. The closing of the transaction, which is conditional upon obtaining the necessary authorisations from the relevant authorities and subject to specific conditions precedent, is expected to be finalised in the first quarter of 2015.

Following the latest reports provided at the end of October, Banca Carige is rated as follows:

	Latest rating date	long-term	short-term
Fitch	october 2014	BB	B
Moody's	october 2014	Caa1	Not prime
Standard & Poor's	october 2014	B-	C

Developments in the first nine months of 2014 unfolded against a macroeconomic environment which continues to be very uncertain, conditioned as it is by a still unfavourable domestic demand, with a further contraction in investments and substantial stability in consumption, and by ever-higher unemployment rates, especially among young people. Throughout 2014, GDP is expected to decrease by 0.4% (-1.8% in 2013), primarily on the back of investment trends which remain negative.
Within this context, the Group, which continues to be impacted by very low banking system interest rates and operates in a highly competitive environment, recognised a loss of EUR 328.8 mln in the nine-month period. The still uncertain economic and financial environment will influence the Bank's results in terms of lending and funding volumes, quality and valuation of assets and profitability.
Continuing on the growth path remains our firm commitment for the year 2014, facing, with determination, the ongoing efficiency and profitability challenges, while consolidating our strengths and ability to anticipate and meet the needs of households and businesses.
The Bank's operations will be run along the development guidelines and key objectives of the Group's new business plan, approved by the Board of Directors on 27 March 2014, which can be summarised into capital strengthening, risk mitigation, a stronger liquidity position, cost efficiency and distribution effectiveness.
Against these premises and in light of the Board of Directors' approval of the Capital Plan on 26 October 2014 which, subject to ECB approval, ensures coverage of the shortfall identified during the CA exercise by way of a capital increase and asset disposals, the going concern assumption is confirmed as the basis of preparation for this interim financial report.

With reference to the contents of the previous paragraphs concerning the CA, on 7 November 2014, the Italian Securities and Exchange Commission (Consob) requested all banks subject to the CA of the ECB to include in their interim financial reports as at 30 September 2014, pursuant to art. 114, paragraph 5 of Legislative Decree No. 55/98, information regarding the CA exercise conducted by the ECB and, specifically, the AQR results reported in the disclosure template published on 26 October 2014. This information is disclosed in the Explanatory Notes - Accounting Policies of this interim financial report, which is referenced to for further details.

PERFORMANCE OF THE PARENT BANK AND ITS SUBSIDIARIES IN THE REPORTING PERIOD

The Parent Company

Banca Carige S.p.A. posted a net loss of EUR 399.8 mln in the first nine months of 2014, mainly attributable to a loss on equity investments of EUR 249.7 mln arising from a EUR 179.5 mln impairment of the book value of the equity investments held by the insurance companies, in light of the sales price paid for the disposal of these investments to Apollo Management Holding L.P. and a EUR 69.2 mln depreciation in the carrying amount of the equity investments held in three Banks of the Group (EUR 56.1 mln for Banca Carige Italia, EUR 9.7 mln for Cassa di Risparmio di Carrara, and EUR 3.4 mln for Banca del Monte di Lucca). The net interest income shows a weakening trend (-EUR 18 mln, from EUR 77.7 mln to EUR 59.7 mln), only partially mitigated by an improvement in net fees and commissions (+EUR 2.7 mln from EUR 72.4 to 75 mln); finance components included, net interest and other banking income stands at EUR 274.6 mln, down 57 mln compared to the same period in 2013. Operating costs were up by EUR 45.7 mln (from EUR 189.3 to 235 mln), as a result of provisions taken for the incentive-based early retirement scheme (EUR 19.3 mln) and one-off expenses (EUR 13.7 mln) provided for by the union agreement signed on 30 September 2014.

In balance sheet terms, the uncertainties of the macroeconomic scenario and a more targeted lending policy were reflected in the slowdown in gross customer loans, which totalled EUR 14.5 bn, down 7.7% as compared to 31 December 2013. Total customer deposits rose 4.1% to EUR 31.1 bn in the first nine months of 2014.

The main subsidiaries

Banca Carige Italia S.p.A. posted a net loss of EUR 10.7 mln as at 30 September 2014, on the back of a EUR 7.3 mln decrease in net interest and other banking income (from EUR 278.9 to 271.6 mln) and a EUR 15.7 mln increase in operating costs (from EUR 166.2 mln to EUR 181.9 mln). This result is attributable to a general weakness in both net interest income and net fee and commission income, only partly offset by gains on disposal of financial assets available for sale and lower loan loss provisions.

Cassa di Risparmio di Savona S.p.A. generated a net profit for the period of EUR 3.3 mln, an increase compared to the negative result registered for the same period in 2013 (-EUR 2.8 mln), driven by an improvement in net interest and other banking income (+EUR 2 mln, from EUR 48.3 to EUR 50.2 mln) which, net of value adjustments for an amount of EUR 19.3 mln and operating costs for an amount of EUR 29.9 mln (up EUR 4.7 mln compared to EUR 25.2 mln in September 2013), result in a pre-tax profit of EUR 1 mln. Income taxes (showing a positive balance of EUR 2.3 mln) were positively impacted by the fiscal realignment of properties.

Cassa di Risparmio di Carrara S.p.A. closed the first nine months with a net loss for the period of EUR 4.1 mln, as against a loss of EUR 0.5 mln in the same period of 2013, almost entirely accounted for by the recognition of impairment losses on goodwill for an amount of EUR 10.1 mln. An improvement in net interest and other banking income is observed (+EUR 2 mln), as is an increase in operating costs (+EUR 1.9 mln).

Banca del Monte di Lucca S.p.A. registered a net loss of EUR 0.4 mln in the first nine months of 2014, as compared to a loss of EUR 17.6 mln registered for the same period of 2013. The result reflects an improvement in net interest and other banking income (+EUR 2 mln), as against an increase in operating costs (+EUR 1.7 mln).

Banca Cesare Ponti S.p.A. recorded a net profit of EUR 1.6 mln, driven by an improvement in operating costs (-EUR 0.4 mln) and sustained growth in non-interest income (+EUR 1.9 mln), as against a contraction in net interest income (-EUR 2 mln).

Creditis Servizi Finanziari S.p.A. registered a net profit of EUR 9.8 mln as at 30 September 2014. Net interest income totalled EUR 24 mln. Interest income (EUR 29.8 mln) is primarily accounted for by interest on personal loans (EUR 19.9 mln). Interest expense, amounting to EUR 5.8 mln, is interest accrued on loans granted by the Parent Company. Fee and commission income amounted to EUR 2.8 mln, of which EUR 1.6 mln in fees and commissions paid by the insurance companies for the distribution of insurance policies. Fee and commission expense amounted to EUR 0.8 mln. Impairment losses on loans totalled EUR 3.2 mln. On the cost side, expenses for personnel seconded by the Parent Company amounted to EUR 2.4 mln. Other administrative expenses, inclusive of amortisation, totalled EUR 5.7 mln. The pre-tax profit is a positive EUR 15 mln. Net of EUR 5.2 mln in income taxes, net profit totals EUR 9.8 mln.

Finally, for details about the insurance subsidiaries, please refer to the paragraph 'Insurance business' further below.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS *(thousands or euro)*

	30/09/2014	31/12/2013	Changes absolute	%
10 - *CASH AND CASH EQUIVALENTS*	293,472	339,280	(45,808)	-13.5
20 - *FINANCIAL ASSETS HELD FOR TRADING*	80,457	132,697	(52,240)	-39.4
30 - *FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS*	-	258,633	(258,633)	-100.0
40 - *FINANCIAL ASSETS AVAILABLE FOR SALE*	3,051,127	10,544,587	(7,493,460)	-71.1
60 - *LOANS TO BANKS*	1,472,531	1,218,989	253,542	20.8
70 - *LOANS TO CUSTOMERS*	23,467,046	25,476,359	(2,009,313)	-7.9
80 - *HEDGING DERIVATIVES*	213,691	125,811	87,880	69.9
100 - *EQUITY INVESTMENTS*	92,649	91,552	1,097	1.2
110 - *TECHNICAL INSURANCE RESERVES REASSURED WITH THIRD PARTIES SUBJECT TO JOINT CONTROL*	-	155,233	(155,233)	-100.0
120 - *PROPERTY, PLANT AND EQUIPMENT*	781,786	1,070,877	(289,091)	-27.0
130 - *INTANGIBLE ASSETS*	139,467	188,067	(48,600)	-25.8
of which:				
- goodwill	80,627	106,479	(25,852)	-24.3
140 - *TAX ASSETS*	1,990,054	2,083,257	(93,203)	-4.5
a) current	1,067,750	298,245	769,505	...
b) deferred	922,304	1,785,012	(862,708)	-48.3
- of which pursuant to Law 214/2011	668,235	1,425,756	(757,521)	-53.1
150 - *NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS*	6,066,320	-	6,066,320	...
160 - *OTHER ASSETS*	349,703	470,933	(121,230)	-25.7
TOTAL ASSETS	**37,998,303**	**42,156,275**	**(4,157,972)**	**-9.9**

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

	30/09/2014	31/12/2013	Changes absolute	%
10 - *DEPOSITS FROM BANKS*	1,400,697	8,161,242	(6,760,545)	-82.8
20 - *DEPOSITS FROM CUSTOMERS*	17,178,072	14,817,367	2,360,705	15.9
30 - *SECURITIES ISSUED*	8,399,074	9,217,979	(818,905)	-8.9
40 - *FINANCIAL LIABILITIES HELD FOR TRADING*	13,423	14,567	(1,144)	-7.9
50 - *FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS*	981,948	1,296,816	(314,868)	-24.3
60 - *HEDGING DERIVATIVES*	493,718	457,998	35,720	7.8
80 - *TAX LIABILITIES*	92,318	252,242	(159,924)	-63.4
(a) current	77,998	94,683	(16,685)	-17.6
(b) deferred	14,320	157,559	(143,239)	-90.9
90 - *LIABILITIES ASSOCIATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS*	6,056,903	-	6,056,903	...
100 - *OTHER LIABILITIES*	784,334	812,430	(28,096)	-3.5
110 - *EMPLOYEE TERMINATION INDEMNITIES*	83,594	89,232	(5,638)	-6.3
120 - *ALLOWANCES FOR RISKS AND CHARGES:*	445,464	375,415	70,049	18.7
a) post-employment benefits	356,339	320,900	35,439	11.0
b) other allowances	89,125	54,515	34,610	63.5
130 - *TECHNICAL RESERVES*	-	5,017,768	(5,017,768)	-100.0
140 - *VALUATION RESERVES*	-146,857	-123,950	(22,907)	18.5
170 - *RESERVES*	-436,516	296,061	(732,577)	...
180 - *SHARE PREMIUM RESERVE*	369,243	1,020,990	(651,747)	-63.8
190 - *SHARE CAPITAL*	2,576,863	2,177,219	399,644	18.4
200 - *TREASURY SHARES (-)*	-20,283	-21,282	999	-4.7
210 - *NON-CONTROLLING INTERESTS (+/-)*	55,071	55,838	(767)	-1.4
220 - *NET PROFIT (LOSS) (+/-)*	-328,763	-1,761,657	1,432,894	-81.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**37,998,303**	**42,156,275**	**(4,157,972)**	**-9.9**

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT *(thousands of euro)*

		1ST 9M 2014	1ST 9M 2013 (*)	Change 09/14 - 09/13 absolute	Change 09/14 - 09/13 %
10 -	INTEREST AND SIMILAR INCOME	655,466	781,127	(125,661)	- 16.1
20 -	INTEREST AND SIMILAR EXPENSE	(341,479)	(429,824)	88,345	- 20.6
30 -	**NET INTEREST INCOME**	**313,987**	**351,303**	**(37,316)**	**- 10.6**
40 -	FEE AND COMMISSION INCOME	229,702	245,357	(15,655)	- 6.4
50 -	FEE AND COMMISSION EXPENSE	(40,865)	(41,018)	153	- 0.4
60 -	**NET FEE AND COMMISSION INCOME**	**188,837**	**204,339**	**(15,502)**	**- 7.6**
70 -	DIVIDEND AND SIMILAR INCOME	18,214	4,191	*14,023*	...
80 -	NET PROFIT (LOSS) FROM TRADING	*787*	*5,831*	*(5,044)*	- 86.5
90 -	NET PROFIT (LOSS) FROM HEDGING	*(842)*	*(7,023)*	6,181	- 88.0
100 -	GAINS (LOSSES) ON DISPOSAL/REPURCHASE OF:	*85,408*	*43,195*	42,213	97.7
	a) loans	*(562)*	*142*	*(704)*	...
	b) financial assets available for sale	*82,464*	*21,330*	*61,134*	...
	c) financial assets held to maturity	-	*21,261*	(21,261)	*- 100.0*
	d) financial liabilities	*3,506*	*462*	*3,044*	...
110 -	NET PROFIT (LOSS) FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	*2,782*	*41,300*	(38,518)	- 93.3
120 -	**NET INTEREST AND OTHER BANKING INCOME**	**609,173**	**643,136**	**(33,963)**	**- 5.3**
130 -	NET IMPAIRMENT LOSSES/REVERSALS ON:	(321,449)	(410,722)	89,273	- 21.7
	a) loans	*(318,988)*	*(389,128)*	*70,140*	*- 18.0*
	b) financial assets available for sale	*(1,964)*	*(13,658)*	*11,694*	*- 85.6*
	d) other financial transactions	*(497)*	*(7,936)*	*7,439*	*- 93.7*
140 -	**NET INCOME FROM BANKING ACTIVITIES**	**287,724**	**232,414**	**55,310**	**23.8**
150 -	NET INSURANCE PREMIUMS	-	-	-	...
160 -	OTHER NET INSURANCE INCOME (EXPENSE)	-	-	-	...
170 -	**NET INCOME FROM FINANCIAL AND INSURANCE ACTIVITIES**	**287,724**	**232,414**	**55,310**	**23.8**
180 -	ADMINISTRATIVE EXPENSES:	(528,140)	(474,340)	(53,800)	11.3
	a) personnel expenses	*(331,953)*	*(286,362)*	*(45,591)*	*15.9*
	b) other administrative expenses	*(196,187)*	*(187,978)*	*(8,209)*	*4.4*
190 -	NET PROVISIONS FOR RISKS AND CHARGES	(8,696)	(4,699)	(3,997)	*85.1*
200 -	NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY PLANT AND EQUIPMENT	(16,647)	(15,924)	(723)	*4.5*
210 -	NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(22,045)	(22,979)	934	- 4.1
220 -	OTHER OPERATING EXPENSES (INCOME)	78,752	85,857	(7,105)	- 8.3
230 -	**OPERATING EXPENSES**	**(496,776)**	**(432,085)**	**(64,691)**	**15.0**
240 -	GAINS (LOSSES) ON INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	5,124	5,625	(501)	- 8.9
260 -	IMPAIRMENT ON GOODWILL	(12,379)	*(1,647,592)*	1,635,213	- 99.2
270 -	GAINS (LOSSES) FROM DISPOSAL OF INVESTMENTS	(238)	10	(248)	...
280 -	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(216,545)**	**(1,841,628)**	**1,625,083**	**- 88.2**
290 -	TAXES ON INCOME FROM CONTINUING OPERATIONS	*50,635*	*515,242*	*(464,607)*	- 90.2
300 -	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(165,910)**	**(1,326,386)**	**1,160,476**	**- 87.5**
310 -	PROFIT (LOSS) AFTER TAX FROM NON-CURRENT ASSETS HELD FOR SALE	(163,247)	9,506	-172,753	...
320 -	**NET PROFIT (LOSS) FOR THE PERIOD**	**(329,157)**	**(1,316,880)**	**987,723**	**- 75.0**
330 -	NON-CONTROLLING INTERESTS	(394)	(7,202)	6,808	- 94.5
340 -	**PARENT COMPANY'S NET PROFIT (LOSS)**	**(328,763)**	**(1,309,678)**	**980,915**	**- 74.9**
	Earnings per share (in euro)				
	- Basic	-0.068	-0.138		
	- Diluted	-0.068	-0.138		

(*) As shown in the paragraph "Accounting policies" in the Explanatory Notes, the balances for the first nine 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".

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

Thousands of euro

		1ST 9M 2014	1ST 9M 2013 (*)	Change 09/14 - 09/13 absolute	%
10	**PROFIT (LOSS) FOR THE PERIOD**	**(329,157)**	**(1,316,880)**	**987,723**	**-75.0**
	Other comprehensive income (after tax), without reversal to profit or loss				
40	Actuarial gains (losses) on defined benefit plans	(29,361)	1,035	(30,396)	...
50	Non-current assets held for sale	(476)	495	(971)	...
	Other comprehensive income (after tax), with reversal to profit or loss				
90	Cash flow hedges	(32,472)	52,760	(85,232)	...
100	Financial assets available for sale	10,122	(403,560)	413,682	...
110	Non-current assets held for sale	36,948	14,706	22,242	...
130	**Total other comprehensive income (after tax)**	**(15,239)**	**(334,564)**	**319,325**	**(95.4)**
140	**TOTAL COMPREHENSIVE INCOME (Items 10 + 130)**	**(344,396)**	**(1,651,444)**	**1,307,048**	**-79.1**
150	Total consolidated comprehensive income pertaining to non-controlling interests	(759)	(8,100)	7,341	(90.6)
160	**Total consolidated comprehensive income pertaining to the Parent Company**	**(343,637)**	**(1,643,344)**	**1,299,707**	**-79.1**

(*) As shown in the paragraph "Accounting policies" in the Explanatory Notes, the balances for the first half of the previous year reflect, with respect to those published, changes resulting from the application of the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

EXPLANATORY NOTES

ACCOUNTING POLICIES

Banca Carige Group's Interim Financial Report as at 30 September 2014 was drafted pursuant to Art. 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 (Financial Reporting). For the valuation and measurement of the accounting items, the Group applied the international accounting standards (IAS/IFRS) and related interpretations (SIC/IFRIC), officially approved by the European Commission and effective as of 30 September 2014, while referring, as needed, to guidance provided by the Bank of Italy in its Circular no. 262 of 22 December 2005 - 2nd update of 21 January 2014 (Banks' Financial Statements: Layouts and Preparation).

