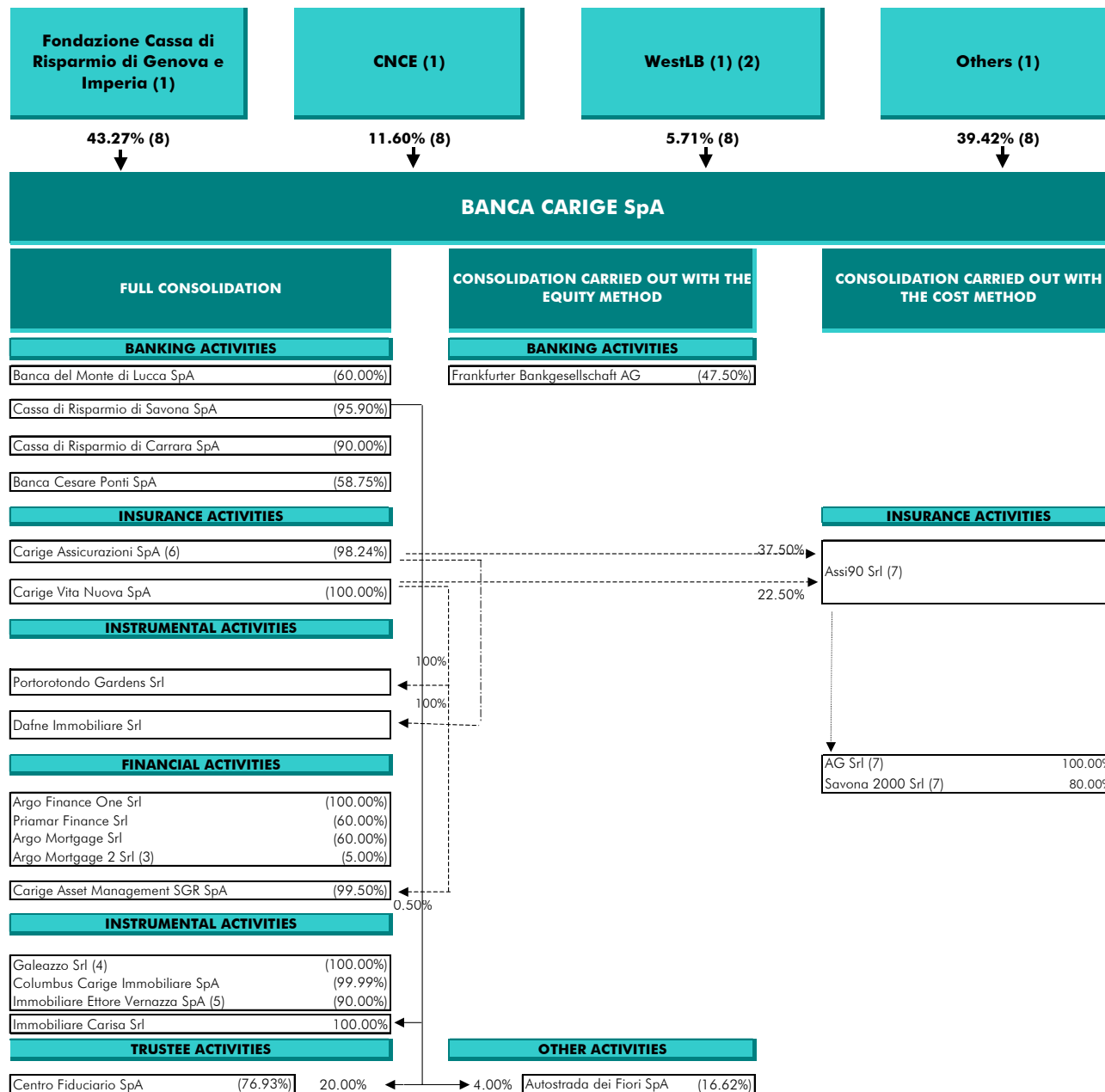


HALF YEARLY REPORT

2006

BASIS OF CONSOLIDATION



Banca Carige's share holding is shown in brackets.

- (1) Quota calculated on the basis of ordinary shares only.
- (2) Indirect holding via subsidiary WestLB (Italy) Finanziaria SpA.
- (3) The company is going to be included in the Banking Group.
- (4) The company has a 0.01% holding in Columbus Carige Immobiliare SpA.
- (5) The company holds 10% of its own shares.
- (6) The company holds 1.273% of its own shares.
- (7) Insurance instrumental companies (insurance agencies).
- (8) Data at 30/06/2006.

BANCA CARIGE GROUP BALANCE SHEET AT 30TH JUNE 2006

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CONSOLIDATED FINANCIAL HIGHLIGHTS

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
BALANCE SHEET (1)						
Total assets	24,234,137	23,647,741	23,066,391	23,474,084	5.1	3.2
Funding	17,311,009	16,981,316	16,605,505	16,724,109	4.2	3.5
- Customer Deposits (a)	15,798,507	15,133,902	15,493,556	14,965,423	2.0	5.6
* Amounts owed to customers	8,891,693	8,709,416	8,657,736	8,472,264	2.7	5.0
* Debt securities in issue	6,399,538	5,920,297	6,351,593	6,493,159	0.8	-1.4
* Bonds designated at fair value (7)	507,276	504,189	484,227	-	4.8	...
- Deposits from banks	1,512,502	1,847,414	1,111,949	1,758,686	36.0	-14.0
Other Financial Intermediation Activities (OFIA) (b)	18,727,007	18,624,871	18,095,202	17,364,685	3.5	7.8
- Assets under management	9,720,250	9,806,586	9,743,308	8,982,697	-0.2	8.2
- Assets in custody	9,006,757	8,818,285	8,351,894	8,381,988	7.8	7.5
Total Financial Intermediation Activities (TFIA) (a+b)	34,525,514	33,758,773	33,588,758	32,330,108	2.8	6.8
Lending (2)	21,139,306	20,556,793	19,924,634	19,958,401	6.1	5.9
- Loans to customers (2)	14,834,416	14,249,477	14,005,478	12,998,790	5.9	14.1
- Loans to banks (2)	1,383,112	1,227,382	856,388	1,231,106	61.5	12.3
- Financial assets (2)	4,921,778	5,079,934	5,062,768	5,728,505	-2.8	-14.1
Capital and reserves	2,313,618	2,292,663	2,136,595	2,153,327	8.3	7.4
INCOME STATEMENT (1)						
Gross operating income	394,584	207,320	778,569	387,904		1.7
Net income from financial and insurance management	377,735	201,369	733,000	371,462		1.7
Operating income from ordinary activities before taxation	137,361	80,743	216,808	130,090		5.6
Net income	83,284	42,514	131,437	82,656		0.8
RESOURCES (3)						
Number of branches	500	497	497	495	0.6	1.0
Number of banking employees	4,729	4,720	4,736	4,779	-0.1	-1.0
FINANCIAL RATIOS						
Operating costs						
/Gross operating income (5)	60.50%	57.53%	66.35%	62.53%		
Operating income from ordinary activities before taxation						
/ Capital and reserves	5.94%	3.52%	10.15%	6.04%		
ROE	3.60%	1.85%	6.15%	3.84%		
ROAE (4)	3.74%	1.92%	6.18%	3.87%		
Earning per share (euro)						
- base	0.071		0.116	0.072		
- diluted	0.055		0.107	0.065		
SOLVENCY RATIOS (6)						
Risk-Weighted Assets (1)	15,915,983	15,250,601	15,295,275	13,468,526	4.1	18.2
Tier1 % of RWA	8.35%	6.56%	6.48%	7.03%		
Regulatory capital % of RWA	10.41%	8.41%	8.33%	9.72%		

(1) Thousands of euros.

(2) Before value adjustments.

(3) Figures as at period end.

(4) Net income on average shareholders' equity (Return On Average Equity).

(5) Indicator calculated net of provisions for risks and charges.

(6) Solvency ratios were calculated on the basis of regulatory requirements in force at the time of preparation and take into account for the calculation of regulatory capital as at 31/12/05, at 31/3/06 and at 30/6/06 the capital increase via a scrip issue of € 164.8 million approved by the Extraordinary Shareholders' Meeting of 25th January 2006. Figures for the period ending 30/6/06 are partially estimates and include the paid up share capital increase performed in July 2006.

(7) The liabilities designated at fair value attributable to the life insurance subsidiary Carige Vita Nuova, relating to products with investment risk borne by the insured, are not included in this table.

CORPORATE OFFICES OF THE GROUP LEADER BANCA CARIGE

BOARD OF DIRECTORS	GENERAL MANAGEMENT	BOARD OF STATUTORY AUDITORS
CHAIRMAN Giovanni Berneschi*	GENERAL MANAGEMENT Alfredo Sanguinetto	CHAIRMAN Antonio Semeria
DEPUTY CHAIRMAN Alessandro Scajola *	DEPUTY MANAGER (Commercial) Carlo Arzani	AUDITORS Massimo Scotton Andrea Traverso
DIRECTORS Andrea Baldini * Giorgio Binda Jean-Jacques Bonnaud Luca Bonsignore Remo Angelo Checconi * Maurizio Fazzari Pietro Isnardi Ferdinando Menconi Nicolas Mérindol Paolo Cesare Odone * Renata Oliveri * Jean-Marie Paintendre Flavio Repetto Vincenzo Roppo * Francesco Taranto	GENERAL DEPUTY GENERAL MANAGER (Administration) Giovanni Poggio DEPUTY GENERAL MANAGEMENT (Credit and Wealth Management) Achille Tori	DEPUTY AUDITORS Adriano Lunardi Luigi Sardano AUDIT FIRM Deloitte & Touche SpA

*Member of Executive Committee

The Board of Directors was appointed by the Ordinary Shareholders Meeting of 20th April 2006 for the business years 2006, 2007 and 2008.