Unless otherwise specified, amounts in the Financial Statements and Explanatory Notes are expressed in thousands of Euro.
During preparation of the Interim Financial Report, the accounting principles applied for classification, recognition, valuation and cancellation of the various asset and liability items, and methods used for recognition of costs and revenues were the same as those adopted for preparation of the financial statements as at 31 December 2013, except for effects arising from the application of International Accounting Standards (IAS/IFRS) and related interpretations (SIC/IFRIC) which are mandatorily to be applied to financial statements for annual periods beginning on or after 1 January 2014

In particular:

- IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 27 - Consolidated and Separate Financial Statements, IAS 28 – Investments in Associates and Joint Ventures (EC Reg. no. 1254/2012 of 11/12/2012 and EC Reg. no. 313/2013 of 04/04/2013);
  These documents' main innovations are contained in IFRS 10; the new standard arises from the need to combine into a converged document the consolidation principles and indications to minimise practical inconsistencies identified in the system by the IASB, thus superseding the provisions of IAS 27 – Consolidated and Separate Financial Statements and SIC 12 "Consolidation – Special Purpose Entities". In particular, a completely new concept of control is introduced: an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Key elements of the new definition are:
  a) the decision-making power exercised over the investee;
  b) exposure to variable returns from its involvement with the investee;
  c) investor's ability to use its power over the investee to affect returns

- Investment entities - Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities, IAS 27 – Separate Financial Statements (EC Regulation no. 1174/2013 of 20 November 2013);
- Amendments to IAS 36 – Impairment of Assets: Recoverable amount disclosures for non-financial assets (EC Regulation no. 1374/2013 of 19 December 2013);
- Amendments to IAS 39 Financial instruments - Recognition and Measurement: Novation of derivatives and continuation of hedge accounting (EC Reg. no. 1375/2013 of 19 December 2013);
- IFRIC 21 – Levies (EC Regulation no. 634/2014 of 13 June 2014)

Finally, in the first nine months of the year, the International Accounting Standards Board (IASB) issued the following new documents:

- IFRS 14 - Regulatory Deferral Accounts; the new provisions apply with effect from 1 January 2016;
- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations; new regulations shall apply as of 1 January 2016;
- Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation; the new provisions apply starting on 1 January 2016;
- IFRS 15 - Revenue from Contracts with Customers; new regulations shall apply as of 1 January 2017
- Amendments to IAS 16 and IAS 41: Agriculture - Bearer Plants
- IFRS 9 - Financial Instruments; new regulations shall apply as of 1 January 2018
- Amendments to IAS 27: Equity Method in Separate Financial Statements; new regulations shall apply as of 1 January 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; new regulations shall apply as of 1 January 2016.
- Annual Improvements to IFRSs 2012–2014 Cycle; new regulations shall apply as of 1 January 2016.

Non-current Assets Held for Sale and Discontinued Operations (IFRS 5).

On 28 October 2014, Banca Carige and Apollo Management Holdings L.P. entered into an agreement for the establishment of a partnership in bancassurance which provides for the sale of 100% of the shares held by Banca Carige in Carige Vita Nuova S.p.A. and Carige Assicurazioni S.p.A to Apollo. In addition, it provides for long-term agreements between the Bank and these companies for the distribution of life and non-life insurance products.

Among other things, the sale and purchase agreement provides for:

- the sale of the equity interests held in the insurance subsidiaries for a total price of EUR 310 mln, which will be entirely paid in cash at closing;
- Granting to the buyer - at closing - a five-year loan ("vendor loan") at market rates for an amount corresponding to 25% of the overall sale price;
- as part of warranties and indemnities, indemnities are possibly envisaged for claim settlements exceeding the allocated reserves, with the scope limited to certain identified policies, and litigations for amounts exceeding provisions taken; indemnities, if any, will however be subject to a deductible borne by the purchaser.

The transaction is subject to some conditions precedent, in line with market practice for similar transactions, and to the necessary authorizations by the relevant authorities.

Considering the time needed for the authorization process, the "closing" will likely occur in the first quarter of 2015.

Subsequent to the signing of the agreement, the pre-requisites (already adopted in the half-year report) for application of the IFRS 5 to the income statement and balance sheet items of the insurance business were confirmed: the insurance business, which identifies a "group of cash generating units", was thus classified as a disposal group.

IFRS 5 sets out the following:

- non-current assets or groups of assets/liabilities whose carrying amount will presumably be recovered through a sale transaction rather than through continuing use are classified as "Non-current assets and disposal groups held for sale" and "Liabilities associated with assets held for sale"; for this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition, subject only to terms and conditions that are usual for sales of such assets (or disposal groups) and its sale must be highly probable.

- assets and liabilities held for sale are measured at the lower of carrying amount and fair value less costs to sell reflecting, inter alia, an opinion about the contractual structure, economic terms and accounting effects issued by a leading Advisory Firm on 21 October 2014;
- profit and loss (after tax) from groups of assets and liabilities held for sale are posted to the income statement item "Profit (Loss) after tax of disposal groups held for sale".

In accordance with the above-described provisions of IFRS 5, the income statement balances relating to the first nine months of 2013 were re-stated.

The reconciliation statements below show the changes made to the comparative data.

CONSOLIDATED INCOME STATEMENT

Thousands of euro

Items	30/09/2013	Application of IFRS 5	30/09/2013 restated
10. Interest and similar income	897,109	(115,982)	781,127
20. Interest and similar expense	(429,854)	30	(429,824)
30. Net interest income	**467,255**	**(115,952)**	**351,303**
40. Fee and commission income	247,531	(2,174)	245,357
50. Fee and commission expense	(41,496)	478	(41,018)
60. Net fee and commission income	**206,035**	**(1,696)**	**204,339**
70. Dividend and similar income	4,264	(73)	4,191
80. Net profit (loss) from trading	6,150	(319)	5,831
90. Net profit (loss) from hedging	(7,023)	-	(7,023)
100. Gains (losses) on disposal/repurchase of:	69,534	(26,339)	43,195
a) loans	(571)	713	142
b) financial assets available for sale	48,382	(27,052)	21,330
c) financial assets held to maturity	21,261	-	21,261
d) financial liabilities	462	-	462
110. Net profits (loss) from financial assets and liabilities designated at fair value	40,783	517	41,300
120. Net interest and other banking income	**786,998**	**(143,862)**	**643,136**
130. Net impairment losses/reversals on:	(415,144)	4,422	(410,722)
a) loans	(393,514)	4,386	(389,128)
b) financial assets available for sale	(13,694)	36	(13,658)
d) other financial transactions	(7,936)	-	(7,936)
140. Net income from banking activities	**371,854**	**(139,440)**	**232,414**
150. Net insurance premiums	803,506	(803,506)	-
160. Other net insurance income (expense)	(870,065)	870,065	-
170. Net income from financial and insurance activities	**305,295**	**(72,881)**	**232,414**
180. Administrative expenses:	(493,237)	18,897	(474,340)
a) personnel expenses	(296,962)	10,600	(286,362)
b) other administrative expenses	(196,275)	8,297	(187,978)
190. Net provisions for risks and charges	(4,252)	(447)	(4,699)
200. Net adjustments to/recoveries on property and equipment	(55,524)	39,600	(15,924)
210. Net adjustments to/recoveries on intangible assets	(25,789)	2,810	(22,979)
220. Other operating expenses (income)	88,876	(3,019)	85,857
230. Operating expenses	**(489,926)**	**57,841**	**(432,085)**
240. Gains (losses) on investments in associates and companies subject to joint control	5,625		5,625
260. Impairment on goodwill	(1,647,592)		(1,647,592)
270. Gains (losses) from disposal of investments	10		10
280. ***Profit*** **(loss) before tax from continuing operations**	**(1,826,588)**	**(15,040)**	**(1,841,628)**
290. Taxes on income from continuing operations	509,708	5,534	515,242
300. Profit (loss) after tax from continuing operations	**(1,316,880)**	**(9,506)**	**(1,326,386)**
310. Profit (loss) after tax from non-current assets held for sale	-	9,506	9,506
320. Net profit (loss) for the period	**(1,316,880)**	**-**	**(1,316,880)**
330. Non-controlling interests	(7,202)	-	(7,202)
340. Parent company's net profit (loss)	**(1,309,678)**	**-**	**(1,309,678)**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

Thousands of euro

	Items	30/09/2013	Application of IFRS 5	30/09/2013 restated
10	**PROFIT (LOSS) FOR THE PERIOD**	**(1,316,880)**		**(1,316,880)**
	Other comprehensive income (after tax), without reversal to profit or loss			
40	Actuarial gains (losses) on defined benefit plans	1,530	(495)	1,035
50	Non-current assets held for sale	-	495	495
	Other Comprehensive Income (after tax), with reversal to profit or loss			
90	Cash flow hedges	52,760	-	52,760
100	Financial assets available for sale	(388,854)	(14,706)	(403,560)
110	Non-current assets held for sale		14,706	14,706
130	**Total Other Comprehensive Income (after tax)**	**(334,564)**	-	**(334,564)**
140	**TOTAL COMPREHENSIVE INCOME (Items 10 + 130)**	**(1,651,444)**	**-**	**(1,651,444)**
150	Total consolidated comprehensive income pertaining to non-controlling interests	(8,100)	-	(8,100)
160	**Total consolidated comprehensive income pertaining to the Parent Company**	**(1,643,344)**	**-**	**(1,643,344)**

Further information

The preparation of the Interim Financial Report requires the use of estimates and assumptions when calculating certain cost and revenue components and evaluating assets and liabilities. For their description, reference should also be made to the 2013 financial statements.

Even if the current macroeconomic situation and high volatility of financial markets make measurement of credit risk, valuation of financial instruments, assessment of impairment losses on available-for-sale (AFS) securities and goodwill more complicated and require an analysis of the effects that these assessments might have, no indicators have emerged in the Group's capital and financial structure or in its operating performance which may raise uncertainties over its going concern assumptions. Therefore, including in light of the new 2014-2018 Business Plan for the Carige Group, successful completion of the EUR 800 mln capital increase and Board of Directors' approval of the Capital Plan on 26 October 2014, the going concern assumption is confirmed as the basis for preparation of this interim financial report.

Loans were classified according to strict guidelines which are reflective of the consequences of the negative developments in the economic environment; loan-related valuations were estimated on the basis of evidence emerging from the monitoring of existing relations with borrowers and their economic-financial situation.

It should be noted that an extension or worsening of the current economic-financial crisis may cause a further deterioration of the debtors and issuers' financial conditions, which may translate into higher losses on loans granted or on financial assets purchased than those currently estimated and accordingly considered during preparation of this interim financial report.

For the purpose of the identification of non-performing past-due/overdraft loans, the Group has adopted the provisions of Art. 178 of EU Regulation no. 575/2013 (CRR), effective since 1 January 2014, and the amendments introduced by the Bank of Italy with its letter of 12 March 2014, which modified the definition of credit quality previously set out in Bank of Italy's Circular no. 272/2008 relating to non-performing past-due/overdraft loans. In relation to the above, it is noted that the Banca Carige Group has adopted, for all customer segments, the definition of "debtor default" as referring to the debtor's total obligations.

During preparation of the interim financial report, tests were performed to determine any impairment losses on AFS securities through an analysis aimed at assessing whether there is any indication of their impairment and determining their depreciation, if any. In the first nine months, some AFS securities were impaired with non-material economic effects.

The assessment of any indications of impairment relating to residual goodwill was performed in accordance with the provisions of Paragraph 12 of IAS 36. The measurement was conducted through an analysis of external and internal sources of information. The outcome of the analysis called for the need to perform an impairment test. The analysis of internal and external indicators as at 30/9/2014, revealed that impairment indicators had deteriorated between June and September 2014. In particular, market capitalization and the price to book value suffered a significant deterioration compared to the first half of 2014. For these reasons, the Management of Banca Carige considered it necessary to test goodwill for impairment. The impairment test resulted in a EUR 12.4 mln impairment loss on the goodwill relating to the CGU, Cassa di Risparmio di Carrara S.p.A..
Finally, with regard to the uncertainties relating to the accounting treatment of the new stakes held in the Bank of Italy, as previously outlined in the financial statements at 31 December 2013 (which should be referred to for further details), it should be noted that in-depth reviews are still in progress, upon completion of which, different guidelines may emerge with respect to the accounting method adopted.

Results of the Asset Quality Review (AQR) carried out as part of the Comprehensive Assessment ("CA") exercise conducted by the European Central Bank (ECB) – Consob request for disclosure of information pursuant to Art. 114, Paragraph 5, of Italian Legislative Decree no. 58/98.

On 7 November 2014, Consob requested all banks subject to the CA by the ECB to include in their interim financial reports as at 30 September 2014, pursuant to art. 114, para. 5 of Legislative Decreee no. 58/98, information relating to the CA exercise conducted by the ECB, making reference, in particular, to the AQR results reported in the disclosure template published on 26 October 2014. Below is the list of information requested by Consob (see paragraphs identified by letters from A) to D)):

A. *considerations about any potential accounting effects arising from the AQR results, with specific reference to the following elements: (i) adjustments to loan loss provisions emerging from the 'Credit File Review' (CFR), 'Projection of findings' and 'Collective provisioning'); (ii) adjustments related to the "Fair Value Review";*

With reference to the nature of the net loan loss provisions emerging from the AQR, it is appropriate to firstly point out that the assessment process of the ECB's CA exercise is primarily in response to prudential supervision rather than accounting requirements[1], and therefore is not directly reflected in banks' financial statements. As a matter of fact, part of the measurement methods and application parameters used in the AQR are essentially compliant with IASs/IFRSs - albeit not necessarily consistent, in their practical applications, with the specific measurement methods adopted by banks and with related measurement parameters, including in light of the discretionary nature typical of measurement processes. Another part is not, in fact, compliant with the international accounting standards which form the basis for the preparation of the financial statements of European banks. For instance, the measurement model for performing loans (challenger model) is designed to measure expected losses with a forward-looking approach, while the currently applied IAS 39 measurement model is, on the contrary, based on an estimate of incurred losses, i.e. losses that, unless already evident for loans reviewed, are, in any case, close to emerging.

[1] On this subject see paragraph 1.1 of "Aggregate Report on the Comprehensive Assessment", published by the ECB on 26.10.2014.

Therefore, in general terms, it is hardly expected that the AQR results will have retroactive effects on the 2013 financial statements, in consideration of the discretionary nature of assessment processes and their sensitivity to information updates (unless the pre-requisites for restatement exist under IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors). During preparation of the 2014 financial statements, adjustments may instead be introduced in estimate methods and processes, as well as in parameters to be applied for the assessment of loans, in accordance with the assessment practice used by the ECB during the AQR exercise.

As far as Banca Carige is concerned, the AQR mainly consisted in a verification of the different components of the loan books. Excluded from the AQR scope were, conversely, financial instruments other than loans designated at "fair value", but for which no market price is available and whose valuation is based on the use of specific internal models (financial assets classified as Level 3 in the fair value hierarchy).

This verification (starting in March 2014 and completed at the end of July 2014) was designed to make sure that performing and non-performing loans were classified correctly and loan loss provisions were adequate, including on the basis of a particularly prudential valuation of collateral.

Portfolios were selected on the basis of their risk profile and results cannot thus be generalised for the entire financial statements, because statistics-based projections -despite corrections to limit statistical errors – cannot be construed as point-in-time assessments of the need for recognition of additional loan losses in the financial statements.

The AQR results for the Banca Carige Group showed a 129 bps negative aggregated adjustment to the CET1 Ratio, arising from EUR 415.7 mln worth of gross loan losses (EUR 291 mln after tax), attributable to: higher value adjustments -net of reversals- on selected positions ("Adjustments to provisions on sampled files") for a total of EUR 215.6 mln; higher value adjustments due to the projection of sample results to the entire selected portfolios ("Projection of findings"), for an amount of EUR 93.9 mln; and higher adjustments from collective provisioning for an amount of EUR 106.2 mln.

As far as Banca Carige is concerned, the loan books subject to the AQR were Retail portfolios [sub-portfolios "Residential Real Estate" (RRE), and "Small Medium Enterprises" (SMEs)] and "Corporates" [sub-portfolios "Real estate related", "Large SMEs (non real estate)" and "Large corporates (non real estate)"]. For these portfolios (accounting for over 80% of total customer loans), the review revealed a gross aggregate adjustment of EUR 415.7 mln, referring entirely to the "Corporates" portfolio.

With regard to the possible accounting effects from the AQR results, it should be noted that:

- as for non-performing loans included in the Credit File Review analysed by ECB, for which the AQR has identified the need for higher provisions than recognised in the 2013 full-year report for an amount of EUR 215.6 mln (including discounting adjustments among other things), the Bank, which as at today has no analytical evidence available for the AQR review, has posted to the profit and loss in its interim report as at 30.9.2014
  - EUR 192.1 mln in loan loss provisions;
  - EUR 20.8 mln in reversals on loans, which are almost entirely related to a limited number of positions closed or worked out in the first nine months of 2014.

  Therefore, the total provisions taken in the first nine months largely include the higher provisions identified by the ECB, considering that the time value of money does not enable a like-for-like comparison of the provisions taken by the Bank in the first 9 months of 2014 with data disclosed by the ECB as at 31.12.2013. For information purposes, it is noted that in the first nine months of 2014 the Bank has recognised EUR 33.1 mln worth of discounting-related reversals on non-performing loans, mostly relating to positions which were subject to valuation adjustments in the same accounting period.

In the nine months, reclassifications from performing to non-performing loans were made for an amount of EUR 411.2 mln of on-balance-sheet exposures for the 'Corporates' portfolio. In its interim report as at 30.09.2014, the Bank has posted to profit and loss an additional EUR 181.7 mln in provisions (net of related reversals) on other non-performing positions which were not included in the afore-mentioned sample.

- with regard to collective provisioning for performing loans, for which the AQR had identified the need for additional provisions in the amount of EUR 106.2 mln, it should be noted that the model adopted under IAS 39 (based on "incurred losses") is substantially different from the model used in the AQR (which is based on an estimate of "expected losses"). Therefore, the Bank deemed the provisions already taken in the 2013 accounts to be adequate in light (amongst other things) of the downtrend in such loans registered in 2014.

B. *With reference to the adjustments identified by the ECB during the CFR, the Bank is requested to disclose: (i) the aggregate amount of provisions recognised in its interim report for the third quarter of 2014, specifying whether adjustments were made to opening balances as at 1 January 2014; (ii) any planned initiatives for the assessment of additional provisions to be recognised in the financial statements as at 31 December 2014;*

With regard to the non-performing loans reviewed by the AQR, the Bank -in its interim report as at 30.09.2014- has recognised the loan losses/reversals, and made the performing to non-performing loan reclassifications specified under item A above.
Under current circumstances and subsequent to the analysis performed, in consideration of the discretionary nature of assessment processes and their sensitivity to information updates, the Bank assumed that no pre-requisites were in place for adjusting the opening balances as at 1 January 2014 under IAS8 due to an incorrect application of IASs/IFRSs in the 2013 Full-Year Report[2]. The reason is that reclassifications, loan losses and reversals booked in the interim report as at 30.09.2014 are the result of reviews performed by the Bank in light of an updated information framework as compared to the one available when the 2013 Full-Year Report was prepared, if due consideration is given, among other things, to the additional information gained from the AQR and its methodology.
As at today, the Bank has not planned any initiatives for the recognition of additional provisions on non-performing loans included in the sample analysed by the ECB, as it deems it has adjusted such provisions on the basis of informative elements currently available.

C. *Considerations about any potential impacts from classification and assessment criteria used during the AQR on loan loss provisions recognised in the Bank's reports, disclosing, in particular, any implemented or planned initiatives regarding the review of (i) accounting policies or internal model parameters used for credit asset measurement, and (ii) classification procedures, criteria and practices that the Bank intends to adopt with a view to taking account of the new definitions of non-performing exposures and forbearance, contained in the Implementing Technical Standards published by the EBA on 21.10.2013, as well as policies for the measurement of credit assets held.*

[2] See paragraph 9.1 of the "Asset Quality Review Phase 2 Manual", published by the ECB on 11.03.2014.

Following the change in its Governance and Top Management structure at the end of 2013, the Bank initiated a process of rigorous review of its risk profiles, particularly credit and market risk. The risk-profile review process, which was conducted with a view to adjusting balance-sheet assets to more prudential values, was thorough and extensive, with provisions taken for significant amounts.
In the 2013 Full-Year accounts, the loan book was entirely reviewed, on the basis of strict criteria for exposure classification and assessment, in line with restrictive guidance received from the Supervisory Authority during inspections between the end of 2012 and the end of July 2013.
When preparing this interim report as at 30.09.2014, the Bank did not only consider the impacts in terms of classification and assessment arising from the negative trends in credit exposures during the first nine months of 2014, but also gave due consideration to the additional information gained from the AQR, with particular reference to the criteria used by the ECB.
The update of parameters used in the internal models for loan assessment (in addition to those introduced in the 2013 Full-Year Report), with a view to reflecting the new elements arising from the AQR, may result in the revision of certain accounting policies during preparation of the 2014 financial statements. More specifically, fine-tunings may be introduced for procedures used to estimate the impact of a loss event on future cash flows, specific guidelines to objectively identify loss events, updated time of recovery used to determine the current value of the recoverable amount, including in light of the effects of the current business cycle and adjustments to the interest rate used to determine the current value of the recoverable amount.
With regard to the aforementioned updates, the Bank has taken initiatives concerning the possible review of classification procedures, criteria and practices with a view to taking account of the new definitions of non-performing exposures (NPEs) and forbearance, contained in the Implementing Technical Standards (ITS) published by the EBA on 21.10.2013 and in the process of being approved.
Any adjustments which may arise from this review will be promptly made effective during preparation of the Full-Year Report as at 31 December 2014.

D. *Indication of any further implemented or planned initiatives, for the review of accounting policies related to areas in the financial statements other than loans, following the results of the "PP&A - Processes, Policies and Accounting Review" conducted as part of the AQR*

Finally, with reference to a review of the accounting policies related to areas in the financial statements other than loans, following the results of the "PP&A - Processes, Policies and Accounting Review" conducted as part of the AQR, the Bank –in the course of the AQR exercise- did not receive any specific guidance from the inspectors who carried out the review. Therefore, on the basis of information currently available, the Bank believes that the accounting policies were positively assessed. Should indications be provided to the contrary, they will be promptly considered and implemented if applicable.

*** - ***

This Interim Report, not subject to independent auditing, shall be read and analysed in conjunction with the annual report ending 31 December 2013.

SCOPE AND METHODS OF CONSOLIDATION

1. EQUITY INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

According to the IASs/IFRSs, the scope of consolidation includes all directly or indirectly controlled entities: therefore, companies not classified as institutions operating in the credit and financial industry or in assets used in the business (i.e. different activities) were also consolidated on a line-by-line basis.
The concept of control applied is that outlined in the new IFRS 10 - Consolidated financial statements. At the reporting date, no jointly controlled companies were identified, to which the new IFRS 11 - Joint Arrangements applies.
During the first nine months of 2014, the scope of consolidation remained unchanged from the scope for preparation of the annual report ending 31 December 2013.

A.1 - GENERAL PART

Section 1 – Statement of compliance with international accounting standards
Section 2 – Accounting policies for the preparation of the financial statements
Section 3 – Subsequent events

1. Equity investments in subsidiaries and joint ventures

Name of the companies	Head offices	Type of relationship (1)	Shareholding relationship		Availability of votes (2) (3)	
			Holding company	% Shareholding	Actual %	Potential %
A. Companies						
A.1 Consolidated line-by-line						
Banking Group						
1. Banca Carige SpA	Genoa					
2. Banca Carige Italia SpA	Genoa	1	A1.1	100.00		
3. Cassa di Risparmio di Savona SpA	Savona	1	A1.1	95.90	95.9	4.10
4. Cassa di Risparmio di Carrara SpA	Carrara	1	A1.1	90.00		
5. Banca del Monte Lucca SpA	Lucca	1	A1.1	60.00		
6. Banca Cesare Ponti SpA	Milan	1	A1.1	100.00		
7. Creditis Servizi Finanziari SpA	Genoa	1	A1.1	100.00		
8. Centro Fiduciario C.F. SpA	Genoa	1	A1.1	76.95		
			A1.3	20.00		
9. Argo Mortgage 2 Srl	Genoa	1	A1.1	60.00		
10. Carige Covered Bond Srl	Genoa	1	A1.1	60.00		
11. Carige Covered Bond 2 Srl	Genoa	1	A1.1	60.00		
12. Columbus Carige Immobiliare SpA	Genoa	1	A1.1	100.00		
13. Immobiliare Carisa Srl	Savona	1	A1.3	100.00		
Insurance companies						
14. Carige Assicurazioni SpA (4)	Milan	1	A1.1	99.999		
15. Carige Vita Nuova SpA	Genoa	1	A1.1	100.00		
Other companies						
16. Dafne Immobiliare Srl	Milan	1	A1.14	100.00		
17. I. H. Roma Srl	Milan	1	A1.15	100.00		
18. Assi 90 Srl	Genoa	1	A1.14	39.75		
			A1.15	60.25		
A.2 Jointly controlled			-			

Key
(1) Type of relationship:
1 = majority of voting rights at ordinary shareholders' meetings
2 = dominant influence at ordinary shareholders' meeting
3 = agreements with other shareholders
4 = other forms of control
5 = unified management pursuant to art. 26, paragraph 1 of Legislative Decree 87/92
6 = unified management pursuant to art. 26, paragraph 2 of Legislative Decree 87/92
7 = joint control
(2) Availability of voting rights at ordinary shareholders' meeting, distinguishing between actual and potential
(3) Figure entered only if different from the equity investment
(4) Percentage held by CARIGE S.p.A. on 30/9/2014 and relating to the share capital subscribed at said date, pending the conclusion of the share capital increase transaction resolved by the shareholders' meeting on 17/4/2014.

As regards the scope of business, subsidiaries can be divided into banking institutions (Banca Carige SpA, Banca Carige Italia SpA, Cassa di Risparmio di Savona SpA, Cassa di Risparmio di Carrara SpA, Banca del Monte di Lucca SpA, Banca Cesare Ponti SpA), consumer credit companies (Creditis Servizi Finanziari SpA), trust companies (Centro Fiduciario SpA) special-purpose vehicles for securitisations (Argo Mortgage 2 Srl), special-purpose vehicles for the issuance of covered bonds (Carige Covered Bond Srl and Carige Covered Bond 2 Srl), insurance companies (Carige Vita Nuova Spa, Carige Assicurazioni

SpA), real estate companies (Columbus Carige Immobiliare SpA, Immobiliare Carisa Srl, Dafne Immobiliare Srl and I.H. Roma Srl) and insurance agencies (Assi 90 Srl).
It is noted that the special-purpose vehicles Argo Mortgage 2, Carige Covered Bond and Carige Covered Bond 2 were all consolidated line by line.

With regard to the securitisation of Banca Carige's performing loans via Argo Mortgage 2 in 2004, considering that the transaction did not fully meet the conditions for all risks and rewards to be substantially transferred to a third party, consolidation applied to the assets of the segregated asset pool.
As regards transfers for the issuance of covered bonds, receivables were not derecognised from the financial statements of respective transferors as all connected risks and rewards are substantially retained in these transactions.

The Condensed Consolidated Interim Financial report was prepared using the reporting packages as at 30 September 2014 made available by the Parent Company and the other consolidated entities, as approved by their respective governing bodies and drafted according to the IASs/IFRSs approved and effective as at the reporting date, according to guidance provided by the Parent Company.

All subsidiaries were included in the scope of consolidation. Excluded from the scope of consolidation, however, were non-investees for which shares with voting rights were received on pledge, inasmuch as the guarantee obtained was intended as a credit protection instrument and not as an instrument to exercise influence over the companies in question.

2. OTHER INFORMATION

Associates, i.e. companies subject to significant influence, were measured at equity.

Equity investments in companies subject to significant influence (consolidated using the equity method)

Name of the companies	Head offices	Shareholding relationship		Availability of votes	
		Holding company	% Shareholding	Actual %	Potential %
A. Companies consolidated with the equity method					
1. Autostrada dei Fiori Spa	Savona	Banca Carige SpA	16.62		
		Cassa di Risparmio di Savona SpA	4.00		

Companies over which the Group exerts major influence were valued at cost, in accordance with the general principles set out in the framework for companies that are not considered subject to significant influence.

Equity investments in companies subject to significant influence excluded from the equity method

Name of the companies	Head offices	Shareholding relationship		Availability of votes	
		Holding company	% Shareholding	Actual %	Potential %
1. Sport e Sicurezza Srl	Milan	Carige Ass.ni SpA	25.00		
		Carige V. N. SpA	25.00		
2. Nuova Erzelli Srl	Genoa	Banca Carige SpA	40.00		

FUNDING, LENDING AND SECURITIES PORTFOLIO[1]

As at 30 September 2014, overall funding from customers – direct and indirect deposits – amounted to EUR 49,820.4 mln, net of EUR 244.6 mln in liabilities designated at fair value (through profit and loss) relating to insurance products of Carige Vita Nuova in which the investment risk is borne by the policy holders, up 4.1% compared to December 2013.
Direct deposits amounted to EUR 26,559.1 mln, whilst indirect deposits amounted to EUR 23,261.3 mln. The latter accounted for 46.7% of overall funding from customers and was made up of Assets under Management (48.7%) and Assets under Custody (51.3%).

OVERALL FUNDING *(thousands of euro)*

	Situation as at		Change	
	30/09/14	31/12/13	absolute	%
Total (A+B)	**49,820,373**	**47,880,000**	**1,940,373**	**4.1**
Direct deposits (A) (1)	**26,559,094**	**25,055,285**	**1,503,809**	**6.0**
% share of Total	*53.3%*	*52.3%*		
Indirect deposits (B)	**23,261,279**	**22,824,715**	**436,564**	**1.9**
% share of Total	*46.7%*	*47.7%*		
- Assets under management	11,317,772	10,510,623	807,150	7.7
% share of Total	*22.7%*	*22.0%*		
% share of Indirect deposits	*48.7%*	*46.0%*		
- Assets under custody	11,943,507	12,314,093	-370,586	-3.0
% share of Total	*24.0%*	*25.7%*		
% share of Indirect deposits	*51.3%*	*54.0%*		

(1) Items 20, 30 and 50 of balance sheet liabilities. Carige Vita Nuova liabilities, carried at fair value and relating to products for which the investment risk is borne by the policy holder, are not included in the table.

Overall funding, totalling 27,959.8 mln, was down 15.8% as of the beginning of the year, reflecting trends in deposits from banks.
Direct deposits totalled EUR 26,559.1 million, up 6% from December. Excluding “institutional" deposit items (totalling EUR 6,648.5 mln; +35.7% 9M) from the total, EUR, retail deposits were down 1.2% from the beginning of the year.
More specifically, total deposits from customers amounted to EUR 17,178.1 mln, up 15.9% as of the beginning of the year, mainly due to the trend in repurchase agreements (EUR 1,787.8 mln vs. EUR 376.4 mln as at December 2013), and term deposits (EUR 2,072.2 mln, up 43.7% in the nine-monthperiod) which, despite not being included in the medium/long-term aggregate, are a commercial alternative to retail bonds.
Securities issued and liabilities designated at fair value through profit and loss totalled EUR 9,381 mln (EUR 10,237.9 mln at the end of 2013). Outstanding securities issued include subordinated securities for a nominal value of EUR 1,088.0 mln, carried at a book value of EUR 1,108.9 mln.
As regards contract duration, short-term deposits accounted for 59.8% of the total and were up 13.5%, while medium/long-term deposits, accounting for 40.2%, were down 3.5%.
Deposits from banks totalled EUR 1,400.7 mln, down from EUR 8,161.2 mln as at December 2013, following full repayment of the EUR 7 bn LTROs, only partly offset by the EUR 700 mln in T-LTRO funds, requested in September 2014.

[1] Due to the application of IFRS 5, as described in the paragraph ‘Accounting Policies’ in the Explanatory Notes, the balance sheet amounts of the insurance Group as at 30 September 2014 are posted under the specific items “Non-current assets and disposal groups held for sale” and “Liabilities associated with disposal groups held for sale”. With the fore-mentioned standard not providing for the restatement of comparative balance sheet data as at 31 December 2013, certain restated data are shown (solely for disclosure purposes) in the explanatory notes only and in addition to historical data, where deemed appropriate, in order to allow for a like-for-like comparison.

FUNDING *(thousands of euro)*

	Situation as at 30/09/14	Situation as at 31/12/13	Changes 09/14 12/13	Changes % 09/14 12/13
Total (A+B)	**27,959,791**	**33,216,527**	**-5,256,736**	**-15.8**
Direct deposits (A)	**26,559,094**	**25,055,285**	**1,503,809**	**6.0**
Deposits from customers	17,178,072	14,817,367	2,360,705	15.9
current accounts and unrestricted deposits	13,138,664	12,794,190	344,474	2.7
repurchase agreements	1,787,848	376,440	1,411,408	...
term deposits	2,072,169	1,442,277	629,892	43.7
loans	6,796	5,593	1,203	21.5
commitments to repurchase own equity instruments	9,890	9,890	-	-
other payables	162,705	188,977	-26,272	-13.9
Securities issued	8,399,074	9,217,979	-818,905	-8.9
bonds	8,363,545	9,170,315	-806,770	-8.8
other securities	35,529	47,664	-12,135	-25.5
Financial liabilities designated at fair value through profit and loss (1)	981,948	1,019,939	-37,991	-3.7
bonds	981,948	1,019,939	-37,991	-3.7
short-term	15,891,225	14,004,090	1,887,135	13.5
% share of Total	*59.8*	*55.9*		
medium/long-term	10,667,869	11,051,195	-383,326	-3.5
% share of Total	*40.2*	*44.1*		
Deposits from banks (B)	**1,400,697**	**8,161,242**	**-6,760,545**	**-82.8**
Deposits from central banks	700,006	7,169,934	-6,469,928	-90.2
Current accounts and unrestricted deposits	46,933	379,172	-332,239	-87.6
Term deposits	12,437	16,165	-3,728	-23.1
Repurchase agreements	-	-	-	...
Financing	520,320	500,389	19,931	4.0
Other payables	121,001	95,582	25,419	26.6

(1) Liabilities at fair value of Carige Vita Nuova, amounting to Euro 276,877 thousand at 31/12/2013, relating to products in which the investment risk is borne by the policy holder, were not included in this table.

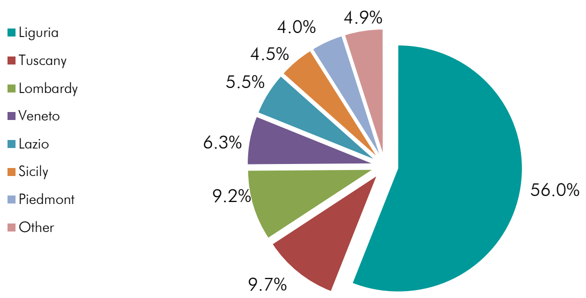
Liguria holds a 56% share of direct deposits, up compared to December 2013 (55.7%). Toscana ranks second with a share of 9.7% (9.1% in December) and Lombardia third (9.2% in December), followed by Veneto with a share of 6.3%, and Lazio (5.5%). The other regions hold shares lower than 5%.