The present Executive Committee was appointed by the Board of Directors on 8th May 2006

The Board of Statutory Auditors was appointed by the Ordinary Shareholders' General Meeting of 28th April 2005 for the years 2005, 2006 and 2007.

AREA AND METHOD OF CONSOLIDATION

1. SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

On the basis of IFRS, the area of consolidation includes all subsidiaries, whether held directly or indirectly. Therefore, also subsidiaries not classified as monetary financial entities or similar have been consolidated.

Entities qualify as subsidiaries where the Group has the power to exercise control over the financial and operating policies of the entity, according to the provisions of IAS 27. With regards to

special purpose entities, Argo Mortgage 2 have been consolidated on the basis of the interpretation contained in SIC 12 even though at 30th June 2006 the Group's holding was only 5 per cent. These consolidated financial statements take into account the consolidation of the entity given Banca Carige's intention to request their inclusion within the area of consolidation. In August 2006, Banca Carige acquired 5 per cent of Argo Mortgage 2's equity from Columbus Carige Immobiliare SpA and 55 per cent from shareholding entities outside the Group.

Subsidiaries and jointly-controlled entities (proportionate consolidation)

Company name	Registered Office	Type of control (1)	Holding		Voting rights (2) (3)	
			Subsidiary	Shareholding %	Effective %	Potential %
A. Company						
A.1 Fully consolidated						
Banking Group						
1. Banca CARIGE SpA	Genoa					
2. Cassa di Risparmio di Savona SpA	Savona	1	A1.1	95,90	95.9	4,10
3. Cassa di Risparmio di Carrara SpA	Carrara	1	A1.1	90,00		
4. Banca del Monte Lucca SpA	Lucca	1	A1.1	60,00		
5. Banca Cesare Ponti SpA (4)	Milan	1	A1.1	58.75	58.75	41.25
6. Carige Asset Management SpA	Genoa	1	A1.1	99,50		
			A1.17	0,50		
7. Centro Fiduciario SpA	Genoa	1	A1.1	76,93		
			A1.2	20,00		
8. Argo Finance One Srl	Genoa	1	A1.1	100,00		
9. Priamar Finance Srl	Genoa	1	A1.1	60,00		
10. Argo Mortgage Srl	Genoa	1	A1.1	60,00		
11. Argo Mortgage 2 Srl	Genoa	4	A1.12	5,00		
12. Columbus Carige Immobiliare SpA	Genoa	1	A1.1	99,99		
			A1.13	0,01		
13. Galeazzo Srl	Genoa	1	A1.1	100,00		
14. Immobiliare Vernazza Srl (5)	Genoa	1	A1.1	90,00	100,00	
15. Immobiliare CARISA Srl	Savona	1	A1.2	100,00		
Insurance Companies						
16. Carige Assicurazioni SpA (5)	Milan	1	A1.1	98.24	99.51	
17. Carige Vita Nuova SpA	Genoa	1	A1.1	100,00		
Other Companies						
18. Dafne Immobiliare Srl	Milan	1	A1.16	100,00		
19. Portorotondo Gardens Srl	Milan	1	A1.17	100,00		
A.2 Jointly-controlled entities (proportionate consolidation)						
				-		

Key

(1) Type of Control

- 1= majority of voting rights at the shareholders' meeting
- 2= significant influence at shareholders' meeting
- 3= in agreement with other shareholders
- 4= other forms of control
- 5= unitary control pursuant to article 26, paragraph 1, Legislative decree 87/92
- 6= unitary control pursuant to article 26, paragraph 2, Legislative decree 87/92
- 7= joint control

(2) Availability of voting rights, effective or potential.

(3) Figure provided only where different from shareholding.

(4) Effective voting rights expressed as a percentage differs from the shareholding as this includes voting rights related to shares held as pledge (7.66 per cent) subject also to a call option (see section 10.4).

(5) Effective voting rights expressed as a percentage differs from the shareholding as calculation does not take into account own shares in portfolio.

The activities of the Group's subsidiaries can be categorised as follows:

Banks (Banca Carige, Cassa di Risparmio di Savona, Cassa di Risparmio di Carrara, Banca del Monte di Lucca, Banca Cesare Ponti); wealth management entity (Carige Asset Management SGR); trust enterprise (Centro Fiduciario); SPE's (Argo Finance One, Priamar Finance, Argo Mortgage, Argo Mortgage 2); insurance companies (Carige Vita Nuova, Carige Assicurazioni); property companies (Immobiliare Ettore Vernazza, Galeazzo, Immobiliare Carisa, Columbus Carige Immobiliare, Portorotondo Gardens, Dafne Immobiliare).

At 30th June 2006 the area of consolidation was unchanged to that stated at 31st December 2005.

The consolidated statements were prepared utilising:

- IFRS/IAS-compliant balance sheet and income statement lines of the Parent Company Banca Carige and Group subsidiaries as at 30th June 2006 as approved by the respective Boards of Directors;
- Reporting packages prepared by those companies that did not adopt IFRS/IAS, and approved by the respective Boards of Directors.

Minor subsidiaries being outside the area of consolidation are recorded at cost in accordance with general framework principles. The Group's banking and insurance companies, along with the two property companies classified as 'other companies' are considered as significant subsidiaries. With regards solely to the category 'other companies', those with balance sheet totals of less than euro 10 million and collectively not more than euro 50 million are classified as minor subsidiaries in accordance with the Bank of Italy's thirteenth update of 25th January 2006 to its circular no. 115 of 7th August 1990.

The area of consolidation accounted for in the Carige Group's interim report as at 30th June 2005 differed from that utilised in the present interim report in that the holding in Dafne Immobiliare was recorded at cost. In order to achieve homogeneity with other reporting periods, revisions have been to the consolidated report as at 30th June 2005, which include the full consolidation of Dafne Immobiliare. The most significant impacts of these changes are: a reduction of euro 34,400,000 to asset caption 100 "Equity Investments"; an increase of euro 34,416,000 to asset caption 120 "Tangible assets"; an increase of euro 56,000 in net profit.

Unincorporated Subsidiaries

Company name	Registered Office	Holding		Voting rights	
		Subsidiary	Shareholding %	Effective %	Potential %
1. Assi 90 Srl	Genoa	Carige Ass.ni SpA	37,50		
2. AG Srl	Genoa	Carige V. N. SpA	22,50		
3. Savona 2000 Srl	Savona	Assi 90 Srl	100,00		
		Assi 90 Srl	40,00		
		AG Srl	40,00		

Associates for which shares with voting rights have been received as a form of credit guarantee rather than as means of exercising control are also excluded from the area of consolidation.

2. OTHER INFORMATIONS

Associates, entities in which the Group has significant influence, are accounted under the equity method.

Holdings in which the Group has a significant influence (investments valued according to the equity method)

Company name	Registered Office	Holding		Voting rights	
		Subsidiary	Shareholding %	Effective %	Potential %
A consolidation carried out with the equity method					
1. Autostrada dei Fiori Spa	Savona	Banca Carige SpA	16,62		
		Cassa di Risparmio di Savona SpA	4,00		
2. Frankfurter Bankgesellschaft AG	Frankfurt	Banca Carige SpA	47,50		

Valuation of the Group's investment in Frankfurter Bankgesellschaft AG was performed on the basis of the company's statements as at 31st December 2005, which were prepared in accordance with German GAAP. A specific IFRS-compliant reporting package for the company was deemed unnecessary.

With regards to Autostrada dei Fiori SpA, however, IFRS-compliant statements as at 30th June 2006 were utilised.

Companies in which the Group has significant influence but which have a non-significant role in the Group's operating and financial strategy, in accordance with framework principles, are valued at cost.

Holdings in which the Group has a significant interest and not valued according to the equity method.

Company name	Registered Office	Holding		Voting rights	
		Subsidiary	Shareholding %	Effective %	Potential %
1. Assimilano Srl	Milan	Assi 90 Srl	44,00		
2. Assicentro Recina Servizi Srl	Rome	Assi 90 Srl	25,00		
3. B.D.A. SpA	Milan	Assi 90 Srl	20,00		
4. Atoma Srl	Milan	Carige Ass.ni SpA	25,00		
		Carige V. N. SpA	15,00		
5. U.C. Sport e Sicurezza Srl	Milan	Carige Ass.ni SpA	25,00		
		Carige V. N. SpA	25,00		
6. Consorzio per il Giurista di Impresa Scrl	Genoa	Banca Carige SpA	25,00		

The two consolidation methods adopted are the full consolidation method and the equity method. Details of both are provided below.

Full consolidation

The financial statements of the Group are presented as those of a single economic entity. In order to achieve this unitary view, it is necessary to:

- render uniform the accounting principles adopted by the Parent Company and its subsidiaries, with adjustments being made for any accounting principle or principles different from those adopted in the consolidated statements and utilised by a consolidated entity for like transactions and other events in similar circumstances;
- aggregate the financial statements of the Parent Company and its subsidiaries on

a line-by-line basis, adding together balance sheet (shareholders' equity, assets, liabilities) and income statement (revenues and costs) totals of each consolidated entity;

- recognise any difference between the cost of the acquisition and the investor's share of the fair values of the subsidiary's net identifiable assets. Any positive differences are where possible recognised directly in the subsidiary's related assets and liabilities. Residual amounts are accounted for as goodwill and stated at asset caption "Intangible assets – goodwill". Depreciation is not provided on goodwill, although, in common with all long-lived assets, goodwill is subject to impairment on an annual basis or more often if deemed necessary. Negative differences are recognised in the income statement. Related balance sheet

and income statement lines attributable to minority interests are recognised at specific captions;

- eliminate in full intragroup balances, transactions, income, and expenses.

Goodwill arising from acquisitions performed prior to 2004 has not been recalculated, in accordance with the provisions contained in IFRS 1. With regards to the purchase after 2004 of the subsidiaries Cassa di Risparmio di Carrara and Banca Cesare Ponti, shareholders' equity attributable to minority interests and goodwill were redetermined on the basis of the fair values of assets, liabilities and potential liabilities at the time of acquisition. The redetermination of acquisition items at fair value through profit or loss, with the related impact on goodwill and shareholders' equity attributable to minority interests, refers solely to elements deemed significant.

Equity method

Under the equity method of accounting, an equity investment is initially recorded at cost and is subsequently adjusted to reflect any changes in the investor's share of the investee's net assets. Changes in the investor's share of the investee's net assets deriving from the latter's profit or loss are recorded in the subsidiary's income statement. Adjustments to the carrying amount arising from changes in the investee's equity are recorded directly at the caption "Reserves".

Any difference between the cost of acquisition and the investor's share of the fair values of the investee's net assets is accounted for in the same way as under full consolidation. Any positive difference (i.e. goodwill) is not recorded as a specific item of the caption "Intangible assets" with subsequent testing for impairment, but is recorded at the caption "Equity investments".

The full carrying amount of the investment is tested for impairment by comparing the recoverable value and book value when there are indications that impairment may have occurred.

Any significant intragroup profits are eliminated in full.

CONSOLIDATED ACCOUNTING STATEMENTS AT 30/6/2006

CONSOLIDATED BALANCE SHEET

ASSETS (thousands of Euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06	6/05
10 - CASH AND HIGHLY LIQUID DEPOSITS	166,027	151,649	195,470	166,311	-15.1	-0.2
20 - FINANCIAL ASSETS HELD FOR TRADING	3,022,199	3,338,898	3,333,537	4,101,702	-9.3	-26.3
30 - FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	579,989	592,296	602,966	582,403	-3.8	-0.4
40 - AVAILABLE FOR SALE FINANCIAL ASSETS	1,370,098	1,192,330	1,186,091	1,151,342	15.5	19.0
50 - HELD-TO-MATURITY INVESTMENTS	2,690	2,860	2,764	2,834	-2.7	-5.1
60 - LOANS TO BANKS	1,382,782	1,227,137	855,875	1,225,960	61.6	12.8
70 - LOANS TO CUSTOMERS	14,479,814	13,895,072	13,661,663	12,656,003	6.0	14.4
80 - HEDGING DERIVATIVES	15,251	28,621	61,290	89,014	-75.1	-82.9
100 - EQUITY INVESTMENTS	66,987	69,925	69,917	65,331	-4.2	2.5
110 - TECHNICAL RESERVE PROVISIONS PAYABLE BY REINSURERS	171,435	175,441	176,905	188,447	-3.1	-9.0
120 - TANGIBLE ASSETS	1,075,295	1,069,011	1,070,990	1,034,661	0.4	3.9
130 - INTANGIBLE ASSETS	681,773	678,874	676,812	676,428	0.7	0.8
including:						
- goodwill	657,582	654,352	651,104	651,105	1.0	1.0
140 - TAX ASSETS	307,435	323,291	327,298	322,256	-6.1	-4.6
a) currents	151,321	151,873	153,493	141,921	-1.4	6.6
b) anticipated	156,114	171,418	173,805	180,335	-10.2	-13.4
160 - OTHER ASSETS	912,362	902,336	844,813	1,211,392	8.0	-24.7
TOTAL ASSETS	24,234,137	23,647,741	23,066,391	23,474,084	5.1	3.2

LIABILITIES AND SHAREHOLDERS' EQUITY (thousands of Euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06	6/05
10 - AMOUNTS OWED TO BANKS	1,512,502	1,847,414	1,111,949	1,758,686	36.0	-14.0
20 - AMOUNTS OWED TO CUSTOMERS	8,891,693	8,709,416	8,657,736	8,472,264	2.7	5.0
30 - DEBT SECURITIES IN ISSUE	6,399,538	5,920,297	6,351,593	6,493,159	0.8	-1.4
40 - FINANCIAL LIABILITIES HELD FOR TRADING	109,986	108,150	130,617	201,189	-15.8	-45.3
50 - FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	1,087,265	1,096,486	1,087,193	582,403	0.0	86.7
60 - HEDGING DERIVATIVES	25,810	28,506	42,401	51,615	-39.1	-50.0
80 - TAX LIABILITIES	355,266	359,067	331,794	279,642	7.1	27.0
(a) currents	137,957	132,505	102,912	64,807	34.1	...
(b) differed	217,309	226,562	228,882	214,835	-5.1	1.2
100 - OTHER LIABILITIES	1,301,689	1,158,370	1,052,397	1,564,993	23.7	-16.8
110 - RESERVE FOR EMPLOYEES' TERMINATION INDEMNITIES	130,492	129,906	130,966	130,321	-0.4	0.1
120 - RESERVES FOR RISKS AND CHARGES:	356,321	384,677	379,549	342,546	-6.1	4.0
a) post-retirement benefit obligations	319,264	319,756	320,079	319,537	-0.3	-0.1
b) other reserves	37,057	64,921	59,470	23,009	-37.7	61.1
130 - TECHNICAL RESERVE PROVISIONS	1,640,699	1,541,940	1,494,945	1,338,130	9.7	22.6
140 - VALUATION RESERVES	799,934	722,714	721,982	741,564	10.8	7.9
160 - CAPITAL INSTRUMENTS	3,241	7,586	11,517	11,507	-71.9	-71.8
170 - RESERVES	76,233	161,354	26,558	25,436	...	...
180 - SHARE PREMIUM RESERVE	300,050	278,919	263,211	262,929	14.0	14.1
190 - CAPITAL	1,134,160	1,122,090	1,113,327	1,113,327	1.9	1.9
200 - OWN SHARES (-)	0	0	0	(1,436)	...	-100.0
210 - MINORITY INTERESTS (+/-)	25,974	28,335	27,219	23,153	-4.6	12.2
220 - INCOME (LOSS) FOR THE PERIOD (+/-)	83,284	42,514	131,437	82,656	-36.6	0.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,234,137	23,647,741	23,066,391	23,474,084	5.1	3.2

INCOME STATEMENT

INCOME STATEMENT (thousands of Euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change % 6/06 6/05
10 - INTEREST INCOME AND SIMILAR REVENUES	425,502	202,106	894,656	425,977	-0.1
20 - INTEREST EXPENSES AND SIMILAR CHARGES	-160,185	-75,667	-419,412	-190,331	-15.8
30 - NET INTEREST INCOME	265,317	126,439	475,244	235,646	12.6
40 - FEE AND COMMISSION INCOME	142,218	70,618	295,462	125,249	13.5
50 - FEE AND COMMISSION EXPENSES	-16,940	-8,167	-49,280	-10,821	56.5
60 - NET COMMISSIONS	125,278	62,451	246,182	114,428	9.5
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	6,720	160	24,495	12,867	-47.8
80 - RESULT OF FINANCIAL TRADING ACTIVITIES	-4,219	18,190	36,166	25,573	...
90 - INCOME (LOSS) FROM HEDGING ACTIVITIES	-1,904	-2,012	-1,269	730	...
100 - INCOME (LOSS) ON DISPOSAL OF:	1,817	1,613	-1,972	-1,340	...
a) loans	391	302	2,075	1,599	-75.5
b) available for sale financial assets	2,225	714	1,314	184	...
c) financial assets held to maturity	-1	96	0	0	...
d) financial liabilities	-798	501	-5,361	-3,123	-74.4
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	1,575	479	-277	0	...
120 - GROSS OPERATING INCOME	394,584	207,320	778,569	387,904	1.7
130 - NET VALUE ADJUSTMENT ON:	-23,404	-8,861	-54,276	-23,446	-0.2
a) loans	-24,493	-9,155	-53,049	-21,035	16.4
d) other financial assets	1,089	294	-1,227	-2,410	...
140 - NET RESULT FROM FINANCIAL MANAGEMENT	371,180	198,459	724,293	364,458	1.8
150 - NET PREMIUMS	366,352	152,237	651,853	263,179	39.2
160 - NET INCOME (LOSS) FROM INSURANCE MANAGEMENT	-359,797	-149,327	-643,146	-256,175	40.4
170 - NET RESULT FROM FINANCIAL AND INSURANCE MANAGEMENT	377,735	201,369	733,000	371,462	1.7
180 - ADMINISTRATIVE COSTS:	-247,505	-125,434	-534,638	-250,941	-1.4
a) personnel	-154,980	-80,207	-334,935	-159,822	-3.0
b) other administrative costs	-92,525	-45,227	-199,703	-91,119	1.5
190 - NET PROVISIONS FOR RISKS AND CHARGES	-4,892	-1,357	-8,320	-1,312	...
200 - AMORTIZATION AND DEPRECIATION OF TANGIBLE FIXED ASSETS	-8,538	-4,173	-18,058	-9,430	-9.5
210 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE FIXED ASSETS	-5,006	-2,432	-11,735	-7,279	-31.2
220 - OTHER OPERATING EXPENSES AND REVENUES	22,345	12,762	47,850	25,109	-11.0
230 - OPERATING COSTS	-243,596	-120,634	-524,901	-243,853	-0.1
240 - INCOME (LOSS) FROM EQUITY INVESTMENTS	2,689	0	5,376	2,436	10.4
270 - INCOME (LOSS) FROM DISPOSAL OF INVESTMENTS	533	8	3,333	45	...
280 - OPERATING INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	137,361	80,743	216,808	130,090	5.6
290 - TAX EXPENSE (INCOME) RELATED TO PROFIT OR LOSS FROM ORDINARY ACTIVITIES	-52,090	-37,044	-81,745	-45,542	14.4
300 - INCOME (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	85,271	43,699	135,063	84,548	0.9
320 - NET INCOME (LOSS) FOR THE PERIOD	85,271	43,699	135,063	84,548	0.9
330 - MINORITY INTERESTS	1,987	1,185	3,626	1,892	5.0
340 - NET INCOME (LOSS) FOR THE PERIOD AFTER MINORITY INTERESTS	83,284	42,514	131,437	82,656	0.8