DIRECT DEPOSITS - GEOGRAPHICAL BREAKDOWN *(thousands of euro)*

	Situation as at			
	30/09/14		31/12/13	
		%		%
Liguria	11,086,827	56.0%	11,112,950	55.7%
Tuscany	1,929,909	9.7%	1,824,055	9.1%
Lombardy	1,813,604	9.2%	1,874,392	9.4%
Veneto	1,239,211	6.3%	1,281,477	6.4%
Lazio	1,082,988	5.5%	1,072,200	5.4%
Sicily	884,176	4.5%	952,251	4.8%
Piedmont	794,655	4.0%	821,274	4.1%
Emilia Romagna	348,753	1.8%	361,979	1.8%
Apulia	180,501	0.9%	188,006	0.9%
Sardinia	183,979	0.9%	181,474	0.9%
Marche	122,513	0.6%	126,763	0.6%
Aosta Valley	68,124	0.3%	75,886	0.4%
Umbria	39,541	0.2%	45,407	0.2%
Total Italy	**19,774,783**	**99.8%**	**19,918,114**	**99.9%**
Abroad	30,745	0.2%	24,024	0.1%
Total Italy + Abroad	**19,805,528**	**100.0%**	**19,942,138**	**100.0%**
Other items (1)	6,753,567		5,113,147	
Total direct deposits	**26,559,095**		**25,055,285**	

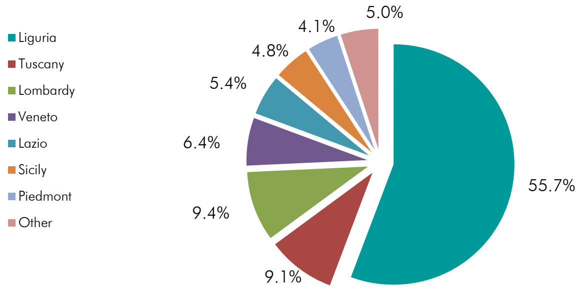
(1) Bonds issued as part of the EMTN programme, covered bonds, subordinated loans, bonds placed through the BancoPosta network, repurchase agreements, other bonds issued by vehicle companies against securitised mortgages and deposits deriving from the on-line deposit account "contoconto".

DIRECT DEPOSITS AT 30/09/2014 (1)
100%= 19,805.5 MILLION



(1) Net of other items.

DIRECT DEPOSITS AT 31/12/2013 (1)
100%= 19,942.1 MIILLION



(1) Net of other items.

66.3% of customer deposits are from households, and amount to EUR 10,202.9 mln (vs. 68.8% in December); non-financial companies and personal businesses (EUR 3,138.6 mln) accounted for 20.4% (19.6% as at December). Private social institutions contributed EUR 716.2 mln worth of deposits (4.7% of total), financial and insurance companies EUR 696.3 mln (4.5% of total), public administrations EUR 362.1 mln (2.4% of total).

DIRECT DEPOSITS - BREAKDOWN BY BUSINESS SEGMENT *(thousands of euro)*

	Situation as at			
	30/09/14		31/12/13	
		%		%
Public Administration	362,092	2.4%	157,274	1.1%
Financial and insurance businesses	696,274	4.5%	658,301	4.6%
Non-financial businesses and personal businesses	3,138,562	20.4%	2,830,687	19.6%
Private social institutions and non-classified entities	716,153	4.7%	632,211	4.4%
Households	10,202,887	66.3%	9,938,724	68.8%
Total residents	**15,115,967**	**98.2%**	**14,217,197**	**98.5%**
Rest of the world	274,257	1.8%	223,730	1.5%
Total business segment	**15,390,224**	**100.0%**	**14,440,927**	**100.0%**
Repurchase agreements	1,787,848		376,440	
Total deposits from customers	**17,178,072**		**14,817,367**	
Securities issued	**8,399,074**		**9,217,979**	
Liabilities designated at fair value	**981,948**		**1,019,939**	
Total direct deposits	**26,559,094**		**25,055,285**	

Indirect deposits totalled EUR 23,261.3 million, up 1.9% due to the positive performance of assets under management, which more than offset the decrease in assets under custody.
Assets under management, amounting to EUR 11,317.8 mln, were up 7.7%. The performance is mainly a result of the trend in mutual funds which amounted to EUR 5,989.3 mln, marking an increase of 11.9% in the nine-month period. Bancassurance products totalled EUR 4,534.8 mln, up 4.3%, while assets managed fell 1.8% to EUR 793.7 mln.
Assets under custody amounted to EUR 11,943.5 mln, down 3%; in particular, a decrease was registered in Government bonds (-8.6% to EUR 4,545 million) and bonds (-17.7% to EUR 1,282 mln). The item "Other", which is made up almost entirely of the assets under custody of the insurance companies, amounted to EUR 4,618.6 mln, up 7.5%, while shares remained essentially stable (+0.6%) at EUR 1,497.9 mln.

INDIRECT DEPOSITS *(thousands of euro)*

	Situation as at		Change	
	30/09/14	31/12/13	absolute	%
Total (A+B)	**23,261,279**	**22,824,715**	**436,564**	**1.9**
Assets under management (A)	**11,317,772**	**10,510,623**	**807,150**	**7.7**
Mutual funds and unit trusts (open-ended investment funds)	5,989,266	5,353,272	635,994	11.9
Assets management	793,727	808,177	-14,451	-1.8
Bancassurance products	4,534,779	4,349,173	185,606	4.3
Assets under custody (B)	**11,943,507**	**12,314,093**	**-370,586**	**-3.0**
Government securities	4,545,012	4,971,954	-426,942	-8.6
Bonds	1,282,042	1,556,910	-274,868	-17.7
Shares	1,497,885	1,488,694	9,191	0.6
Other	4,618,569	4,296,535	322,034	7.5

Premiums collected on bancassurance products distributed by the banking network amounted to EUR 537.5 mln, compared to EUR 454.3 mln in September 2013 (+18.3%). More specifically, premiums collected in the life insurance segment amounted to EUR 520.6 mln (EUR 439.4 mln in September 2013) and relate almost entirely to traditional life insurance policies (EUR 517.1 mln compared to EUR 422.7 mln in September 2013). The non-life insurance premiums collected amounted to EUR 16.9 million, +13.1% compared to September 2013. More specifically, non-motor insurance premiums totalled EUR 7.9 mln (EUR 6.6 mln in September 2013), while motor insurance premiums amounted to EUR 9 mln (EUR 8.4 mln in September 2013).

BANCASSURANCE *(thousands of euro)*

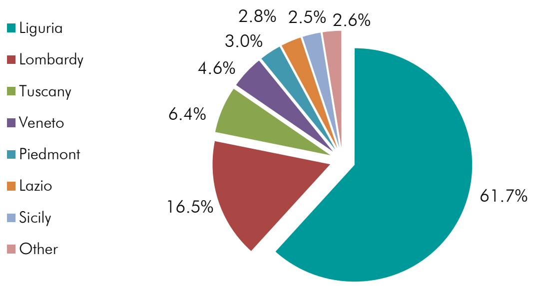
	Situation as at		Change	
	30/09/14	30/09/13	absolute	%
Total premiums collected	**537,518**	**454,333**	**83,185**	**18.3**
Life	520,619	439,395	81,224	18.5
. Unit linked/Index policies	3,565	16,674	-13,108	-78.6
. Traditional policies	517,054	422,721	94,333	22.3
Non-life	16,899	14,938	1,961	13.1
. Motor insurance	8,974	8,381	593	7.1
. Non-motor insurance	7,925	6,557	1,367	20.9

As regards indirect deposits, the Liguria region contributed 61.7% of total (61.3% in December 2013), followed by Lombardy with 16.5% (16.7% in December) and Tuscany with 6.4% (likewise, 6.4% in December). The other regions' shares are lower than 5%.

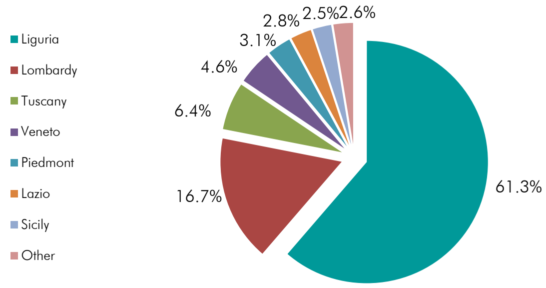
INDIRECT DEPOSITS - GEOGRAPHICAL BREAKDOWN *(thousands of euro)*

	Situation as at			
	30/09/14		31/12/13	
		%		%
Liguria	14,354,343	61.7%	13,998,677	61.3%
Lombardy	3,833,511	16.5%	3,820,997	16.7%
Tuscany	1,500,264	6.4%	1,449,684	6.4%
Veneto	1,060,569	4.6%	1,042,376	4.6%
Piedmont	688,511	3.0%	717,922	3.1%
Lazio	646,633	2.8%	631,155	2.8%
Sicily	580,937	2.5%	565,107	2.5%
Emilia Romagna	250,514	1.1%	256,264	1.1%
Apulia	88,987	0.4%	85,574	0.4%
Aosta Valley	69,242	0.3%	79,231	0.3%
Sardinia	75,496	0.3%	70,907	0.3%
Marche	70,653	0.3%	64,474	0.3%
Umbria	40,895	0.2%	41,050	0.2%
Total Italy	**23,260,555**	**100.0%**	**22,823,418**	**100.0%**
Abroad	724	0.0%	1,297	0.0%
Total indirect deposits	**23,261,279**	**100.0%**	**22,824,715**	**100.0%**

INDIRECT DEPOSITS AT 30/09/2014
100%= 23,261.3 MILLION



INDIRECT DEPOSITS AT 31/12/2013
100%= 22,824.7 MILLION



The households' share stood at 72.3% (73% in December 2013), that of financial and insurance companies reached 20.6% (19.5% in December) and the share of non-financial companies and personal businesses was 5.1% (5.4% in December).

INDIRECT DEPOSITS - BREAKDOWN BY BUSINESS SEGMENT *(thousands of euro)*

	Situation as at			
	30/09/14		31/12/13	
		%		%
Public Administration	167,864	0.7%	193,938	0.8%
Financial and insurance businesses	4,781,014	20.6%	4,453,393	19.5%
Non-financial businesses and personal businesses	1,194,887	5.1%	1,231,412	5.4%
Private social institutions and non-classified entities	212,099	0.9%	204,579	0.9%
Households	16,812,269	72.3%	16,655,682	73.0%
Total residents	**23,168,134**	**99.6%**	**22,739,003**	**99.7%**
Rest of the world	93,145	0.4%	85,712	0.4%
Total indirect deposits	**23,261,279**	**100.0%**	**22,824,715**	**100.0%**

Net loans to customers (item 70 in the Balance Sheet) totalled EUR 23,467 mln (down 7.9% in the first nine months) of which EUR 19,638 mln performing loans and EUR 3,829 mln non-performing loans (relating entirely to the banking Group). Data as at 31 December 2013 includes loans to customers of the insurance group for an amount of EUR 178.1 mln, later classified under the item "Non-current assets and disposal groups held for sale". Considering the banking Group alone, loans to customers as at 31 December 2013 amounted to EUR 25,298.3 mln, and registered a 7.2% decrease in the nine-month period.

Loans to customers	Situation as at 30/09/14	Situation as at 31/12/13	Changes 09/14 12/13	Changes % 09/14 12/13
Current accounts	2,683,447	3,033,766	(350,319)	-11.5
Repurchase agreements	2,130,024	2,676,576	(546,552)	-20.4
Mortgage loans	14,413,236	14,928,557	(515,321)	-3.5
Credit cards, personal loans and salary-backed loans	625,290	643,160	(17,870)	-2.8
Financial leasing	755,590	800,780	(45,190)	-5.6
Factoring	109,561	133,129	(23,568)	-17.7
Other financing	2,746,523	3,160,942	(414,419)	-13.1
Debt securities	3,375	99,449	(96,074)	-96.6
Total	23,467,046	25,476,359	(2,009,313)	-7.9

On-balance-sheet loans to customers, net of debt securities classified as L&R, amounted to EUR 25,945.1 mln, down 6.1% over the nine months; net of loan loss provisions (EUR 2,481.5 mln), the aggregate totalled EUR 23,463.7 mln, down 7.5%.

Excluding the institutional component (amounting to EUR 2,776 mln and composed of repurchase agreements with financial counterparties), interest-bearing postal bonds and other minor components from the aggregate, gross loans are down 4.1%.

The short-term component, accounting for 22.8% of the total, amounted to EUR 5,927.3 mln, down 16%.

The medium/long-term component totalled EUR 17,085.4 mln (down 4.7%), and is approximately 63% funded by longer term deposits.

Bad loans amounted to EUR 2,932.5 mln, up 11% in the nine months, due to the persistence of the adverse economic cycle; their share of total rose to 11.3% with respect to 9.6% in December 2013.

Loans to banks, excluding debt securities classified as L&R and gross of value adjustments for an amount of EUR 10.2 mln (EUR 10.1 mln in December 2013), amounted to EUR 1,468.5 mln, up 31.2% in the nine months; to an extent of 56.4%, they are accounted for by short-term loans.

The net interbank position (difference between loans to and deposits from banks, net of securities reclassified as L&R) showed a credit position of EUR 57.6 mln, as compared to a debt position of EUR 7,052.1 mln in December 2013.

LOANS (1) (thousands of euro)

	Situation as at		Changes	Changes %
	30/09/14	31/12/13	09/14 12/13	09/14 12/13
Total (A+B)	**24,921,927**	**26,486,059**	**-1,564,132**	**-5.9**
Loans to customers (A)	**23,463,671**	**25,376,910**	**-1,913,239**	**-7.5**
- Gross exposure (2)	25,945,139	27,621,157	-1,676,018	-6.1
current accounts	*2,237,016*	*2,374,038*	-137,022	-5.8
repurchase agreements	*2,130,024*	*2,676,576*	-546,552	-20.4
mortgage loans	*11,649,812*	*12,446,765*	-796,953	-6.4
credit cards, personal loans and fifth of salary-backed loans	*619,520*	*639,090*	-19,570	*-3.1*
leasing	*637,807*	*649,926*	-12,119	-1.9
factoring	*71,992*	*82,342*	-10,350	-12.6
other loans	*2,436,229*	*3,073,119*	-636,890	-20.7
non performing assets	*6,162,739*	*5,679,301*	483,438	8.5
- short-term	5,927,262	7,055,301	-1,128,039	-16.0
% of nominal value	*22.8*	*25.5*		
-medium/long-term	17,085,377	17,925,115	-839,738	-4.7
% of nominal value	*65.9*	*64.9*		
- Bad loans	2,932,500	2,640,741	291,759	11.0
% of nominal value	*11.3*	*9.6*		
- Value adjustments (-)	2,481,468	2,244,247	237,221	10.6
Loans to banks (B)	**1,458,256**	**1,109,149**	**349,107**	**31.5**
- Gross exposure (2)	1,468,467	1,119,213	349,254	31.2
compulsory reserves	*184,545*	*186,038*	*-1,493*	-0.8
current accounts and free deposits	*684,375*	*603,039*	*81,336*	13.5
term deposits	*921*	-	*921*	...
repurchase agreements	*51,218*	-	*51,218*	...
loans	*529,475*	*312,465*	*217,010*	69.5
non performing assets	*17,933*	*17,671*	*262*	1.5
- short-term	827,666	702,410	*125,256*	17.8
% of nominal value	*56.4*	*62.8*		
-medium/long-term	622,868	399,132	*223,736*	56.1
% of nominal value	*42.4*	*35.7*		
- Bad loans	17,933	17,671	*262*	1.5
% of nominal value	*1.2*	*1.6*		
- Value adjustments (-)	10,211	10,064	*147*	1.5

(1) Net of debt securities classified as L&R, amounting to Euro 3,375 thousand (loans to customers) and Euro 14,275 thousand (loans to banks) as at 30.09.14 and Euro 99,449 thousand (loans to customers) and Euro 109,840 thousand (loans to banks) as at 31.12.13 respectively.

(2) Before value adjustments.

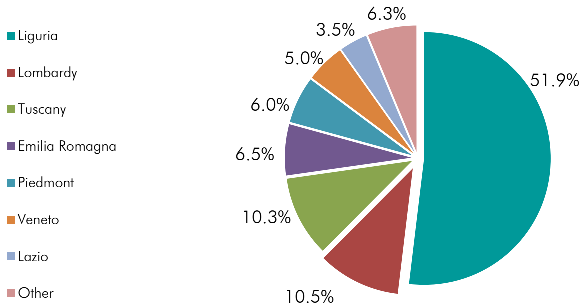
In terms of geographical breakdown, Liguria accounts for 51.9% of loans to customers, compared to 51.5% in December 2013. Lombardy is the second-ranking region, with a share of 10.5% (11% in December), Tuscany ranks third with a share of 10.3% (10.1% in December). The other regions follow, with shares lower than 7%.

GROSS LOANS TO CUSTOMERS (1) - GEOGRAPHICAL BREAKDOWN (2) *(thousands of euro)*

	Situation as at			
	30/09/14		31/12/13	
		%		
Liguria	12,358,944	51.9%	12,857,487	51.5%
Lombardy	2,508,595	10.5%	2,733,672	11.0%
Tuscany	2,456,590	10.3%	2,509,561	10.1%
Emilia Romagna	1,551,844	6.5%	1,633,946	6.6%
Piedmont	1,421,211	6.0%	1,553,663	6.2%
Veneto	1,181,146	5.0%	1,217,909	4.9%
Lazio	844,374	3.5%	862,377	3.5%
Sicily	556,045	2.3%	577,941	2.3%
Sardinia	330,064	1.4%	345,936	1.4%
Apulia	192,518	0.8%	209,030	0.8%
Marche	160,887	0.7%	162,154	0.7%
Umbria	90,950	0.4%	102,431	0.4%
Aosta Valley	23,705	0.1%	26,108	0.1%
Total Italy	**23,676,874**	**99.4%**	**24,792,216**	**99.4%**
Abroad	138,241	0.6%	152,365	0.6%
Loans to customers excluding repurchase agreements	**23,815,114**	**100.0%**	**24,944,581**	**100.0%**
Repurchase agreements with financial companies	2,130,024		2,676,576	
Total loans to customers	**25,945,138**		**27,621,157**	

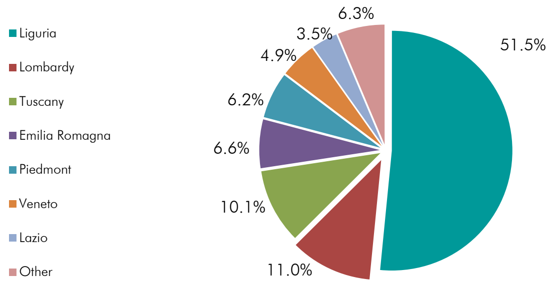
(1) Amounts prior to value adjustments and net of debt securities classified as L&R.
(2) Figures per branch province.