CASH FLOW STATEMENT

CASH FLOW STATEMENT Direct method

A. OPERATIONS	30/06/06	31/03/06	31/12/05	30/06/05
1. Management activities	326,037	118,096	668,964	232,792
- interest income received (+)	521,637	275,171	897,359	439,546
- interest charges paid (-)	-285,647	-182,944	-367,312	-136,613
- dividends and similar revenues (+)	6,720	160	22,949	12,867
- net fee and commissions (+/-)	125,278	62,451	246,182	115,793
- personnel charges (-)	-135,304	-69,003	-300,974	-137,742
- net premiums received	366,352	152,237	651,853	263,179
- other insurance income and charges (-)	-208,573	-100,869	-430,225	-212,926
- other costs (-)	-150,218	-137,387	-549,845	-262,563
- other revenues (+)	93,066	123,285	494,407	141,440
- duties and taxes (-)	-7,274	-5,004	4,570	9,811
- costs/revenues from groups of discontinued operations, net of taxes (+/-)	0	0	0	0
2. Liquid assets generated/absorbed by financial assets	-1.262.442	-744.390	-967.470	-1.245.955
- financial assets held for trading	359,840	-25,412	191,758	-459,452
- financial assets designated at fair value	52,091	37,132	-74,000	-74,353
- available for sale financial assets	-103,369	-5,510	-58,983	-5,667
- loans to customers	-893,359	-257,103	-1,854,173	-781,128
- due from banks: repayable on demand	-293,506	-11,666	-48,342	-327,635
- due from banks: other loans	-301,534	-408,964	767,298	639,366
- other asset captions	-82,605	-72,867	108,972	-237,086
3. Liquid assets generated/absorbed by financial liabilities	1.028.975	594.713	455.053	1.122.669
- due to banks: repayable on demand	37,539	59,742	-5,280	51,186
- due to banks: other deposits	374,309	687,488	133,823	719,494
- due to customers	254,849	57,665	299,762	112,090
- securities issued	170,856	-313,676	-369,633	-223,247
- financial liabilities held for trading	-15,288	-8,905	-60,323	24,102
- financial liabilities evaluated at fair value	1,428	10,648	558,165	54,000
- other liabilities	205,282	101,751	-101,461	385,044
Net liquid assets generated/absorbed by operations	92,570	-31,581	156,547	109,506
B. INVESTMENTS				
1. Liquid assets generated by:	70,985	59	30,726	41,909
- sale of investments	2,933	0	0	1,648
- dividends received from equity investments	0	0	1,546	0
- sale of financial assets held to maturity	73	0	143	73
- sale of tangible assets	67,979	60	29,037	40,188
- sale of intangible assets	0	0	0	0
- sale of business divisions	0	0	0	0
2. Liquid assets absorbed by:	-94,173	-8,368	-95,467	-87,040
- purchase of investments	0	-9	0	0
- purchase of financial assets held to maturity	0	0	0	0
- purchase of tangible assets	-80,289	-2,245	-20,579	-43,051
- purchase of intangible assets	-3,725	-1,135	-10,516	-9,589
- purchase of business divisions	-10,159	-4,979	-64,372	-34,400
Net liquid assets generated/absorbed by investments	-23,188	-8,309	-64,741	-45,131
C. FUNDING ACTIVITIES				
- issue/purchase of own shares	0	-0	1,301	-135
- share premium	0	0	0	90
- issue/purchase of capital instruments	-8,276	-3,931	487	105
- distribution of dividends and other uses	-90,549	0	-87,177	-87,177
Net liquid assets generated/absorbed by funding activities	-98,825	-3,931	-85,389	-87,117
NET LIQUID ASSETS GENERATED/ABSORBED DURING THE PERIOD	-29,443	-43,821	6,417	-22,742

KEY: (+) generated; (-) absorbed

RECONCILIATIONS

Balance sheet captions	30/06/06	31/03/06	31/12/05	30/06/05
Cash and liquid assets available at the beginning of the period	195,470	195,470	189,053	189,053
Net liquid assets generated/absorbed during the period	-29,443	-43,821	6,417	-22,742
Cash in and liquid assets: exchange rate translation effects				
Cash in and liquid assets at the end of the period	166,027	151,649	195,470	166,311

(Thousands of Euros)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Group shareholders' equity at 31/12/2004		Third parties shareholders' equity at 31/12/2004		Change in opening balance	Group shareholders' equity at 1/1/2005		Third parties shareholders' equity at 1/1/2005		Year variations										Group shareholders' equity at 30/6/2005		Third parties shareholders' equity at 30/6/2005	
												Operations of shareholders' equity											
	Allocation of previous year's net income		Dividends and others		Group reserves variation	Group reserves variation	Third parties reserves variation	Group new shares issue	Third parties new shares issue	Group own shares purchase	Third parties own shares purchase	Extraordinary distribution dividends	Capital instruments variation	Derivatives on own shares	Stock options	Group net income at 30/6/2005		Third parties net income at 30/6/2005					
	Group reserves	Third parties reserves	Third parties reserves	Group reserves and others												Group reserves variation	Third parties reserves variation	Group new shares issue	Third parties new shares issue	Group own shares purchase	Third parties own shares purchase	Extraordinary distribution dividends	Capital instruments variation	Derivatives on own shares	Stock options	Group net income at 30/6/2005	Third parties net income at 30/6/2005
Capital stock:	1,113,327	19,614	-	1,113,327	8,575	8,575	-	8,575	8,575	-	-	-	-	-	-	-	1,113,327	9,145	9,145				
a) ordinary shares	959,898	19,614	-	959,898	8,575	8,575	-	8,575	8,575	-	-	-	-	-	-	-	959,898	9,145	9,145				
b) other shares	153,429	-	-	153,429	-	-	-	-	-	-	-	-	-	-	-	-	153,429	-	-				
Additional paid-in capital	262,839	4,484	-	262,839	915	915	-	915	915	-	-	-	-	-	-	-	262,929	2,870	2,870				
Reserves:	168,518	14,083	(170,834)	(2,316)	8,138	27,758	(1,211)	(6)	(6)	-	-	-	-	-	-	-	25,436	5,262	5,262				
a) income	139,589	14,083	(147,607)	(8,018)	8,138	27,758	(1,211)	(6)	(6)	-	-	-	-	-	-	-	19,734	5,262	5,262				
b) others	28,929	-	(23,227)	5,702	-	-	-	-	-	-	-	-	-	-	-	-	5,702	-	-				
Valuation reserves:	191,073	5,655	540,693	731,766	4,162	9,798	10,052	9,798	9,798	-	-	-	-	-	-	-	741,564	4,001	4,001				
a) available for sale	-	-	541,726	541,726	451	10,052	10,052	10,052	10,052	-	-	-	-	-	-	-	551,778	514	514				
b) cash flow hedge	-	-	(1,033)	(1,033)	122	(254)	(254)	(254)	(254)	-	-	-	-	-	-	-	(1,287)	(118)	(118)				
d) special revaluation laws	191,073	5,655	-	191,073	3,589	3,589	-	-	-	-	-	-	-	-	-	-	191,073	3,605	3,605				
Capital instruments	-	-	11,402	11,402	-	-	-	-	-	-	-	-	105	-	-	-	11,507	-	-				
Own shares	(1,301)	(17)	-	(1,301)	(17)	-	-	-	-	(135)	-	-	-	-	-	-	(1,436)	(17)	(17)				
Profit (loss) for the period	111,214	2,534	-	111,214	2,534	(83,456)	(83,456)	(83,456)	(83,456)	-	-	-	-	-	-	-	82,656	1,892	1,892				
Shareholders' equity	1,845,670	46,353	381,261	2,226,931	24,307	9,792	(1,211)	(83,456)	9,792	-	90	961	(135)	-	-	-	82,656	1,892	1,892				
(Thousands of Euros)																							