GROSS LOANS TO CUSTOMERS AT 30/09/2014 (1)
100%= 23,815.1 MLN



(1) Net of repurchase agreements with financial companies.

GROSS LOANS TO CUSTOMERS AT 31/12/2013 (1)
100%= 24,944.6 MLN



(1) Net of repurchase agreements with financial companies.

In terms of breakdown by segment, non-financial companies and personal businesses accounted for 60.5% of loans to customers, for a total of EUR 14,417.7 mln (same percentage as at December 2013); the segments holding the most significant shares, are Construction (13.4%) and Real Estate (11.1%) Households accounted for 27.5% (27.1% in December 2013), while the share of public administrations was 6.1% (6.3% in December 2013). Financial and insurance businesses accounted for 4.3% (vs. a share a 4.6% in December 2013)

GROSS LOANS TO CUSTOMERS (1) - BREAKDOWN BY BUSINESS SEGMENT *(thousands of euro)*

	Situation as at			
	30/09/14		31/12/13	
		%		%
Public Administration	1,446,525	6.1%	1,561,506	6.3%
Financial and insurance businesses	1,035,889	4.3%	1,137,603	4.6%
Non-financial businesses and personal businesses	14,417,738	60.5%	15,086,549	60.5%
Construction	*3,189,244*	*13.4%*	*3,298,398*	*13.2%*
Real Estate	*2,651,665*	*11.1%*	*2,807,967*	*11.3%*
Manufacturing	*2,104,265*	*8.8%*	*2,211,910*	*8.9%*
Wholesale and retail trade; repair of motorvehicles and motorcycles	*2,020,411*	*8.5%*	*2,102,960*	*8.4%*
Transportation and stor age	*1,190,226*	*5.0%*	*1,145,658*	*4.6%*
Other	3,261,927	13.7%	*3,519,656*	*14.1%*
Private social institutions and non-classified entities	122,894	0.5%	122,842	0.5%
Households	6,537,824	27.5%	6,768,456	27.1%
Total residents	**23,560,871**	**98.9%**	**24,676,956**	**98.9%**
Rest of the world	254,244	1.1%	267,625	1.1%
Total business segment	**23,815,115**	**100.0%**	**24,944,581**	**100.0%**
Repurchase agreements with financial companies	2,130,024		2,676,576	
Total loans to customers	**25,945,139**		**27,621,157**	

(1) Amounts before value adjustments and net of debt securities classified as L&R.

Non-performing on-balance-sheet and signature loans totalled EUR 6,322.7 mln, up 8.9% over the nine months; 99.7% of these loans are to ordinary customers. The corresponding value adjustments amounted to EUR 2,365.9 mln (+13.9% compared to December 2013).
On-balance-sheet loans to customers totalled EUR 6,162.7 mln (+8.5%).
Within their scope:

- bad loans totalled EUR 2,932.5 mln, up 11% in the nine-month period; these were written down by 57.5%;
- substandard loans amounted to EUR 2,824.3 mln (+16.2%) and were written down by 20.8%;
- restructured loans amounted to EUR 174.8 mln (-24.8%) and were written down by 15.7%;
- past due loans amounted to EUR 231.2 mln (-38.5%) and were written down by 14.6%;

Non-performing signature loans amounted to EUR 142 mln, up 30.3% compared to December 2013 and were written down by 15.5%.
Overall, also considering performing loans, value adjustments on loans amounted to EUR 2,527.2 mln, EUR 2,491.7 mln of which for on-balance-sheet loans and EUR 35.5 mln for signature loans.

CREDIT QUALITY (1) *(thousands of euro)*

	30/09/14				31/12/13			
	Gross exposure (a)	Value adjustments (b)	Net exposure (a)-(b)	% (b) / (a)	Gross exposure (a)	Value adjustments (b)	Net exposure (a)-(b)	% (b) / (a)
On-balance-sheet loans								
Bad loans	2,950,433	1,696,592	1,253,841	57.5	2,658,412	1,496,799	1,161,613	56.3
- banks	17,933	10,211	7,722	56.9	17,671	10,064	7,607	57.0
- customers	2,932,500	1,686,381	1,246,119	57.5	2,640,741	1,486,735	1,154,006	56.3
Watchlist loans	2,824,282	586,039	2,238,243	20.8	2,430,361	492,332	1,938,029	20.3
- customers	2,824,282	586,039	2,238,243	20.8	2,430,361	492,332	1,938,029	20.3
Restructured loans	174,805	27,516	147,289	15.7	232,375	30,488	201,887	13.1
- customers	174,805	27,516	147,289	15.7	232,375	30,488	201,887	13.1
Past due loans	231,152	33,774	197,378	14.6	375,824	36,109	339,715	9.6
- customers	231,152	33,774	197,378	14.6	375,824	36,109	339,715	9.6
Total non-performing loans	**6,180,672**	**2,343,921**	**3,836,751**	**37.9**	**5,696,972**	**2,055,728**	**3,641,244**	**36.1**
- banks	17,933	10,211	7,722	56.9	17,671	10,064	7,607	57.0
- customers	6,162,739	2,333,710	3,829,029	37.9	5,679,301	2,045,664	3,633,637	36.0
Performing loans	21,232,934	147,758	21,085,176	0.7	23,043,398	198,583	22,844,815	0.9
- banks	1,450,534	-	1,450,534	-	1,101,542	-	1,101,542	-
- customers	19,782,400	147,758	19,634,642	0.7	21,941,856	198,583	21,743,273	0.9
Total on-balance-sheet loans	**27,413,606**	**2,491,679**	**24,921,927**	**9.1**	**28,740,370**	**2,254,311**	**26,486,059**	**7.8**
- banks	**1,468,467**	**10,211**	**1,458,256**	**0.7**	**1,119,213**	**10,064**	**1,109,149**	**0.9**
- customers	**25,945,139**	**2,481,468**	**23,463,671**	**9.6**	**27,621,157**	**2,244,247**	**25,376,910**	**8.1**
Signature loans								
Non-performing	142,031	21,963	120,068	15.5	108,962	20,856	88,106	19.1
- customers	142,031	21,963	120,068	15.5	108,962	20,856	88,106	19.1
Other loans	949,030	13,540	935,490	1.4	1,076,502	20,182	1,056,320	1.9
- banks	41,814	-	41,814	-	46,217	6,080	40,137	13.2
- customers	907,216	13,540	893,676	1.5	1,030,285	14,102	1,016,183	1.4
Total signature loans	**1,091,061**	**35,503**	**1,055,558**	**3.3**	**1,185,464**	**41,038**	**1,144,426**	**3.5**
- banks	**41,814**	**-**	**41,814**	**-**	**46,217**	**6,080**	**40,137**	**13.2**
- customers	**1,049,247**	**35,503**	**1,013,744**	**3.4**	**1,139,247**	**34,958**	**1,104,289**	**3.1**
Total	**28,504,667**	**2,527,182**	**25,977,485**	**8.9**	**29,925,834**	**2,295,349**	**27,630,485**	**7.7**
- banks	**1,510,281**	**10,211**	**1,500,070**	**0.7**	**1,165,430**	**16,144**	**1,149,286**	**1.4**
- customers	**26,994,386**	**2,516,971**	**24,477,415**	**9.3**	**28,760,404**	**2,279,205**	**26,481,199**	**7.9**

(1) Net of debt securities classified as L&R, amounting to Euro 3,375 thousand (loans to customers) and Euro 14,275 thousand (loans to banks) as at 30.09.14 and Euro 99,449 thousand (loans to customers) and Euro 109,840 thousand (loans to banks) as at 31.12.13 respectively.

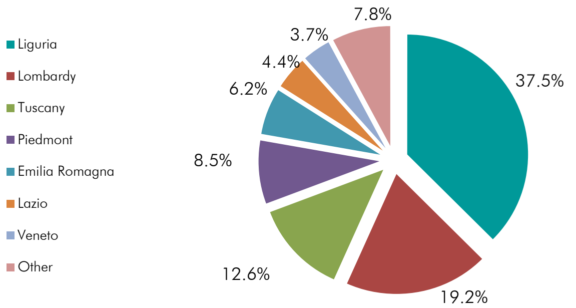
In the geographic breakdown of bad loans, Liguria has the largest share of total (37.5%), followed by Lombardy (19.2%) and Tuscany (12.6%).

BAD LOANS TO CUSTOMERS (1) - GEOGRAPHICAL BREAKDOWN (2) *(thousands of euro)*

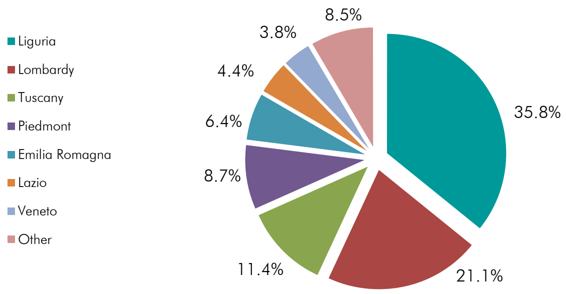
	Situation as at			
	30/09/14		31/12/13	
		%		%
Liguria	1,099,550	37.5%	945,849	35.8%
Lombardy	563,019	19.2%	557,227	21.1%
Tuscany	368,451	12.6%	301,502	11.4%
Piedmont	249,916	8.5%	228,679	8.7%
Emilia Romagna	183,050	6.2%	167,854	6.4%
Lazio	129,597	4.4%	115,341	4.4%
Veneto	109,743	3.7%	99,736	3.8%
Sicily	74,230	2.5%	72,760	2.8%
Sardinia	50,187	1.7%	46,080	1.7%
Apulia	42,737	1.5%	42,611	1.6%
Marche	25,748	0.9%	25,541	1.0%
Umbria	21,372	0.7%	16,734	0.6%
Aosta Valley	4,538	0.2%	4,589	0.2%
Total Italy	**2,922,138**	**99.6%**	**2,624,504**	**99.4%**
Abroad	10,362	0.4%	16,237	0.6%
Total bad loans	**2,932,500**	**100.0%**	**2,640,741**	**100.0%**

(1) Amounts prior to value adjustments and net of debt securities classified as L&R.
(2) Figures per branch province.

BAD LOANS TO CUSTOMERS AT 30/09/2014
100%= 2,932.5 MILLION



BAD LOANS TO CUSTOMERS AT 31/12/2013
100%= 2,640.7 MILLION



The bad loans/total loans ratio, standing at 11.3% on average, has increased in almost all regions: Liguria shows the lowest ratio (7.6%) and Umbria the highest (23.5%), followed by Lombardy (22.4%) and Apulia (22.2%).

BAD LOANS/LENDING RATIO (1) - GEOGRAPHICAL BREAKDOWN (2)

(percentage values)

	Situation as at	
	30/09/14	31/12/13
Liguria	7.6%	6.1%
Lombardy	22.4%	20.4%
Tuscany	15.0%	12.0%
Piedmont	11.8%	10.3%
Emilia Romagna	17.6%	14.7%
Lazio	15.3%	13.4%
Veneto	9.3%	8.2%
Sicily	13.3%	12.6%
Sardinia	15.2%	13.3%
Apulia	22.2%	20.4%
Marche	16.0%	15.8%
Umbria	23.5%	16.3%
Aosta Valley	19.1%	17.6%
Total Italy	**11.3%**	**9.6%**
Abroad	7.5%	10.7%
Total	**11.3%**	**9.6%**

(1) Amounts prior to value adjustments and net of debt securities classified as L&R.

(2) Figures per branch province.

The breakdown by business segment shows an increase in bad loans for non-financial companies and personal businesses to EUR 2,292.4 mln, with a 78.2% share of total (77.1% in December 2013). The segment with the highest share of bad loans is Construction (EUR 718.3 mln; 24.5%), followed by Real Estate (EUR 469 mln; 16%).

Households rank second in volume (EUR 572.7 mln), accounting for 19.5% of total, down from the 20.6% share in December 2013.

BAD LOANS TO CUSTOMERS (1) - BREAKDOWN BY BUSINESS SEGMENT *(thousands of euro)*

	Situation as at			
	30/09/14		31/12/13	
		%		%
Public Administration	-	0.0%	-	0.0%
Financial and insurance businesses	32,936	1.1%	28,127	1.1%
Non-financial businesses and personal businesses	2,292,375	78.2%	2,035,201	77.1%
Construction	*718,275*	*24.5%*	*654,769*	*24.8%*
Real Estate	*469,016*	*16.0%*	*392,240*	*14.9%*
Manufacturing	*413,206*	*14.1%*	*344,653*	*13.1%*
Wholesale and retail trade; repair of motorvehicles and motorcycles	*335,288*	*11.4%*	*289,155*	*10.9%*
Transportation and storage	*77,384*	*2.6%*	*84,618*	*3.2%*
Other	279,206	9.5%	*269,766*	*10.2%*
Private social institutions and non-classified entities	3,297	0.1%	3,151	0.1%
Households	572,692	19.5%	544,080	20.6%
Total residents	**2,901,300**	**98.9%**	**2,610,559**	**98.9%**
Rest of the world	31,200	1.1%	30,182	1.1%
Total bad loans	**2,932,500**	**100.0%**	**2,640,741**	**100.0%**

(1) Amounts prior to value adjustments and net of debt securities classified as L&R.

The gross bad loans/ total loans ratio was higher for non-financial companies and personal businesses (15.9%, vs. 13.5% in December 2013); the ratio was 8.8% for households (8% in December 2013).

BAD LOANS/LENDING RATIO (1) - BREAKDOWN BY BUSINESS SEGMENT *(percentage values)*

	Situation as at	
	30/09/14	31/12/13
Public Administration	-	-
Financial businesses	3.2%	2.5%
Non-financial businesses and personal businesses	15.9%	13.5%
- of which (2):		
Construction	*22.5%*	*19.9%*
Real Estate	*17.7%*	*14.0%*
Manufacturing	*19.6%*	*15.6%*
Wholesale and retail trade; repair of motorvehicles and motorcycles	*16.6%*	*13.7%*
Transportation and storage	*6.5%*	*7.4%*
Private social institutions and non-classified entities	2.7%	2.6%
Households	8.8%	8.0%
Total residents	**12.3%**	**10.6%**
Rest of the world	12.3%	11.3%
Total	**11.3%**	**9.6%**

(1) Amounts before value adjustments and net of debt securities classified as L&R.
(2) Main production branches in terms of total credit exposure.

Securities in the portfolio amounted to EUR 3,084.8 mln, down 72.1% from the start of the year; balance sheet items 20 (net of derivatives), 40, 60 (only for the L&R part) and 70 (only for the L&R part) are included in the aggregate. The comparative figure as at 31 December 2013 includes the securities of the Insurance Group, amounting to EUR 4,649.2 mln, later classified as "Non-current assets and disposal groups held for sale". Considering the banking Group alone, securities in the portfolio as at 31 December 2013 amounted to EUR 6,412.7 mln, down 51.9% in the nine-month period.

As outlined in the table below, debt securities (EUR 2.737,7 mln) account for 88.7% of the portfolio, and were down 73.7% in the nine months. Equities amounted to EUR 334.5 mln and include the 4.03% equity investment in the Bank of Italy, worth EUR 302.4 mln. Shares in UCITs amounted to EUR 12.6 mln, down 95.6% in the nine-month period.

As regards the breakdown set forth in the international accounting standards (IAS/IFRS), securities available for sale (AFS), amounting to EUR 3,051.1 mln, which accounted for 98.9%, were down 71.1% in the nine-month period; securities held for trading (HFT) totalled EUR 16.1 mln, account for 0.5%, and were down from EUR 63 mln in December 2013.
Assets arising from Loans and Receivables – L&R, amounted to EUR 17.6 mln (0.6% of total) and were down 91.6% in the nine-month period.

SECURITIES PORTFOLIO *(thousands of euro)*

	Situation as at 30/09/14	Situation as at 31/12/13
Debt securities	2,737,733	10,415,286
Held for trading	*16,038*	*24,440*
Available for sale	*2,704,045*	*10,118,194*
Fair value	*-*	*63,363*
Loans and Receivables	*17,650*	*209,289*
Equity securities	334,492	360,891
Held for trading	*34*	*35*
Available for sale	*334,458*	*360,855*
Fair value	*-*	*1*
Unit investment funds	12,624	285,725
Held for trading	*-*	*38,572*
Available for sale	*12,624*	*65,538*
Fair value	*-*	*181,615*
Total (1)	**3,084,849**	**11,061,902**
of which:		
Held for trading	*16,072*	*63,047*
Available for sale	*3,051,127*	*10,544,587*
Fair value	*-*	*244,979*
Loans and Receivables	*17,650*	*209,289*

(1) Balance sheet items 20 (net of derivatives of Euro 64,385 thousand), 40, 60 (only for the part relative to L&Rs) and 70 (only for the part relative to L&Rs) are included in the aggregate.

The amendments made to IAS 39 and IFRS 7 in October and November 2008 introduced the possibility of new types of reclassifications in rare circumstances.
Pursuant to said amendments, the Group has reclassified securities, effective 1 July, 1 October 2008 and 1 October 2011, for a total residual amount of EUR 15.6 mln as at 30 September 2014, as detailed in the table below:

PORTFOLIO TRANSFERS: BOOK VALUE, FAIR VALUE AND EFFECTS ON COMPREHENSIVE INCOME *(thousands of euro)*

Type of financial instrument	Portfolio prior to transfer	Portfolio after transfer	Book value as at 30/09/14	Fair Value as at 30/09/14	Income components without transfers (before tax)		Income components reported for the period (before tax)	
					Valuation-related	Other	Value relevance	Other
Debt securities	HFT	AFS	-	-	-	265	15	(267)
Equities	HFT	AFS	-	-	-	(2)	-	1
Unit investment funds	HFT	AFS	1,750	1,750	(189)	(208)	(65)	(121)
Debt securities	HFT	L&R	10,346	9,942	56	362	-	(889)
Debt securities	AFS	L&R	3,505	3,471	141	579	-	1,687
Total			**15,601**	**15,163**	**8**	**996**	**(50)**	**411**

The exposure to financial instruments that the market considers ‘high-risk’ (according to the definition in the Recommendation issued on 7 April 2008 by the Financial Stability Forum, as later confirmed by joint document no. 2 issued on 6 February 2009 by the Bank of Italy / CONSOB / ISVAP) amounted to EUR 7.8 mln, accounting for 0.1% of the securities portfolio, and included:

- securities arising from securitisation transactions (excluding CDOs - Collateralised Debt Obligations), for a total book value of EUR 2.55 mln (0.03% of the securities portfolio). They only consist in senior tranches of the securitisation of commercial mortgage loans backed by commercial non-residential properties transferred to the *'Fondo Immobili Pubblici'* real estate investment fund.