	Group shareholders' equity at 31/12/2004		Third parties shareholders' equity at 31/12/2004		Change in opening balance	Group shareholders' equity at 1/1/2005		Third parties shareholders' equity at 1/1/2005		Allocation of previous year's net income			Year variations										Group shareholders' equity at 31/12/2005		Third parties shareholders' equity at 31/12/2005				
	1,113,327	19,614	19,614	8,575		-	1,113,327	8,575	8,575	8,575	Group reserves	Third parties reserves	Dividends and others	Group reserves variation	Third parties reserves variation	Group new shares issue	Third parties new shares issue	Group own shares purchase	Third parties own shares purchase	Extraordinary distribution dividends	Capital instruments variation	Derivatives on own shares	Stock options	Group net income at 31/12/2005	Third parties net income at 31/12/2005	1,113,327	10,192	959,898	10,192
Capital stock:	1,113,327	19,614	19,614	8,575	-	1,113,327	8,575	8,575	8,575																1,113,327	10,192	959,898	10,192	
a) ordinary shares	959,898	19,614	19,614	8,575	-	959,898	8,575	8,575	8,575																959,898	10,192	153,429	153,429	
b) other shares	153,429	-	-	-	-	153,429	-	-	-																153,429	-	-	-	
Additional paid-in capital	262,839	4,484	4,484	915	-	262,839	915	915	915																262,211	3,831	26,558	5,608	
Reserves:	168,518	14,083	(170,834)	8,138	(2,316)	(2,316)	8,138	8,138	8,138																26,558	5,608	20,856	5,702	
a) income	139,589	14,083	(147,607)	8,138	(8,018)	(8,018)	8,138	8,138	8,138																20,856	5,702	5,702	5,702	
b) others	28,929	-	(23,227)	-	(23,227)	5,702	-	-	-																	-	-	-	-
Valuation reserves:	191,073	5,655	540,693	4,162	731,766	731,766	4,162	4,162	4,162																721,982	3,979	532,357	496	
a) available for sale	-	-	541,726	451	541,726	541,726	451	451	451																	532,357	496	(1,448)	(122)
b) cash flow hedge	-	-	(1,033)	122	(1,033)	(1,033)	122	122	122																	(1,448)	(122)	191,073	3,605
d) special revaluation laws	191,073	5,655	-	3,589	-	191,073	3,589	3,589	3,589																191,073	3,605	-	-	
Capital instruments	-	-	11,402	-	11,402	11,402	-	-	-																	11,517	-	-	-
Own shares	(1,301)	(17)	(1,301)	(17)	(1,301)	(1,301)	(17)	(17)	(17)																	-	-	-	-
Profit (loss) for the period	111,214	2,534	111,214	2,534	(27,758)	111,214	2,534	2,534	2,534																131,437	3,626	131,437	3,626	
Shareholders' equity	1,845,670	46,353	381,261	24,307	2,226,931	2,226,931	24,307	24,307	24,307																2,268,032	27,219	2,268,032	27,219	

(Thousands of Euros)

	Group shareholders' equity at 31/12/2005		Third parties shareholders' equity at 31/12/2005		Change in opening balance	Group shareholders' equity at 1/1/2006		Third parties shareholders' equity at 1/1/2006		Allocation of previous year's net income			Year variations										Group shareholders' equity at 30/06/2006		Third parties shareholders' equity at 30/06/2006	
	1,113,327	10,192	1,113,327	10,192		Group reserves	Third parties reserves	Dividends and others	Group reserves variation	Third parties reserves variation	Group new shares issue	Third parties new shares issue	Group own shares purchase	Third parties own shares purchase	Extraordinary distribution dividends	Capital instruments variation	Derivatives on own shares	Stock options	Group net income at 30/06/2006	Third parties net income at 30/06/2006	1,134,160	10,182	980,731	10,182	153,429	153,429
Capital stock:	1,113,327	10,192	-	1,113,327	10,192	-	263,211	3,831	263,211	3,831	-	-	-	20,833	20,833	-	-	-	-	1,134,160	10,182	980,731	10,182	153,429	153,429	
a) ordinary shares	959,898	10,192	-	959,898	10,192	-	26,558	5,608	26,558	5,608	-	-	-	(10)	20,833	-	-	-	-	980,731	10,182	980,731	10,182	153,429	153,429	
b) other shares	153,429	-	-	153,429	-	-	20,856	5,608	20,856	5,608	-	-	-	(35)	-	-	-	-	-	153,429	-	-	-	-	-	
Additional paid-in capital	263,211	3,831	-	263,211	3,831	-	5,702	-	5,702	-	-	-	-	(35)	36,839	-	-	-	-	300,050	3,831	76,233	5,900	63,935	5,900	
Reserves:	26,558	5,608	-	26,558	5,608	-	43,436	327	43,436	327	-	-	-	(357)	(35)	-	-	-	-	76,233	5,900	63,935	5,900	12,298	-	
a) income	20,856	5,608	-	20,856	5,608	-	43,436	327	43,436	327	-	-	-	(357)	(35)	-	-	-	-	63,935	5,900	63,935	5,900	12,298	-	
b) others	5,702	-	-	5,702	-	-	-	-	-	-	-	-	-	-	-	6,596	-	-	-	12,298	-	-	-	-	-	
Valuation reserves:	721,982	3,979	-	721,982	3,979	-	77,952	112	77,952	112	-	-	-	-	-	-	-	-	799,934	4,091	610,054	593	(1,193)	(107)	3,605	
a) available for sale	532,357	496	-	532,357	496	-	77,697	97	77,697	97	-	-	-	-	-	-	-	-	799,934	4,091	610,054	593	(1,193)	(107)	3,605	
b) cash flow hedge	(1,448)	(122)	-	(1,448)	(122)	-	255	15	255	15	-	-	-	-	-	-	-	-	191,073	3,605	191,073	3,605	3,241	-	-	
d) special revaluation laws	191,073	3,605	-	191,073	3,605	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,276)	3,241	-	-	-	-	-	
Capital instruments	11,517	-	-	11,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Own shares	-	(17)	-	-	(17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit (loss) for the period	131,437	3,626	-	131,437	3,626	-	(43,436)	(3,626)	(43,436)	(3,626)	-	-	-	(88,001)	-	-	-	-	83,284	1,987	83,284	1,987	83,284	1,987	83,284	1,987
Shareholders' equity	2,271,362	27,219	-	2,268,032	27,219	-	2,268,032	27,219	2,268,032	27,219	-	-	-	(3,299)	(88,001)	77,595	77,595	77,595	77,595	2,396,902	25,974	2,396,902	25,974	2,396,902	25,974	

(Thousands of Euros)

ACCOUNTING POLICIES

These Consolidated Interim Financial Statements of the Banca Carige Group as at 30th June 2006 were prepared in accordance with IAS 34 (Interim Financial Reporting). Balance sheet and income statement lines have been valued and measured on the basis of International Accounting Standards and International Financial Reporting Standards and related International Financial Reporting Interpretations (SIC/IFRIC) as endorsed by the European Union and in respect of the relevant Bank of Italy indications contained in its circular no. 262 of 22nd December 2005 ("Banks' Financial Reporting: format and preparation").

The Consolidated Interim Report as at 30/6/06 has been audited (limited scope) by Deloitte & Touche in accordance with article 159 of Legislative decree 58/1998 and subsequent modifications and additions, and the decision of the Shareholders' Meeting of 20th April 2006 (appointment of external audit company for the six years from 2006 to 2011 and the establishment of its duties). The present Consolidated Interim Report should be read in conjunction with Banca Carige's Consolidated Annual Report as at 31st December 2005, as audited by the same Deloitte & Touche.

- Format of Interim Report 2006.

Balance sheet and income statement lines do not illustrate amounts for which figures are not provided either for the half-year period ending 30th June 2006 or for previous accounting periods.

- Unit of account and rounding up

The consolidated financial statements are presented in thousands of euro, which is the functional currency of the Group.

- Statement of Consolidated Cash Flows

The Group's Statement of Cash Flows at 30/6/06 has been prepared in accordance with the direct method.

- Going concern

The statements have been prepared in respect of the going concern principle with assets, liabilities and off-balance sheet transactions recognised at their current realisable value.

- Matching/Accruals

Costs and revenues are recognised on an accruals basis and recognised in the period to which they relate.

- Consistency

Items are accounted for in a consistent manner within a period and from one period to another unless a different approach is judged to be necessary in the light of international accounting standards or interpretations. Changes to comparatives deriving from reclassification and/or remeasurement of items are where possible reclassified, setting out the nature and effects arising from reclassification.

- Materiality and aggregation

Significant categories present in similar items are stated independently as are dissimilar items unless immaterial.

- Netting

Assets, liabilities, costs and revenues are offset and the net amount reported only if allowed for under IFRS or IFRIC or foreseen by balance sheet/income statement lines specific to banks.

- Comparatives

Balance sheet and income statement comparatives for the previous accounting period are provided unless required otherwise by international accounting standards.

The accounting principles adopted in the preparation of the Carige Group's Consolidated Interim Report as at 30th June 2006 are outlined below.

1. FINANCIAL ASSETS HELD FOR TRADING

This category includes debt securities, equities and positive value held for trading derivative contracts.

Derivative contracts include those connected to fair value options or to hedges of held for trading financial assets and liabilities.

Financial assets held for trading are:

- initially recorded at fair value excluding directly related transaction costs.

Debt securities and equities are recorded at the date of settlement, whilst derivatives are recorded at the date of subscription;

- subsequently subject to valuation on the basis of the evolution of fair value with

any changes being recorded in the income statement;

The fair value of:

- a) financial instruments listed on active markets is represented by related market price;
 - b) financial instruments for which no active market exists is determined on the basis of measurement methods and valuation models developed according to the best practices adopted by market participants;
- eliminated when the rights to receive cash flows have expired or when the Group has transferred substantially all the risks and rewards of ownership.