SECURITIES FROM SECURITISATION TRANSACTIONS *(thousands of euro)*

	Countervalues at cost price	% portion on total securities portfolio
Senior	2,550	0.03%
Mezzanine	-	-
Junior	-	-
Securitisations of consumer loans, leases, mortgage loans, other	**2,550**	**0.03%**
Senior	-	-
Mezzanine	-	-
Junior	-	-
Securitisations of mortgages and bad loans of the Group	**-**	**-**
Total	**2,550**	**0.03%**

- securities and derivatives relating to leveraged finance transactions for a book value of EUR 5.9 mln (accounting for 0.08% of the portfolio), all of which feature a protected/guaranteed structure, subject to micro-hedging for specific risks or, in any case, redeemed at par at maturity.

SECURITIES/DERIVATIVES FROM LEVERAGE TRANSACTIONS *(thousands of euro)*

	Countervalues at cost price	% portion on total securities portfolio
Unhedged leveraged instruments:	**5,940**	**0.08%**
credit	2,948	0.04%
of which with repayment at par	*2,948*	*0.04%*
rate	2,992	0.04%
of which with repayment at par	*2,992*	*0.04%*
Hedged leveraged instruments:	**-**	**-**
rate	-	-
Total	**5,940**	**0.08%**

The exposure to Special Purpose Entities (SPE) is attributable to securities issued by the vehicle company for securitisations originated by the *Fondo Immobili Pubblici*.
As regards the exposure in sovereign debt instruments issued by countries in distress, the Carige Group only has marginal portfolio exposure to Greece.

PROFIT & LOSS AND BALANCE SHEET RESULTS

The first nine months of 2014 closed with a negative result of EUR 328.8 mln, versus a loss of EUR 1,309.7 mln in the same period in 2013. Net of non-recurring items, already outlined in the paragraph "Business performance", the first nine months of 2014 would have ended with a negative result of -EUR 50 mln (vs. -EUR 174.4 mln in the first nine months of 2013).

It is noted that, following the agreement signed with Apollo Management Holdings L.P. for the disposal of the equity investments in Carige Assicurazioni and Carige Vita Nuova, due to the application of IFRS 5 (“Non-current Assets Held for Sale and Discontinued Operations”), the income statement components of the insurance Group held for sale, net of intra-group relations, and its valuation effects, were included under item 310 “Profit (loss) after tax from current assets held for sale”. The comparative figure was re-stated accordingly.

INCOME STATEMENT *(thousands of euro)*

		1ST 9M 2014	1ST 9M 2013 (*)	Change 09/14 - 09/13 absolute	%
10 -	INTEREST AND SIMILAR INCOME	655,466	781,127	(125,661)	- 16.1
20 -	INTEREST AND SIMILAR EXPENSE	(341,479)	(429,824)	88,345	- 20.6
30 -	**NET INTEREST INCOME**	**313,987**	**351,303**	**(37,316)**	**- 10.6**
40 -	FEE AND COMMISSION INCOME	229,702	245,357	(15,655)	- 6.4
50 -	FEE AND COMMISSION EXPENSE	(40,865)	(41,018)	153	- 0.4
60 -	**NET FEE AND COMMISSION INCOME**	**188,837**	**204,339**	**(15,502)**	**- 7.6**
70 -	DIVIDEND AND SIMILAR INCOME	18,214	4,191	*14,023*	...
80 -	NET PROFIT (LOSS) FROM TRADING	*787*	*5,831*	*(5,044)*	- 86.5
90 -	NET PROFIT (LOSS) FROM HEDGING	*(842)*	*(7,023)*	6,181	- 88.0
100 -	GAINS (LOSSES) ON DISPOSAL/REPURCHASE OF:	*85,408*	*43,195*	42,213	97.7
	a) loans	*(562)*	*142*	*(704)*	...
	b) financial assets available for sale	*82,464*	*21,330*	*61,134*	...
	c) financial assets held to maturity	-	*21,261*	(21,261)	*- 100.0*
	d) financial liabilities	*3,506*	*462*	*3,044*	...
110 -	NET PROFIT (LOSS) FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	*2,782*	*41,300*	(38,518)	- 93.3
120 -	**NET INTEREST AND OTHER BANKING INCOME**	**609,173**	**643,136**	**(33,963)**	**- 5.3**
130 -	NET IMPAIRMENT LOSSES/REVERSALS ON:	(321,449)	(410,722)	89,273	- 21.7
	a) loans	*(318,988)*	*(389,128)*	*70,140*	*- 18.0*
	b) financial assets available for sale	*(1,964)*	*(13,658)*	*11,694*	*- 85.6*
	d) other financial transactions	*(497)*	*(7,936)*	*7,439*	*- 93.7*
140 -	**NET INCOME FROM BANKING ACTIVITIES**	**287,724**	**232,414**	**55,310**	**23.8**
150 -	NET INSURANCE PREMIUMS	-	-	-	...
160 -	OTHER NET INSURANCE INCOME (EXPENSE)	-	-	-	...
170 -	**NET INCOME FROM FINANCIAL AND INSURANCE ACTIVITIES**	**287,724**	**232,414**	**55,310**	**23.8**
180 -	ADMINISTRATIVE EXPENSES:	(528,140)	(474,340)	(53,800)	11.3
	a) personnel expenses	*(331,953)*	*(286,362)*	*(45,591)*	*15.9*
	b) other administrative expenses	*(196,187)*	*(187,978)*	*(8,209)*	*4.4*
190 -	NET PROVISIONS FOR RISKS AND CHARGES	(8,696)	(4,699)	(3,997)	*85.1*
200 -	NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY PLANT AND EQUIPMENT	(16,647)	(15,924)	(723)	*4.5*
210 -	NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(22,045)	(22,979)	934	- 4.1
220 -	OTHER OPERATING EXPENSES (INCOME)	78,752	85,857	(7,105)	- 8.3
230 -	**OPERATING EXPENSES**	**(496,776)**	**(432,085)**	**(64,691)**	**15.0**
240 -	GAINS (LOSSES) ON INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	5,124	5,625	(501)	- 8.9
260 -	IMPAIRMENT ON GOODWILL	(12,379)	*(1,647,592)*	1,635,213	- 99.2
270 -	GAINS (LOSSES) FROM DISPOSAL OF INVESTMENTS	(238)	10	(248)	...
280 -	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(216,545)**	**(1,841,628)**	**1,625,083**	**- 88.2**
290 -	TAXES ON INCOME FROM CONTINUING OPERATIONS	*50,635*	*515,242*	*(464,607)*	- 90.2
300 -	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(165,910)**	**(1,326,386)**	**1,160,476**	**- 87.5**
310 -	PROFIT (LOSS) AFTER TAX FROM NON-CURRENT ASSETS HELD FOR SALE	(163,247)	9,506	-172,753	...
320 -	**NET PROFIT (LOSS) FOR THE PERIOD**	**(329,157)**	**(1,316,880)**	**987,723**	**- 75.0**
330 -	NON-CONTROLLING INTERESTS	(394)	(7,202)	6,808	- 94.5
340 -	**PARENT COMPANY'S NET PROFIT (LOSS)**	**(328,763)**	**(1,309,678)**	**980,915**	**- 74.9**

(*) As shown in the paragraph "Accounting policies" in the Explanatory Notes, the balances for the first nine 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".

More specifically, the net interest income amounted to EUR 314 mln, down 10.6 % compared to September 2013, owing to the negative contribution of funding and lending volumes.
The lower profitability was mainly attributable to the loan portfolio re-qualification policy, which led to an increase in bad loans by about EUR 670 mln in 2013 (continuing during the first nine months of 2014), reducing interest-bearing volumes, and the recomposition of the securities portfolio effected in order to improve its liquidity and risk profile by refocusing it on maturities in line with the early repayment of the LTRO.

Interest income amounted to EUR 655.5 mln (down 16.1% compared to September 2013, particularly on the back of reduced interest on available-for-sale assets and loans to customers) and interest expense came to EUR 341.5 mln (-20.6% from September 2013, primarily on the back of decreasing deposits from Central Banks and securities issued, as well as reduced interest on hedging derivatives as a result of the sale of asset swap securities).

INTEREST AND SIMILAR INCOME *(thousands of euro)*

	30/09/2014	30/09/2013	Change 09/14 - 09/13 absolute	Change 09/14 - 09/13 %
Financial assets held for trading	11,421	269	11,152	...
Financial assets available for sale	56,014	137,456	- 81,442	-59.2
Financial assets held to maturity	-	14,209	- 14,209	-100.0
Loans to banks	5,782	3,160	2,622	83.0
Loans to customers	582,249	625,241	- 42,992	-6.9
Other assets	-	792	- 792	-100.0
Total interest and similar income	**655,466**	**781,127**	**- 125,661**	**-16.1**

INTEREST AND SIMILAR EXPENSE *(thousands of euro)*

	30/09/2014	30/09/2013	Change 09/14 - 09/13 absolute	Change 09/14 - 09/13 %
Deposits from central banks	8,813	39,813	- 31,000	-77.9
Deposits from banks	3,903	5,080	- 1,177	-23.2
Deposits from customers	89,419	90,942	- 1,523	-1.7
Securities issued	208,568	236,360	- 27,792	-11.8
Financial liabilities designated at fair value through profit and loss	20,790	17,955	2,835	15.8
Other liabilities	2,947	321	2,626	...
Hedging derivatives	7,039	39,353	- 32,314	-82.1
Total interest and similar expense	**341,479**	**429,824**	**- 88,345**	**-20.6**

Net fee and commission income amounted to EUR 188.8 mln, down 7.6% compared to September 2013.

More specifically, commission income decreased by 6.4% to EUR 229.7 mln, particularly due to reduced commissions on portfolio management (-84%) - only partially offset by increasing commissions on placement of securities[1] - and "other services" (-26.9%), while fee and commission expense, amounting to EUR 40.9 mln, was broadly stable (-0.4%).

[1] Following the sale of 100% of Carige AM SGR S.p.A. the commissions previously recorded in the sub-item "Portfolio management" are now booked under "Securities placement".

FEE AND COMMISSION INCOME *(thousands of euro)*

	1ST 9M 2014	1ST 9M 2013	Change 09/14 - 09/13 absolute	%
Guarantees issued	9,283	11,747	- 2,464	-21.0
Portfolio management, brokerage and advisory services:	62,192	68,799	- 6,607	-9.6
1. Trading of financial instruments	*646*	*351*	*295*	*84.0*
2. Currency trading	*1,910*	*1,848*	*62*	*3.4*
3. Portfolio management	*5,049*	*31,561*	*- 26,512*	*-84.0*
4. Custody and administration of securities	*2,045*	*2,058*	*- 13*	*-0.6*
6. Placement of securities	*30,723*	*11,918*	*18,805*	*...*
7. Receipt and issue of orders	*7,925*	*7,729*	*196*	*2.5*
8. Advisory services	-	-	-	*...*
9. Distribution of third-party services	*13,894*	*13,334*	*560*	*4.2*
- portfolio management	*1,281*	*79*	*1,202*	*...*
- insurance products	*414*	*543*	*- 129*	*-23.8*
- other products	*12,199*	*12,712*	*- 513*	*-4.0*
Collection and payment services	50,859	49,578	1,281	2.6
Servicing for securitisations	11	74	- 63	-85.1
Factoring services	856	1,101	- 245	-22.3
Maintenance and management of current accounts	93,966	96,902	- 2,936	-3.0
Other services	12,535	17,156	- 4,621	-26.9
Total fee and commission income	**229,702**	**245,357**	**- 15,655**	**-6.4**

FEE AND COMMISSION EXPENSE *(thousands of euro)*

	1ST 9M 2014	1ST 9M 2013	Change 09/14 - 09/13 absolute	%
Guarantees received	15,330	16,315	- 985	-6.0
Portfolio management and brokerage services	3,788	2,070	1,718	83.0
1. Trading of financial instruments	*107*	*35*	*72*	*...*
3. Portfolio management	*436*	-	*436*	*...*
4. Custody and administration services	*943*	*1,427*	*- 484*	*-33.9*
5. Placement of financial instruments	*82*	*66*	*16*	*24.2*
6. Off-site marketing of financial instruments, products and services	*2,220*	*542*	*1,678*	*...*
Collection and payment services	15,245	15,378	- 133	-0.9
Other services	6,502	7,255	- 753	-10.4
Total fee and commission expense	**40,865**	**41,018**	**- 153**	**-0.4**

Trading provided a positive contribution of EUR 106.3 mln (+EUR 87.5 mln in September 2013).
More specifically, dividends and similar income amounted to EUR 18.2 mln (EUR 4.2 mln in September 2013); profit from the sale/repurchase of financial assets available for sale totalled EUR 82.5 mln (EUR 21.3 mln in September 2013) and that from financial liabilities was EUR 3.5 mln (EUR 0.5 mln in September 2013). Profit from the sale of financial assets held to maturity was nil (EUR 21.3 mln in September 2013).
The net profit (loss) from trading amounted to EUR 0.8 mln (EUR 5.8 mln in September 2013) and was weighed down by losses on financial derivatives.

PROFIT (LOSS) FROM TRADING *(thousands of euro)*

	1ST 9M 2014	1ST 9M 2013	Change 09/14 - 09/13 absolute	%
Debt securities	639	1,493	-854	- 57.2
Equities & collective investment schemes	167	1,050	-883	- 84.1
Total equities, debt securities & collective investment schemes	**806**	**2,543**	**-1,737**	**- 68.3**
Financial derivatives	*(10,581)*	4,643	-15,224	...
Credit derivatives	-	(866)	866	- 100.0
Currency differences	9,247	(3,130)	12,377	...
Other financial assets/liabilities from trading	1,315	2,641	-1,326	- 50.2
Total profit (loss) from trading	**787**	**5,831**	**-5,044**	**(87)**

Net profit (loss) from hedging was negative by EUR 842,000, as compared to -EUR 7 mln in the first nine months of 2013.

Net profit/loss from financial assets and liabilities designated at fair value totalled EUR 2.8 mln as against EUR 41.3 mln in September 2013, which incorporated the effect from changes to the fair value measurement methods for all securities issued by the bank, including those for which the Group adopted the *Fair Value Option*.

Net interest and other banking income totalled EUR 609.2 mln, down 5.3% from September 2013.

Net losses on impairment of loans and other financial items totalled EUR 321.4 mln, down as compared to September 2013 (EUR 410.7 mln), with a significant drop in loss provisions on loans to customers (-18%); EUR 2 mln worth of provisions were posted for financial assets available for sale (vs. EUR 13.7 mln in September 2013). The 9M 2013 figure was mainly reflective of a persisting deterioration in the macroeconomic scenario, which prompted the Group to adjust the value of the assets recognised in its financial statements and reduce the risk profile. On that occasion, the loan book was entirely reviewed, on the basis of strict criteria for exposure classification and assessment, in line with guidance received from the Supervisory Authority during their inspections. The net overall provisions taken in the first nine months of the year include, to a major extent, the adjustments identified by the ECB during the Credit File Review as part of the Asset Quality Review process.

NET IMPAIRMENT LOSSES/REVERSALS ON LOANS AND OTHER FINANCIAL ASSETS

(thousands of euro)

	30/09/2014	30/09/2013	Change 09/14 - 09/13 absolute	%
Loans to banks	*(892)*	3,026	- 3,918	...
Loans to customers	319,880	386,102	- 66,222	- 17.2
Signature loans (other financial transactions)	*497*	7,936	- 7,439	- 93.7
Financial assets available for sale	1,964	13,658	- 11,694	- 85.6
Total net impairment losses/reversals on loans and other financial assets	**321,449**	**410,722**	**-89,273**	**-21.7**

Net income from banking and insurance activities increased by 23.8%, amounting to EUR 287.7 mln.

Operating costs totalled EUR 496.8 mln, up 15% compared to September 2013, primarily on the back of an increase in personnel expenses (+15.9%) as a consequence of provisions taken for incentive-based early retirements planned (EUR 29.1 mln) and one-off expenses (EUR 27.6 mln), both of which were defined in the union agreement of September 2014.

More specifically, other administative expenses amounted to EUR 196.2 mln, up 4.4%: in particular overhead expenses totalled EUR 141.6 mln (+2.7%), while indirect taxes amounted to EUR 54.6 mln (+9.1%) on account of higher stamp duty expenses, which were partially recovered under other operating income.

Net provisions for risks and charges, which included EUR 5.2 mln of non-recurring effects from provisions taken for the closure of branches (EUR 2.5 mln) and charges associated with a pending bankruptcy proceeding (EUR 2.7 mln), amounted to EUR 8.7 mln vs. EUR 4.7 mln in September 2013.

Value adjustments to property, equipment and intangible assets amounted to EUR 38.7 mln, and were broadly stable compared to September 2013.

OPERATING EXPENSES *(thousands of euro)*

	1ST 9M 2014	1ST 9M 2013	Change 09/14 - 09/13 absolute	%
Personnel expenses	331,953	286,362	45,591	15.9
Other administrative expenses	196,187	187,978	8,209	4.4
- overhead expenses	*141,599*	*137,930*	3,669	2.7
- indirect taxes (1)	*54,588*	*50,048*	4,540	9.1
Net provisions for risks and charges	8,696	4,699	3,997	85.1
Value adjustments/write-backs:	38,692	38,903	- 211	-0.5
- Intangible assets	*22,045*	*22,979*	*(934)*	-4.1
- Property and equipment	*16,647*	*15,924*	723	4.5
Other operating expenses (income)	(78,752)	(85,857)	7,105	-8.3
Total operating expenses	**496,776**	**432,085**	**64,691**	**15.0**

(1) The taxes recovered from customers are recorded in item 220 of the Income statement "Other operating expenses (income)".