2. AVAILABLE FOR SALE FINANCIAL ASSETS

Available for sale investments are non-derivative financial investments and those not categorised as financial assets held for trading, financial assets held to maturity or loans to banks and customers.

This category in particular includes equity investments other than those in subsidiaries or associates.

Available for sale financial assets are:

- initially recorded at fair value including direct and incremental transaction costs, with the exception of equities for which no active market exists, which are recognised at purchase cost as the determination of their fair value cannot be made on a certain basis.

Debt securities and equities are recorded at the date of settlement;

- subsequently subject to valuation on the basis of the evolution of fair value, with the exception of equities for which no active market exists, which are recognised at purchase cost as the determination of their fair value cannot be made on a certain basis.

Gains and losses arising from changes in fair value are recorded in a specific reserve in equity, net of tax. Gains or losses arising on sale are recognised in the income statement. Impairment losses and positive or negative translation differences are recognised immediately in the income statement.

Prolonged impairment of value is recognised in the income statement at the caption "Impairment losses to available for sale financial instruments".

If the reason for the writedown subsequently ceases to exist, the writeback in value is recognised in the income statement.

Impairment of value is assessed at the end of each accounting period (annual, interim);

- eliminated when the rights to receive cash flows have expired or when the Group has transferred substantially all the risks and rewards of ownership.

3. HELD TO MATURITY FINANCIAL ASSETS

Held to maturity investments are debt securities with fixed or determinable payments that the Group's management has the intention and ability to hold to maturity. When the investment is judged no longer appropriate for HTM status, it is reclassified as an available for sale investment.

Held to maturity investments are:

- initially recognised at cost including direct and incremental transaction costs. Financial assets previously categorised as available for sale and reclassified as HTM investments are recognised at the fair value at the moment of reclassification, which represents the new amortised cost.

HTM investments are initially recorded at the date of settlement;

- subsequently valued at amortised cost using the effective interest method. Gains and losses arising on HTM assets are recorded in the income statement at the moment such assets are eliminated or their value is impaired, also by amortisation.

Impairment of value is assessed at the end of each accounting period (annual, interim).

Impairment losses are recognised in the income statement and are represented by the difference between the book value of the assets and the present value of expected future financial flows determined using the original effective interest rate.

If the reason for the writedown ceases to exist, the writeback in value is recognised in the income statement;

- derecognised when the rights to receive cash flows have expired or when the Group has transferred substantially all the risks and rewards of ownership.

4. LOANS AND GUARANTEES

This category includes loans to customers and banks, commercial credits, sale and repurchase agreements, and receivables arising from finance leases, factoring, and insurance contracts.

Loans are represented by non-derivative financial assets with fixed or determinable payments which are not listed on active markets and which have at no time been classified as available for sale financial assets.

Loans are recognised at the moment the Carige Group becomes contractual counterpart. Credits are to be unconditional.

Loans are initially recognised at fair value, which corresponds to the amount of money provided plus direct and incremental transaction costs.

In the case of differences between the amount of money advanced and the fair value of the loan itself, the loan is initially recognised at an amount corresponding to future cash flows actualised at an appropriate rate and the difference recorded in the income statement.

Loans are subsequently valued, where possible, at amortised cost, using the effective interest method. Short-term loans (maturities of up to 18 months) are not stated at amortised cost as the effect of applying the effective interest method is negligible.

Amortised cost is the initial valuation, decreased or increased by capital repayments, value adjustments (writedowns and writebacks) and amortisation, the latter calculated using the effective interest method. The initial value corresponds to the difference between the amount advanced and that repayable at maturity.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument.

The calculation of future flows and expected contract life takes into account contractual clauses that may impact amounts and maturities, whilst ignoring expected losses arising from the loan.

The effective interest rate initially recognised is the rate that will be subsequently used in actualising future cash flows and determining amortised cost.

Impairment of value is assessed at the end of each accounting period (annual, interim). In carrying out impairment testing, a distinction is made between non performing and performing loans. Non performing loans include bad loans, watchlists, rescheduled loans, country risk

exposures (solely those classified as bad loans or watchlists), and past due positions of more than 180 days (solely those classified as watchlists).

Impaired loans (excluding past due positions) are valued singly on an analytical basis which takes into account differences between firstly, future expected cash flows and those flows fixed in the loan contract and, secondly, forecasted recovery times for homogeneous lending segments.

Impairment testing also takes into account collateral received by the Group in respect of customer liabilities and the probability of its liquidation.

Performing loans, including loans to customers resident in countries classified at risk, and past due positions, are valued on a collective basis.

Valuations are made for categories which are homogenous in terms of credit risk levels; expected loss (in percentages) is calculated on the basis of historical statistics referring to each group.

On the basis of these valuations, a collective performing reserve has been established.

Loans are eliminated when the asset in question is sold, thereby transferring substantially all the risks and rewards of ownership (in particular in the case of ceding and securitisation transactions), when the rights to receive cash flows have expired, or when the loan is classified as irrecoverable.

The amount corresponding to the loss is recorded at the income statement net of previous provisions. In the case of recovery of previously written down exposures, the amount is recorded as a decrease at the caption "Impairment losses to loans".

With regards to securitisation transactions entered into by certain Group undertakings, the Banca Carige Group has, in accordance with IFRS 1, maintained Italian GAAP for all transactions prior to 1st January 2004.

As the securitisation transaction performed in 2004 does not fully represent a transfer of risks and rewards to third parties, it was re-recognised at equity as at 1st January 2005.

5. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE

This category includes investments with respect to unit-linked and index-linked insurance policies in which total risk is borne by the insured parties.

6. HEDGE ACCOUNTING

The Group makes use of derivatives to hedge potential risks present in one or more asset or liability items (hedged item). The use of a hedging instrument aims to cover potential losses attributable to certain types of risk through gains that may arise on the hedging instrument itself.

The Banca Carige Group applies the following types of hedge accounting:

- *fair value hedge accounting* seeks to offset changes in the fair value of a hedged item due a particular risk exposure and is applied to hedged items, such as interbank deposits, loans to customers, postal orders, and bonds;
- *cash flow hedge accounting* seeks to offset changes in future cash flows of a hedged item due to a particular risk exposure and is applied to groups of hedged items (liabilities).

The Group enters into derivative contracts for hedging purposes exclusively with external counterparts. Consequently, any effect arising from transactions between Group companies is not recognised in the income statement.

Hedging derivatives are recognised at fair value.

In particular:

- in the case of *fair value hedge accounting*, any changes in the fair value of hedging instruments and hedged items (as regards the part attributable to the hedged risk and in the case of hedge effectiveness) are recorded in the income statement. The difference between the changes in value represent the ineffective portion of the hedge determinable in terms of net economic impact;
- in the case of *cash flow hedge accounting*, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in shareholders' equity, and recycled to the income statement when the hedged item affects profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

The Group formally documents the relationship between the hedging instrument and hedged item as well as its risk management objectives and its strategy for undertaking the various hedging transactions. The Group also

documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items. A hedge is deemed ineffective when the change in the fair value of the hedging derivative differs from the change in the fair value of the hedged risk in the hedged item, or the cumulative change in the fair value of the hedging derivative differs from the cumulative change in the fair value of expected future cash flows of the hedged item.

At the end of every accounting period (annual, interim) the Group tests the effectiveness of the hedge by means of prospective (evaluation of expected effectiveness) and retrospective (evaluation of recorded effectiveness) tests.

When a hedge is deemed ineffective the derivative instrument is immediately reclassified as a trading derivative. Hedged assets/liabilities are valued according to the valuation criteria applied to their category. The new recognised value is the fair value emerging from the most recent (positive) effectiveness test.

7. EQUITY INVESTMENTS

This category includes the Group's holdings in associates and joint ventures accounted for under the equity method.

The investment is initially recognised at the date of settlement.

The category also includes subsidiaries excluded from the area of consolidation and associates deemed as non significant holdings and consequently not accounted for under the equity method. The Group's investment in these companies is recorded at cost.

Minority holdings are classified as available for sale financial assets.

The book value of each investment is tested for impairment by means of direct comparison between recoverable value and book value when proof of possible impairment exists.

The investment is eliminated when it is sold, transferring substantially all the risks and rewards of ownership, or when the rights to receive future cash flows have expired.

8. TANGIBLE ASSETS

Tangible assets include land, functional property, property investments, electrical equipment, furniture and fittings, machinery and equipment, works of art, and leased assets.

Functional property is represented by assets that are used by the Group to carry out its business activities or for administrative purposes. Property investments are held for capital appreciation.

Tangible assets are:

- *initially* recorded at cost increased by any ancillary charges directly attributable to the acquisition and installation of the assets;

On First Time Adoption of IFRS, property – functional and investment – belonging to the Group’s banks is recorded at fair value as deemed cost. The separate values of land and buildings were bifurcated and accumulated depreciation on the part relating to land is recognised in equity.

- *subsequently* carried at cost less accumulated depreciation and any impairment charges.

Depreciation is provided on the annual depreciable amount of tangible assets systematically on a straightline basis over the estimated useful life of each asset, with the exception of:

- A. land purchased singly or incorporated into the value of buildings, which has an indefinite useful life.

The bifurcation of land and buildings values that make up a single property asset is made on the basis of independent surveyors’ reports;

- B. works of art, as their useful life cannot be estimated and their value typically appreciates over time.