Other net operating income decreased by 8.3% (EUR 78.8 mln), mainly reflecting the fact that the 2013 aggregate benefited from EUR 10.6 mln in non-recurring revenues arising from the out-of-court settlement of a legale dispute.

OTHER OPERATING EXPENSES (INCOME) *(thousands of euro)*

	30/09/2014	30/09/2013	Change 09/14 - 09/13 absolute	%
Lease payments receivable	3,445	3,604	- 159	- 4.4
Third-party charges:	68,791	66,466	2,325	3.5
recovery of credit facility fees	21,508	24,340	*- 2,832*	- 11.6
recovery of taxes (1)	*46,966*	*41,789*	*5,177*	*12.4*
customer insurance premiums	*317*	*337*	*- 20*	*- 5.9*
Other income	15,393	31,766	- 16,373	- 51.5
Total other income	**87,629**	**101,836**	**- 14,207**	**- 14.0**
Operating expenses on financial leases	*(451)*	*(777)*	326	- 42.0
Routine maintenance expenses on investment property	*(517)*	*(377)*	- 140	37.1
Amortisation of expenses for improvement of third parties' assets	*(313)*	*(265)*	- 48	18.1
Other expenses	*(7,596)*	*(14,560)*	6,964	- 47.8
Total other expenses	**(8,877)**	**(15,979)**	**7,102**	**- 44.4**
Total net operating income	**78,752**	**85,857**	**- 7,105**	**- 8**

(1) The item consists of taxes recovered from customers, whose cost is recorded under sub-item 180 b) "Other administrative expenses" in the income statement.

The cost/income ratio rose to 81.5% from 67.2% in September 2013.
Gains on equity investments totalled EUR 5.1 mln, while impairment on goodwill - including impairment on goodwill relating to the CGU Cassa di Risparmio di Carrara - amounted to EUR 12.4 mln.
Profit (loss) before tax from continuing operations was negative by EUR 216.5 mln (vs. -EUR 1,841.6 mln in the fist nine months of 2013, which included EUR 1,6476.6 mln worth of impairment losses on goodwill).

PROFIT (LOSS) AFTER TAX FROM NON-CURRENT ASSETS HELD FOR SALE

(thousands of euro)

	Situation as at	
	30/09/14	30/09/13
Profit (loss) after tax from non-current assets held for sale and discontinued operations	**(163,247)**	**9,506**
- Income	985,803	977,174
- Expenses	(915,947)	(962,134)
- Income from valuations of disposal groups and associated liabilities	(208,367)	-
- Taxes and duties	(24,736)	(5,534)

The profit (loss) from the disposal group held for sale consisting in the Insurance Group was negative (-EUR 163,2 mln), compared to a profit of EUR 9.5 mln in the first nine months of 2013, which is only shown for comparative purposes. This result was affected by the valuation at the lower of the book value and the fair value less costs to sell, which had a negative impact of EUR 208.4 mln, partly mitigated by the EUR 45.2 mln profit generated by the insurance companies in the period.

Considering a positive net balance pf EUR 50.6 mln in Income taxes (which include the effects from: a higher tax rate on the revaluation of the stakes held in the Bank of Italy; tax realignment of properties; and tax adjustments to deferred tax assets/liabilities due to a reduced IRAP [Regional Tax on Productive Activities] rate) and EUR 0.4 mln in non-controlling interests, the Parent Company's profit (loss) for the period totalled –EUR 328.8 mln, as compared to a loss of EUR 1,309.7 mln in September 2013.

Including revenues booked directly to shareholders' equity, the total consolidated comprehensive income pertaining to the Parent Company was -EUR 343.6 mln.

INSURANCE

As illustrated in the paragraph 'Accounting Policies' in the Explanatory Notes, the income statement components of the 9 months and the corresponding period in the previous year relating to the Insurance Group were included, net of intra-group relations, in item 310 "Profit (loss) after tax from discontinued operations" in the consolidated income statement. Solely for disclosure and information purposes, the same information contained in previous financial reports is provided below; it should be specified that the data are restated gross of transactions with companies belonging to the Banking Group. The result of the insurance Group, determined on the basis of the Reporting Packages prepared in accordance with the IFRSs totalled a positive + EUR 41.3 mln, compared to a positive + EUR 8.2 mln in September 2013.

The premiums from insurance activities, net of reinsurance, amounted to EUR 809.6 mln, up 0.8% compared to September 2013; more specifically, net premiums from life insurance rose from EUR 438.5 mln to EUR 543.4 mln, while those from non-life decreased from EUR 365 mln in September 2013 to EUR 266.1 mln. The banking channel accounted for the predominant share of life insurance premiums (94.8%); the opposite applies to the non-life insurance segment where insurance agencies and brokers account for 94.4% of premiums collected. The net change in technical reserves totalled -EUR 337.3 mln (-EUR 290.3 mln in September 2013) and net expenses from insurance activities amounted to -EUR 80.2 mln, compared to -EUR 89.6 mln in September 2013.

PREMIUMS-RESERVES-P&L (1) *(thousands of euro)*

Figures relative to the insurance group	30/09/14	30/09/2013	Change 09/14 - 09/13 absolute	%
Insurance activities	**(66,821)**	**(80,331)**	**13,510**	**- 16.8**
Premiums excluding reinsurance	*809,592*	*803,506*	*6,086*	0.8
Life insurance	*543,447*	*438,509*	*104,938*	23.9
recognised gross premiums (+)	*545,953*	*441,559*	*104,394*	23.6
premiums ceded to reinsurers (-)	*2,506*	*3,050*	*(544)*	*- 17.8*
Non-life insurance	*266,145*	*364,997*	*(98,852)*	- 27.1
recognised gross premiums (+)	*256,406*	*328,594*	*(72,188)*	*- 22.0*
premiums ceded to reinsurers (-)	*15,669*	*19,248*	*(3,579)*	*- 18.6*
changes *(+/-) in premium reserve gross balances*	*27,052*	*59,522*	*(32,470)*	*- 54.6*
changes *(-/+) in premium reserves charged on reinsurers*	*(1,644)*	*(3,871)*	*2,227*	*- 57.5*
Net changes in technical reserves	*(337,284)*	*(290,280)*	*(47,004)*	16.2
Life insurance	*(337,284)*	*(290,280)*	*(47,004)*	16.2
Non-life insurance (2)	-	-	-	...
Claims incurred and settled during the period	*(458,889)*	*(504,003)*	*45,114*	- 9.0
Life insurance	*(299,473)*	*(241,671)*	*(57,802)*	23.9
Non-life insurance (2)	*(159,416)*	*(262,332)*	*102,916*	- 39.2
Other insurance revenues and expenses	*(80,240)*	*(89,554)*	*9,314*	- 10.4
Life insurance	*(17,046)*	*(12,957)*	*(4,089)*	31.6
Non-life insurance	*(63,194)*	*(76,597)*	*13,403*	- 17.5
Net income from banking activities	**172,709**	**149,143**	**23,566**	**15.8**
Other items in the income statement	**(39,851)**	**(55,099)**	**15,248**	**- 27.7**
Gross profit	**66,037**	**13,713**	**52,324**	**...**
Taxation	**(24,697)**	**(5,534)**	**(19,163)**	**...**
Net profit	**41,340**	**8,179**	**33,161**	**...**

(1) Figures include relations with the companies belonging to the banking group.
(2) Net variations to technical reserves does not include changes in claims reserves which are instead disclosed in the sub-item "Claims incurred during the period - non-life insurance".

Technical reserves, which were included under liabilities associated with disposal groups held for sale as at 30 September 2014, reached EUR 5,468.9 mln, up 9% from December 2013; the change concerns life insurance business, with an increase of 14.8% compared to December 2013, while non-life technical reserves fell 14.9% over December 2013. The total reinsurers' share of technical reserves (EUR 136 mln) were down 12.4% as compared to December 2013.

TECHNICAL RESERVES AND REINSURER'S SHARE OF TECHNICAL RESERVES

(thousands of euro)

Figures relative to the insurance group	30/09/2014	31/12/2013	Change 09/14 - 12/13 absolute	Change 09/14 - 12/13 %
Technical reserves	**5,468,853**	**5,017,768**	**451,085.0**	**9.0**
Non-life insurance	834,064	980,452	- 146,388	- 14.9
premium reserves	*124,742*	*151,794*	*- 27,052*	*- 17.8*
accident reserves	*708,932*	*828,268*	*- 119,336*	*- 14.4*
other reserves	*390*	*390*	-	-
Life insurance	4,634,789	4,037,316	597,473	14.8
mathematical reserves	*4,290,385*	*3,967,154*	*323,231*	*8.1*
reserves for amounts payable	*18,659*	*13,317*	*5,342*	*40.1*
other reserves	*325,745*	*56,845*	*268,900*	...
Reinsurer's share of technical reserves	**136,015**	**155,233**	**-19,218**	**- 12.4**
Non-life insurance	85,633	100,650	*(15,017)*	- 14.9
premium reserves	*6,912*	*6,605*	*307*	*4.6*
claim reserves	*78,721*	*94,045*	*(15,324)*	*- 16.3*
other reserves	-	-	-	...
Life insurance	50,382	54,583	*(4,201)*	- 7.7
mathematical reserves	*44,497*	*50,866*	*(6,369)*	*- 12.5*
reserves for amounts payable	*2,582*	*3,261*	*(679)*	*- 20.8*
other reserves	*3,303*	*456*	*2,847*	...

EQUITY INVESTMENTS AND INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE

Equity investments totalled EUR 90.1 mln (EUR 91.6 mln in December 2013) and are in relation to 'Autostrada dei Fiori' (a company subject to a significant influence, valued at equity) and companies carried at cost.

ANNUAL CHANGES IN EQUITY INVESTMENTS *(thousands of euro)*

	30/09/14	2013
A. **Opening balance**	**91,552**	**90,164**
B. Increases	**2,154**	**1,388**
B.1 Acquisitions	-	-
B.3 Revaluations	-	-
B.4 Other changes	2,154	1,388
C. **Decreases**	**1,057**	**-**
C1. Sales	-	-
C2. Value adjustments	1,052	-
C3. Other changes	5	-
D. **Closing balance**	**92,649**	**91,552**

Goodwill recognised in the Interim Report as at 30 September 2014 totalled, before impairment, EUR 93 mln, and related to the bank Cash Generating Units (CGUs), for which the carrying amount used in the impairment test is reported below.

figures in thousands of euro	**Net equity (a)**	***of which goodwill recognised in the respective separate financial statements (b)***	***Residual goodwill relating to each CGU (c)***	***Total goodwill (b+c)***	***Book value (a+c)***
Cassa di risparmio di Savona	168,350	-	*57,144*	*57,144*	225,494
Cassa di Risparmio di Carrara	90,165	*13,642*	*2,277*	*15,919*	92,442
Banca Cesare Ponti	29,470	*19,942*	-	*19,942*	29,470
Total	**287,985**	***33,584***	***59,421***	***93,005***	**347,406**

IAS 36 requires the company to ensure that intangible assets with an indefinite useful life are carried at no more than their recoverable amount. Intangible assets should be tested for impairment at least annually and, where there is an indication of impairment, at each balance sheet date.
As at 30 September 2014, Banca Carige's Management carried out an analysis on the possible indicators of impairment identifying a potential reduction in value for the CGUs.
Among the most significant indications of impairment, the following have been identified:

- deterioration of Italian economy (GDP growth forecast from a leading economic research institute as at October 2014 up 0.5% for 2015, as compared to previous 1.2% growth estimates as at July 2014), in conjunction with interest rates failing to pick up (3-month Euribor expected at 0.09% in 2015, as compared to previous 0.18% estimate);

- reduction, compared to the first half of the year, in both the 'price to book value' (P/BV - ratio of capitalisation to equity) of Carige's share from 0.53 at the end of June to 0.36 at the end of September 2014 (-32.1%) and market capitalisation from EUR 1.7 bn (at the end of the first half of 2014) to EUR 1.1 bn as at 30 September 2014 (-35%); at the end of October, this value stood at EUR 0.7 bn, registering a 36% drop in the last month alone.

In the presence of these indicators, an impairment test was conducted, the results of which highlighted the need to recognise an impairment loss on the goodwill allocated to the CGU Cassa di Risparmio di Carrara.

Impairment testing method

The impairment testing method is based on the Excess Capital version of the Dividend Discount Model (DDM). In said model, the recoverable value is equal to the current value of cash flows distributable by each CGU, i.e. the maximum amount of dividends that can theoretically be distributed, in observance of given capitalisation requirements (common equity ratio). It is expressed by the following formula:

$$W = \sum_{K=1}^{n} Y_k \left(1 + Ke\right)^{(-k)} + Y_n \frac{(1+g)}{(Ke-g)} \left(1 + Ke\right)^{(-n)}$$

where:
W = recoverable value
Yk = flow of dividends distributable in year k, calculated as the sum of net profits achieved during the year, increased by the value of tier 1 capital available and decreased by the capital requirement.
Ke = cost of equity
g = rate of long-term growth of distributable cash flows, beyond the explicit projection period.

Model assumptions and forecasts

The assumptions and forecasts forming the basis of the DDM are centred on:

- the time horizon for the valuation of profitability;
- the assumptions for growth of balance sheet and profit & loss components and interest rates;
- the discount rate (Ke), perpetual growth rate (g) and Common equity ratio.

The time horizon is split into two sub-periods:

- a first sub-period for the analytical assessment of profit and loss results, determined by taking into account the development of balance sheet quantities and prices; this period was determined to be five years (2015 - 2019);
- a subsequent sub-period – of infinite duration – with reference to which the perpetual yield value (terminal value) was determined on the basis of the profit and loss result of the latest year of analytical assessment.

Assumptions for growth of balance sheet and profit and loss quantities and interest rates were inferred from the forecasts set out in the 2014-2018 Business Plan approved by the Board of Directors of the Parent Company on 27 March 2014 and updated so as to take account of the changing macro-economic environment and the latest preliminary results.

The discount rate (cost of equity) was determined as follows:

Ke = Risk free interest rate + Equity risk premium * β coefficient where:

- the risk free interest rate is equal to the average rate of return of the last two-year period of investments in ten-year Italian Government bonds (3.87%);
- the Equity risk premium is equal to the median of risk premiums assumed by equity analysts (5%);
- the β coefficient for Banca Carige's stock, which is a measure of systemic risk sensitivity (i.e. stock volatility) is 1.28 (Source: Bloomberg).

On the basis of these parameters, the cost of equity was 10.25%.
The 1.7% terminal value cash flow (growth rate g), was determined on the basis of the 2017 inflation forecasts from a leading economic research institute.
The Common equity ratio was set at 8% for 2014 and 8.5% as of 2015

In formulating the projections used to estimate the value in use, the Bank applied both the standardized approach and its AIRB model to forecast the amount of Risk Weighted Assets (RWA) and the ensuing capital absorption. Despite the fact that the AIRB does not constitute an improvement that modifies the actual cash flows of the Bank, but rather the application of an estimate method which makes it possible to evaluate the effective level of risk of the loan portfolio the Bank has prudentially adopted the standardized approach in light of the results from the recent Comprehensive Assessment and of the developments introduced by the Single Supervisory Mechanism (SSM).

Impairment test results

The table below summarises the results of the impairment test carried out as at 30 September 2014 which led to a EUR 12.4 mln write-down of goodwill allocated to the CGU, Cassa di Risparmio di Carrara, reducing it to an outstanding balance of EUR 3.5 mln. Total goodwill was therefore reduced from an initial EUR 93 mln to an outstanding balance of EUR 80.6 mln.

	Value as at 30 september 2014					
Banks	**Value in use for the period (a)**	**Book value before impairment test (b)**	*of which goodwill before impairment test (c)*	***Goodwill impairment (d)***	**Book value after impairment test (e = b+d)**	*of which goodwill after impairment test (f=c+d)*
Carisa	253,587	225,494	*57,144*	**-**	225,494	*57,144*
Carrara	87,366	92,442	*15,919*	***-12,378***	80,064	*3,540*
BCP	32,373	29,470	*19,942*	**-**	29,470	*19,942*
Total	**373,326**	**347,406**	***93,005***	***-12,378***	**335,027**	***80,626***

Amounts in Euro/1000

In order to better assess the impairment test sensitivity, only for the CGUs for which there is an outstanding balance of goodwill, three sensitivity analyses of the value in use were carried out, reflecting the three following worsening assumptions:

- a 25 bps shift in the cost of equity (Ke) to 10% and 10.5%;
- a 30 bps shift in the long term growth rate (g) to 1.4% and 2%;
- the cumulative application of the abovementioned assumptions.

Under the various assumptions, the following decreases in the value in use emerge from the analysis:

Sensitivity / CGU	Value in use September 2014	Change in value in use							
		cost of equity "Ke"		long term growth rate "g"		Ke + 25 bps g - 30 bps	Ke - 25 bps g + 30 bps	Ke - 25 bps g - 30 bps	Ke + 25 bps g + 30 bps
		+ 25 bps	- 25 bps	+ 30 bps	- 30 bps				
Carisa	253,587	-2.20%	2.33%	1.15%	-1.07%	-3.18%	3.59%	1.16%	-1.15%
Carrara	87,366	-2.01%	2.13%	0.32%	-0.30%	-2.25%	2.52%	1.78%	-1.75%
BCP	32,373	-3.73%	3.96%	2.67%	-2.49%	-6.04%	6.85%	1.28%	-1.26%

figures in thousands of Euro and percentages

In support of these conclusions, the Bank has requested a fairness opinion on the consistency and accuracy of internal measurements from a leading Advisory firm. The fairness opinion, issued on 11 November 2014, confirmed the Bank's appraisals.