Depreciation is usually provided at the following rates:

- a) buildings: annual rate of 1.5 per cent;
- b) other tangible assets: at tax rates judged appropriate.

- *cancelled* on sale or when they cease to provide the future economic benefits expected to be derived from their use.

9. INTANGIBLE ASSETS

Intangible assets include goodwill and software. Goodwill arises on the acquisition of subsidiary and associated entities and joint ventures, and represents the excess of the fair value of the purchase consideration and direct costs making the acquisition over the fair value of the Group’s share of the assets acquired and the liabilities assumed on the date of acquisition.

When the fair value of the purchase consideration and acquisition costs is lower than the fair value of the Group’s share of assets acquired and liabilities assumed (so-called

“badwill”), or when goodwill recorded appears unjustified on the basis of the asset’s future earnings capacity, the difference is recorded directly in the income statement.

Goodwill is not systematically amortised. However, it is reviewed annually for impairment, or more frequently if there are indications that impairment may have occurred.

Impairment loss is recorded in the income statement when the recoverable amount is lower than its current book value.

Other intangible assets are recorded as such if the classification is justified by legal or contractual rights and if the assets are able to generate future economic benefits.

These intangible assets are recognised at adjusted cost i.e. the initial purchase price inclusive of directly attributable costs less amortisation and impairment (if any) and inclusive of any value adjustments with amortisation provided on the basis of the expected useful life of the asset.

Intangible assets are amortised on a straightline basis over their estimated useful life.

Intangible assets are cancelled from equity on sale or when they cease to provide future economic benefits.

10. DISCONTINUED OPERATIONS

Discontinued operations are held for sale.

Such assets are valued at the lower of book value and fair value, net of selling costs. If depreciation has previously been provided on the assets, it is suspended. The same assets, given their discontinued status, and related economic impacts are recognised separately at equity and in the income statement. Single discontinued operations, cash-generating units, either in groups or individual parts, are classified as held for sale when their disposal is considered highly probable.

The Group currently has no discontinued operations.

11. CURRENT AND DEFERRED TAXES

Income taxes – current, deferred – are calculated according to tax rates currently in force in Italy and are recognised in the income statement with the exception of those relating to items directly debited or credited in equity.

Provisions for tax are determined on the basis of forecasted tax charges (current, deferred). In particular, current taxes represented by advances paid or other tax credits, and deferred taxes are determined on temporary timing differences arising from the tax bases of assets

and liabilities and their carrying amounts in the financial statements.

Current (anticipated) tax assets are recorded in equity to the extent of the likelihood of their recovery and valued on the basis of the single Group companies' capacity, also taking into account the impact of exercising the right to adhere to the Italian consolidated tax plan ("consolidato fiscale"), to generate over the medium/long-term taxable income.

Deferred tax liabilities are recognised with the exception of reserves subject to suspended liability to tax. The Group is confident that in the light of the volume of available reserves already subject to taxation, no actions will occur that will end suspension, with liability to taxation that this incurs.

Anticipated and deferred taxes are recorded in the balance sheet respectively at tax assets and tax liabilities and are not offset.

Current tax assets and deferred tax liabilities are valued systematically so as to take into account any changes in legislation or tax rates.

The Group makes adequate provisions for potential tax liabilities arising from tax inspections announced or from litigation with tax authorities.

12. PROVISIONS FOR RISKS AND CHARGES

Provisions for retirement and similar obligations as foreseen by specific regulations are recorded under liabilities. The provisions made represent sufficient funds to settle the obligations incurred. Fund balances are calculated by independent actuaries.

Provisions are made to other reserves for liabilities, the timing and amount of which are uncertain. Provisions are prudentially calculated in order to satisfy the extent of the obligation and are determined both on the basis of past experience and on independent expert opinion.

Fund balances are reviewed at the end of every year and adjusted to reflect best current estimates; in the case of significant additional provisions, term obligations are actualised.

In the event of an obligation no longer being likely, the fund is cancelled. Amounts in excess are recognised in the income statement.

13. DEBTS AND SECURITIES ISSUED

The following are included in this category: amounts to banks, amounts owed to customers, securities issued, subordinated liabilities, finance lease liabilities.

Debts, securities issued and subordinated liabilities are:

- initially recognised at fair value, normally represented by the amount collected or issue price, plus directly attributable transaction costs. Initial recognition of these liabilities occurs on receipt of funds collected or at issuance of debt securities. The difference between the estimated fair value of financial liabilities issued at below-market conditions and market price is recorded in the income statement;
- subsequently valued at amortised cost using the effective interest method. Short-term liabilities, minimally impacted by time factors, are recognised at the amount collected;
- cancelled on maturity or extinction of contractual obligation, or repurchased in the case of bonds issued, the difference between the book price and repurchase price of which is recorded in the income statement. The subsequent sale of repurchased securities is considered for accounting purposes as a new issue. The new placement price is recorded with no impact on the income statement.

14. FINANCIAL LIABILITIES HELD FOR TRADING

Financial liabilities held for trading include held for trading derivatives with a negative value including those linked to fair value options, or derivatives held for the management of risk relating to financial assets and liabilities held for trading.

Financial liabilities held for trading are:

- initially recognised at fair value excluding direct and incremental transaction costs;
- recorded at subscription date;
- subsequently held at fair value with cumulative gain or loss on sale recognised in the income statement;
- derecognised when the related contractual obligations have been substantially satisfied.

15. FINANCIAL LIABILITIES DESIGNED AT FAIR VALUE

The Group has classified the following as financial liabilities designated at fair value:

- insurance contracts issued by the Group's insurance subsidiary Carige Vita Nuova in which investment risk is

borne totally by the insured parties. The contracts in question (unit-linked and index-linked) are predominantly financial in nature and, in compliance with IAS 39, are accounted for using deposit accounting;

- structured debt securities issued by the Parent Company, Banca Carige.

The Group's index-linked and unit-linked contracts are recognised at current value in accordance with the valuation criteria established by Directive 91/674 EEC referring to insurance companies, and with the provisions contained in Legislative decree 173/97.

The liabilities arising under these fund contracts are measured at a value determined by the value of the underlying assets in the investment fund. Changes in the fair value of these liabilities are recognised in the income statement.

16. CURRENCY TRANSACTION

Foreign currency transactions are translated into euro, the Group's functional currency, using the exchange rates prevailing at the dates of the transactions.

At the close of each accounting period (annual, interim) balances denominated in foreign currencies are handled as follows:

- monetary items are translated using the exchange rate prevailing at the period end;
- non-monetary items measured at historic cost are translated using the exchange rate prevailing at the transaction date;
- non-monetary items measured at fair value are translated at the exchange rate prevailing at the period end.

Exchange differences arising on the settlement of monetary items, or on the translation of monetary items using rates that differ from those applied when the transaction was initially recorded or different from those applicable in the previous accounting period are recognised in the income statement in the period in which they arise.

Translation differences on non-monetary assets the gains or losses on which are recognised in equity are included directly in equity.

Translation differences on non-monetary assets the gains or losses on which are recognised in the income statement are included in the income statement.

The financial statements of Group entities with a functional currency different from euro are translated using the exchange rate prevailing at the period end.

Exchange differences arising on the assets of Group entities are recorded at consolidated reserves and transferred to the income statement solely in the period when the asset is sold.

17. INSURANCE ASSETS AND LIABILITIES

IFRS 4 defines an insurance contract as a "contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder."

Insurance risk is defined as a risk which, unlike financial risk, is transferred from the insured party to the insurer issuing the insurance contract.

Financial risk is the risk of possible future variations in one or more of the following variables: interest rates, financial instrument prices, commodity prices, exchange rates, price or rate indices, credit ratings and any other variable not specific to any of the parties to the financial contract (excluding non financial variables).

Significant insurance risk arises if, and only if, the insured event implies significant additional compensation payable by the insurer on the occurrence of any fact, event or circumstance of an economic nature (events with no identifiable economic features are excluded).

The Group has applied IFRS 4, "Insurance Contracts", to all its non life insurance contracts and its life insurance contracts with the exception of the following:

- Unit-Linked, Index-Linked and Pension Funds

On the basis of the definition of insurance contracts provided by IFRS 4, these contracts present non-significant insurance risk and are therefore accounted for under IAS 39 ("Financial Instruments: recognition and measurement") and IAS 18 ("Revenues").

In compliance with IFRS 4, where these contracts contain an insurance and deposit component, the two components are unbundled; the insurance component is accounted for under IFRS 4 (including adequacy testing), whilst the

deposit component is accounted for under IAS 39.

- Capitalisation Policies

These contracts are classified as investment contracts with Discretionary Participation Features (discretionary participation in profits - DPF) and, in compliance with paragraph 35, IFRS 4, premiums, payments and variations in the technical reserves of capitalisation policies included under separate management are recognised in the income statement.

- **TECHNICAL RESERVES ATTRIBUTABLE TO REINSURERS**

This category includes technical reserves relating both to non-life and life insurance attributable to reinsurers with whom the Group's insurance companies have entered into outstanding reinsurance treaties pursuant to IFRS 4.

Valuation of these reserves is consistent with the principles applied to the original insurance contracts.

- **TECHNICAL RESERVES**

This category includes all technical reserves arising from insurance commitments. In particular:

- Non Life technical reserves include premium reserves – made up by the fractional premium reserve and the reserve for current risks – accident reserves, and retirement reserves;
- Life technical reserves include commitments arising from contracts with significant insurance risk features and contracts with performance revaluation linked to separate management with DPF features, pursuant to IFRS 4 inclusive of reinsurance ceded (mathematical reserves, supplementary reserves, reserves for amounts payable).