TREASURY SHARES AND SHAREHOLDERS' EQUITY

As at 30 September 2014, the Bank held a total of 28,592,871 treasury shares in its portfolio, plus 44 old ordinary shares with nominal value per share of Lire 10,000, equivalent to 228 current ordinary shares. The latter shares derive from the conversion of share capital to Euro, resolved upon by the Extraordinary Shareholders' Meeting of 6 December 2001 and subsequent stock split: as at today, 6 non-dematerialised ordinary shares have not been presented for conversion yet and, therefore, it has not been possible to fulfil the obligations set out in the aforementioned resolution, which requires a minimum threshold of 50 shares.

The Parent Company's consolidated shareholders' equity and consolidated profit (loss) for the period are obtained from Banca Carige's shareholders' equity and profit (loss) for the period through the following changes:

RECONCILIATION OF PARENT COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE PERIOD

(thousands of Euro)

	Shareholders' equity	of which net income
Balance as at 30/09/2014 - as per Parent Company's financial statements	**2,025,156**	**(399,818)**
Difference from book value	(1,694,338)	49,760
Value adjustments to allocated gains	(43,366)	
Recognition of stock options - subsidiaries	(9,890)	
Value adjustments to goodwill recognised in the consolidated financial statements	(161,361)	(2,277)
Cancellation, at consolidated level, of impairment of equity investments in subsidiaries from consolidated accounts	1,932,832	69,200
Reversal of dividends from subsidiaries	(9,166)	(9,166)
Reversal of dividends from associates	(3,989)	(3,989)
Higher consolidated writedown of Insurance Group under IFRS 5	(28,916)	(28,916)
Other	6,725	(3,557)
Balance as at 30/09/2014 as per consolidated financial statements	**2,013,687**	**(328,763)**

RESOURCE MANAGEMENT

The Carige Group's distribution system is organised into traditional, remote and mobile channels.
The traditional channels, made up of branches, private and corporate advisory centres, affluent and small business segment advisors, are based on a customer service specialisation model, which provides for the transition, when possible and deemed useful, from a non-differentiated customer relationship management by one operating unit to a customised relationship management by specific advisors.
The personal financial advisory service for higher-profile customers is based on a total of 133 private banking relationship managers and 352 affluent banking relationship managers.
In addition to the personal financial advisory service, comes the financial advisory service for businesses which combines sales and marketing efficiency with careful monitoring of credit quality; the service relies on 139 corporate relationship managers, of whom 7 Large Corporate and 132 Mid Corporate, organised into 69 teams, and 298 small business relationship managers.
Remote channels include the 'Bancomat' ATMs, Bancacontinua self-service branches and online services. Bancomat ATMs operating at the end of September 2014 numbered 789 (795 in December 2013), while the number of Bancacontinua cash machines remained unchanged at 19. In order to reduce the work load of branches and speed up the over-the-counter transactions of current account holders, the Group has introduced 158 cash in machines for cash or cheques in 156 branches. In the branches involved, 33.7% of payments which could be migrated were transferred to the automatic cash-in process, in the first 9 months of 2014.

The number of contracts for on-line services increased to 422,733, of which 380,748 relating to internet banking and 41,985 to call centres.
As regards mobile banking, which allows bank transactions to be managed using latest generation mobile devices such as smartphones and tablets, more than 4,248,900 accesses were recorded in the first 9 months of 2014, which generated 6,797,800 transaction information inquiries and over 294,600 transaction orders.
With regard to mobile channels, the Group has a network of 377 insurance agencies (259 of which selling bank products as well) located throughout Italy.

SALES NETWORK

A) TRADITIONAL CHANNELS

	30/09/14		31/12/13	
	number	Q%	number	Q%
NORTHWEST	**383**	**57.1**	**387**	**57.1**
Liguria	252	37.6	254	37.5
- Genova	140	20.9	140	20.6
- Savona	62	9.2	64	9.4
- Imperia	29	4.3	29	4.3
- La Spezia	21	3.1	21	3.1
Lombardia	74	11.0	76	11.2
Piemonte	56	8.3	56	8.3
Valle d'Aosta	1	0.1	1	0.1
NORTHEAST	**73**	**10.9**	**75**	**11.1**
Veneto	45	6.7	46	6.8
Emilia Romagna	28	4.2	29	4.3
CENTRE	**132**	**19.7**	**132**	**19.5**
Toscana	86	12.8	86	12.7
Lazio	39	5.8	39	5.8
Marche	5	0.7	5	0.7
Umbria	2	0.3	2	0.3
SOUTH AND ISLANDS	**82**	**12.2**	**83**	**12.2**
Sicilia	62	9.2	63	9.3
Puglia	9	1.3	9	1.3
Sardegna	11	1.6	11	1.6
ABROAD: Nice (France)	**1**	**0.1**	**1**	**0.1**
Total number of branches	**671**	**100.0**	**678**	**100.0**

	30/09/14	31/12/13
Private consultants	133	137
Corporate consultants	139	147
Affluent consultants	352	345
Small business consultants	298	299
Total consultants	**922**	**928**

B) REMOTE CHANNELS

Bancomat ATMs	789	795
Self-service "Bancacontinua" branches	19	19
On line services (1)	422,733	405,555

C) MOBILE CHANNELS

Insurance agencies	377	392
- of which: distributing banking products	259	272

(1) Number of Internet banking and Call centre contracts.

At the end of September 2014, the Group's headcount totalled 5,763 units (5,851 in December 2013). Bank employees numbered 5,316, down by 71 from the beginning of the year. Executives and middle managers accounted respectively for 1.3% and 26.3% of total, with the rest of personnel accounting for 72.4%.
Front-end staff makes up 70.5% of total headcount.
Insurance personnel numbered 447 (464 in December 2013).

BREAKDOWN OF PERSONNEL

	30/09/14		31/12/13	
	number	%	number	%
Number of bank employees				
Grade				
Executives	68	1.3	75	1.4
Middle managers	1,398	26.3	1,419	26.3
Other employees	3,850	72.4	3,893	72.3
Total	**5,316**	**100.0**	**5,387**	**100.0**
Operational location				
Head offices	*1,569*	*29.5*	*1,551*	*28.8*
Market	*3,747*	*70.5*	*3,836*	*71.2*
Total insurance personnel	*447*		*464*	
Total (banking and insurance)	**5,763**		**5,851**	

RISK MANAGEMENT

A. General

In line with legal and supervisory regulations, and in compliance with the Italian Corporate Governance Code for Listed Companies, the Parent Company has set up an internal control system (the "Internal Control System or ICS") to continuously detect, measure and verify the typical risks of the company's business. From an operational perspective, the ICS includes 3 levels of control:

- Line controls (1st level) for the purpose of ensuring the correct performance of operations; these are carried out by the operating units or included in supporting IT procedures;
- Risk management controls (2nd level) aimed at defining the methods for measuring risk and verifying compliance with the limits assigned to the various operating functions and monitoring the attainment of their respective risk-return objectives. These controls are assigned to units other than operating units, i.e. the Officer in charge of preparing the company's accounting documents, Risk Management, Rating Systems Validation, Compliance, Anti-Money Laundering;
- Internal auditing (3rd level) is dealt with by the Internal Control department (which is different and independent from the operating units) and is aimed at assessing both the adequacy and effectiveness of first and second level controls and is designed to identify unexpected trends, infringements of procedures and regulations as well as checking the functional efficiency of the Internal Control System as a whole.

The organisation of the Internal Control System is explained in further detail in Part E of the Explanatory Notes ("Information on risks and risk hedging policies") to the Consolidated Financial Statements and the "Report on the corporate governance and ownership structure for 2013" available on the corporate website, www.gruppocarige.it.
The Parent Company has steering and supervision functions on all risks, especially through an integrated management of Pillar 1 and Pillar 2 risks under the Bank of Italy supervisory instructions (Circ. No. 285 of 17 December 2013 and following amendments).
The banks of the Group operate within specific limits of independence and avail themselves of their own control units.

The different risk categories are monitored by the 2nd level control functions, and the results are subject to periodic reporting to the Board of Directors, Top Management and internal specialised Technical Committees.
Analysis is supported not only by regulatory models, but also by more advanced methodologies which have made it possible, over time, to expand the range of risks monitored and improve the assessment of capital adequacy, from both a regulatory and economic perspective.
As at 30 September 2014, the Group had higher-than-minimum regulatory levels of Total Capital Ratio phased-in (12,1%), Tier I Ratio phased-in (9,4%) and Common Equity Tier 1 Ratio – CET1R phased-in (9,4%). These capital requirements have significantly improved since completion of the share capital increase against consideration for an overall amount of EUR 799.3 mln on 14 July.

Lastly, it should be noted that, based on art. 467, paragraph 2 of the CRR, adopted by the Bank of Italy with Circular Letter no. 285, the Banca Carige Group opted for excluding from its own funds the unrealised gains or losses from exposures to central administrations classified as 'Financial assets available for sale'.

BREAKDOWN OF OWN FUNDS

(thousands of euro)

	30/09/2014 Bis III p.i.	31/12/2013 Bis II
Common Equity Tier 1 capital before deductions	**2,554,322**	**1,524,571**
Share capital	2,574,309	2,211,522
Retained earnings	-487,921	307,511
Share premium reserve	368,877	1,046,124
Profit (+) / Loss (-) for the period (1)	-328,763	-2,040,586
OCI and other reserves	-95,453	
Phase-in: impact on CET1	523,273	
Deductions from Common Equity Tier 1 capital	**502,802**	**426,985**
Goodwill	80,627	105,645
Bis III deductions with threshold of 10%	80,483	
Bis III deductions with threshold of 17.65%	150,475	
Excess of deductions from AT1 items over AT1 capital	178,576	
Other negative elements and prudential filters	12,641	321,340
Common Equity Tier 1 capital (CET1)	**2,051,520**	**1,097,586**
Additional Tier 1 capital (AT1)	**-**	**159,900**
AT1 instruments	2,920	
Innovative equity instruments (Granfathering)	128,000	159,900
Phase-in: impact on AT1	-310,228	
Excess of deductions from AT1 items over AT1 capital	179,308	
Tier 1 T1 (CET1+AT1)	**2,051,520**	**1,257,486**
Tier 2 T2	**579,684**	**709,841**
Own funds (T1+T2) Regulatory capital	**2,631,204**	**1,967,327**
Tier 3 capital	**-**	**16,753**
Qualifying tier 3 capital	**-**	**9,723**
Own funds (T1+T2) (Regulatory capital including Tier 3)	**2,631,204**	**1,977,050**
Subordinated loans not qualifying for inclusion in Tier 3 capital	**-**	**7,030**

(1) Profit (loss) for 2013 differs from profit (loss) reported in the financial statements due to neutralisation of the net positive effect arising from recognition of the new stakes in the Bank of Italy.

OWN FUNDS AND SOLVENCY RATIOS

(thousands of euro)

	30/09/2014 Bis III p.i.	31/12/2013 Bis II
Own funds		
Common Equity Tier 1	2,051,520	1,097,586
Additional Tier 1 capital	-	159,900
Tier 1	2,051,520	1,257,486
Tier 2	579,684	709,841
Tier 3 capital	-	16,753
Qualifying Tier 3 capital	-	9,723
Own funds (Regulatory capital including Tier 3)	2,631,204	1,977,050
Risk-weighted assets		
Credit risk	18,488,671	19,747,675
Bis III Credit risk (1)	1,591,615	-
Market risk	24,212	170,213
Operational risk	1,678,480	1,633,713
Total Risk-weighted assets	21,782,979	21,551,600
Capital requirements		
Credit risk	1,479,094	1,579,814
Bis III Credit risk	127,329	-
Market risk	1,937	13,617
Operational risk (2)	134,278	130,697
Total	1,742,638	1,724,128
Capital surplus	888,566	252,922
Ratios		
Common Equity Tier 1 capital/ Total Risk-weighted assets	9.4%	5.1%
Tier 1 capital/ Total Risk-weighted assets	9.4%	5.8%
Own funds/Total Risk-weighted assets	12.1%	9.2%

(1) Includes weighting of deferred tax assets and significant and non-significant investments not subject to deduction.

(2) The definition of net interest and other banking income for calculation of the capital requirement for operational risk is different with respect to 31 December 2013 according to the provisions of article 316, paragraph 1, letter b of EU Regulation 575/2013.

B. Risks

Please refer to the paragraph "Risk management" in the "Explanatory Notes" to the Carige Group's Half Year Report as at 30 June 2014 for banking and insurance risks management and control methods.

SEGMENT REPORTING

The Carige Group's business model is developed and analysed according to a geographical approach which mirrors the corporate setup of the Group, broken down into the regional retail banks of the 'Liguria' and 'Outside Liguria' market areas.
In accordance with the management approach defined by IFRS 8, the bank opted for the geographical approach as a model of reference for segment reporting which, adjusted to the statutory structure of financial reporting, breaks down the operating results and business activities into the following operating segments:

- "Liguria": customers operating with branches of the Parent Company, in addition to the operating results of the Cassa di Risparmio di Savona, primarily located in this region. This operating segment also includes Creditis, albeit under the responsibility of Banca Carige S.p.A., and the Centro Fiduciario trust;
- "Outside Liguria": includes Banca Carige Italia, in addition to operating results of subsidiary banks located in the geographical areas outside Liguria (Cassa di Risparmio di Carrara, Banca del Monte di Lucca and Banca Cesare Ponti);
- "Other operating segments": include other Group companies that perform financial and business-related activities;
- "Cancellations": residual segment expressly set out by regulations for reporting cancellations of intra-group entries.

In the 9M2014 period, the geographical business segments reported the following operating results:

- the Liguria network's net interest and other banking income totalled EUR 278 mln (45.7% of the Group's total), net income from banking and insurance was a negative EUR 177.8 mln (a loss on equity investments of EUR 249.7 mln was accounted for Banca Carige) and operating expenses came to EUR 268 mln (54% of the Group's total). These values are reflected in a loss from continuing operations of EUR 446 mln and a cost/income ratio of 96.4% (81.5% for the Carige Group). With regard to volumes, loans to customers stood at EUR 12,056 mln (51.4% of the Group's total), deposits from customers totalled EUR 8,156 mln (47.5% of the Group's total); debt securities in issue and financial liabilities designated at fair value through profit and loss amounted to EUR 3,960 mln; indirect funding amounted to EUR 10,271 mln. Overall funding totalled EUR 22,387 mln and account for 45% of the Group's total.
- the 'Outside Liguria' network's net interest and other banking income totalled EUR 353 mln (58% of the Group's total), income from banking and insurance a amounted to EUR 228 mln and operating expenses came to EUR 234 mln (48.2% of the Group's total): these figures are expressive of a loss from continuing operations of EUR 6 mln. The cost/income ratio stood at 66.2% (81.5% for the Carige Group). From a funding/lending volumes standpoint, loans to customers amounted to EUR 9,820 mln, deposits from customers came to EUR 7,633 mln, debt securities in issue amounted to EUR 4,782 mln and indirect funding amounted to EUR 8,952 mln (38.5% of the Group's total). Overall funding totalled EUR 21,369 mln and account for 43% of the Group's total.

Business areas by geography

(Thousands of Euro)

	Liguria	Outside Liguria	Other operating segments	Netting-off	TOTAL
Net interest and other banking income					
9 months 2014	278,371	353,276	-415	-22,059	609,173
9 months 2013 (1)	322,814	340,947	-1,255	-19,370	643,136
Net income from banking and insurance (2)					
9 months 2014	-177,823	227,978	-415	230,491	280,231
9 months 2013 (1)	-1,378,443	-1,346,910	-1,255	1,317,065	-1,409,543
Operating expenses					
9 months 2014	-268,340	-234,036	-14	5,614	-496,776
9 months 2013 (1)	-214,529	-210,697	19	-6,878	-432,085
Profit (loss) before tax from continuing operations					
9 months 2014	-446,162	-6,059	-429	236,105	-216,545
9 months 2013 (1)	-1,592,972	-1,557,607	-1,236	1,310,187	-1,841,628
Cost income (%)					
9 months 2014	96.4	66.2	-3.4		81.5
9 months 2013 (1)	66.5	61.8	1.5		67.2
Loans to customers					
30/09/2014	12,056,417	9,820,783	2,130,023	-540,178	23,467,046
31/12/2013	12,815,324	10,424,189	2,856,386	-619,540	25,476,359
Deposits from customers (a)					
30/09/2014	8,155,840	7,633,319	1,787,847	-398,935	17,178,072
31/12/2013	7,446,573	7,460,129	378,066	-467,401	14,817,367
Securities issued and financial liabilities designated at fair value through profit and loss (b)					
30/09/2014	3,960,154	4,782,883	4,768,493	-4,130,508	9,381,022
31/12/2013 (3)	4,885,227	5,245,302	4,663,720	-4,556,331	10,237,918
Other financial assets (c)					
30/09/2014	10,271,571	8,952,980	4,792,545	-755,816	23,261,279
31/12/2013	10,405,898	8,950,561	4,400,810	-932,554	22,824,715
Overall funding (d= a+b+c)					
30/09/2014	22,387,566	21,369,181	11,348,885	-5,285,259	49,820,373
31/12/2013	22,737,698	21,655,991	9,442,597	-5,956,286	47,880,000

(1) As shown in the paragraph "Accounting policies" in the Explanatory Notes, the balances for the first nine months of the prior period reflect, with respect to the published ones, the changes resulting from the application of the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

(2) Including gains (losses) from disposal of investments and impairment on goodwill.

(3) Carige Vita Nuova liabilities, designated at fair value and relating to products for which investment risk is borne by the policy-holder, are not included in this table.

DECLARATION OF THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ART. 154-BIS, paragraph 2 of Legislative Decree no. 58/1998 (The Consolidated Law on Finance)

I the undersigned Luca Caviglia, in my capacity as the Manager responsible for preparing the Company's financial reports of Banca CARIGE S.p.A.,

declare

that the accounting information contained in the Interim Report of the Banca CARIGE Group as at 30 September 2014 corresponds to the document results, books and accounting records.

Genoa, 11 November 2014

The Manager responsible
for preparing the Company's financial reports
Luca Caviglia

[*signed on the original*]