This item also includes reserves requirements following Liability Adequacy Tests (L.A.T.) and deferred liabilities referring to insured parties ("shadow accounting").

In particular:

- L.A.T.

According to IFRS 4 paragraphs 15 and 19, the congruity of insurance liabilities is valued on the basis of current forecasts of future cash flows.

If the carrying amount of the insurance items is inadequate, the extent of inadequacy should be recognised in the income statement.

Liabilities in question correspond to those recorded in single-company statements (technical reserves, additional reserves, etc. excluding catastrophe and equalisation provisions).

Non Life branches

Additional provisions attributable to Premium reserves, represented by any contributions from the Current Risks Reserve are in accordance with the provisions of IFRS 4, paragraph 16.

Life branches

The congruity test consists in comparing the carrying amount of insurance liabilities less the value of depreciable assets against current estimates of future cash flows calculated on the basis of current forecasts referring to issued insurance contracts. In particular, the test was performed on fixed tariffs classified as insurance contracts and on non-fixed tariffs classified as DPF insurance contracts and on DPF investment contracts, the performance of which is linked to the separate management lines "Norvita" and "CVitanuova".

- -Shadow accounting

Non-fixed performances linked to separate management lines are classified as insurance or investment contracts with DPF features. The DPF component derives from the existence of recognised unrealised gains or losses.

Under IFRS paragraph 30, an entity may modify existing accounting principles as long as a recognised unrealised gain or loss on an asset impacts the valuation of insurance liabilities, related deferred acquisition costs, and related intangible assets (i.e. as in the case of a realised component).

Subsequent revaluations are recognised in the balance sheet only if the same approach is adopted for realised gains or losses.

Latent gains or losses on assets directly recognised in the income statement (including impairment charges) imply a corresponding adjustment to liabilities and other balance sheet insurance items recognised directly in the income statement.

- **OTHER ASSETS**

This caption includes, amongst others, deferred commission charges relating to contracts outside the scope of IFRS 4.

Incremental acquisition costs and those directly attributable to acquisition or to the renewal of investment contracts are deferred and amortised

through the life of the policy according to the recognition of revenues.

- **OTHER LIABILITIES**

This caption includes, amongst others, costs relating to the management of Carige Vita Nuova investment contracts which, in accordance with IFRS 18, are recognised as revenues when the service is supplied.

Consequently, the service component is deferred and recognised in the income statement through the life of the contract so as to offset the service costs borne by the Company. Estimated policy life is calculated for established policies on the basis of historical series of past insured party behaviour, and for new policies on the basis of research currently in progress. Recurring items such as commission income, agency fees and other management costs are recognised directly in the income statement in the period in which they arise.

- **IMPACTS ON INCOME STATEMENT OF INSURANCE ACTIVITIES**

In accordance with the provisions of IFRS 4, the Group has recognised the following items in the income statement:

- premiums, which include amounts recognisable for the period deriving from the issue of contracts, less cancellations;
- variations to technical reserves, which represent variations in future commitments to insured parties deriving from insurance contracts;
- commissions due to intermediaries;
- cost of claims, redemptions and policies expiring in the period.

18. OTHER INFORMATIONS

- **SEVERANCE PAY PROVISIONS**

Severance pay or termination indemnity and long-service awards are recorded on the basis of their current actuarial value calculated by an independent actuary.

The "Projected Unit Credit Method" is used in estimating future requirements on the basis of historical analyses and statistics, and

demographic curves. The actualisation rate adopted is a market interest rate.

Contributions made each year are considered as separate units and valued singly in order to calculate the final entitlement.

With regards to severance pay provisions, actuarial calculations are in line with nationally-accepted standards and in the case of phenomenon not representing a significant historical series the actuarial value may be recorded. In the case of doubts regarding the validity of the actuarial calculation, recalculation may be made adopting nationally-accepted standards.

- **OWN SHARES**

Own shares held are deducted from shareholders' equity. Profits or losses on transactions relating to own shares are recorded at specific balance sheet reserves.

- **SHARED-BASED PAYMENTS TO EMPLOYEES**

The Group does not currently engage in equity settled share-based payment transactions in respect for services received from certain of its employees, executives and directors.

- **RECOGNITION OF INCOME RECEIVABLE**

Income is recognised at the moment of collection or from the moment it is reasonable to expect that future cash flows will be received. In particular:

- interest on arrears and other late payments is recorded in the income statement at the moment of collection;
- dividends are recorded in the income statement at the date in which they are approved by Banca Carige SpA shareholders.

- **INVENTORIES**

Property held for sale is classified as inventories, which is recorded at either cost or sale price, whichever is lower, and is not depreciated.

CONSOLIDATED BOARD OF DIRECTORS' REPORT

2006: THE FIRST SIX MONTHS IN ITALY AND ABROAD

The **world's economy** continued to grow during the first six months of the year: annual growth levels of over 5 per cent are expected above all due to robust performances recorded by Asian economies. Energy prices continued to rise, with oil prices reaching USD 73 in June from USD 62 per barrel at the start of the year. In response, the major economies saw interest-rate hikes in attempt to fend off inflationary pressure. In the **United States**, GDP for the first half of the year rose at an annual rate of 3.1 per cent, whilst investments increased by 8.2 per cent with a slowing down in the second quarter. Inflation rose by 2.9 per cent on the back of higher raw material prices. The Federal Reserve enacted a series of interest rate increases which saw the Fed Funds rate move from 4.25 per cent in December 2005 to 5.25 per cent in June 2006. The rise negatively impacted both consumption and the building sector, both traditional drivers of the US economy.

Turning to **Asia**, the area's economies continued their expansionary phase.

In the first quarter, China and India recorded annualised rises in GDP of, respectively, 10.3 and 9.3 per cent sustained both by domestic consumption, with high investment levels, and external demand characterised by significant increases in exports. Similar performances were repeated in the second quarter.

The Japanese economy is slowly pulling out of a long period of stagnation: the country's GDP rose during the first half of the year at an annual rate of 2.1 per cent thanks to domestic demand, which benefited above all from growth in private investment levels (+16 per cent in annual terms). Demand for imports neutralised the contribution of exports, which suffered in particular from reduced orders from other Asian countries and the USA.

In **the European Union**, GDP grew at an annual rate of 2.1 per cent due to, on one hand, increased private consumption levels as consumer confidence and unemployment levels improved, the latter reaching a four-year low of 7.9 per cent in May, and, on the other, around 10 per cent growth in both imports and exports. During the period, there were fewer differences in single countries' growth levels than previously recorded: annualised rises in GDP for Spain, the

United Kingdom and France were of respectively 3.5, 2.4 and 2.3 per cent. Germany's economy rose by 1.6 per cent with strong signs of further growth in the near future. The new Member States from Central Eastern Europe did even better, averaging rises in GDP of more than 4 per cent. A slowdown in investments, however, was partially a result of interest rate rises, both enacted and expected.

Inflation, in fact, in the euro zone rose to 2.5 per cent in June 2006 (1.5 per cent excluding energy prices), which pushed the European Central Bank to raise, via successive increases of 25 basis points, its discount rate from 2.25 per cent in December 2005 to 2.75 per cent in June and 3 per cent in August 2006.

There was moderate growth in **Italy's** economy, but also increasing concern for the state of the country's finances. In the first six months of the year, GDP rose at an annual rate of 1.5 per cent, with growth in all demand components, except for public spending: in May, private consumption rose 1.5 per cent in annual terms, whilst the industrial production index rose 2.1 per cent over the first half of 2005. From January to May, total sales in the industry sector were 8.8 per cent higher than in the same period of the previous year. Expansion was higher for capital goods and energy, and orders were up 11.8 per cent, particularly strong from abroad (+16.9 per cent).

Foreign trade was vibrant: in comparison to the first six months of 2005, exports at current prices to non-EU countries rose by 14.4 per cent, whilst imports increased by 23.2 per cent, the latter widening the balance of trade gap to euros 11.7 billion, more than double 2005's figure.

Unemployment in Europe continued to fall, dropping from 8 per cent at the end of 2005 to 7.6 per cent in March 2006.

Consumer prices rose in annual terms between 2 and 2.2 per cent during the first six months of the year.

On the **currency market**, the euro rose against the US dollar from just under \$1.20 at the beginning of the year to around \$1.28, offsetting in part inflationary pressure coming from higher raw material costs.

Market rates progressively came into line with those set by monetary authorities on both sides of the Atlantic. Three month Euribor rose from 2.47 per cent in December 2005 to 2.97 per cent in June 2006 (2005 average: 2.18 per cent), whilst the annual average yield on Italian State treasury bonds (BTPs) with maturities of

more than one year ("Rendistato") recorded a higher rise, moving up from 3.32 per cent to 4.04 per cent (2005 average: 3.16 per cent). Average yields on Italian State treasury bonds (BOT) rose by around 1 percentage point to 3 per cent; yields on three-month and twelve-month treasury bonds at June were, respectively, 2.85 and 3.21 per cent.

Share markets continued to rise until the Spring, but gains were effectively written off by a second-quarter dip caused by interest-rate rises and fears for a rally by the US dollar.

Total deposits recorded by the Italian banking sector during the first half of the year rose in annual terms by 7.67 per cent, slightly lower than the previous year's interim figure of 9.11 per cent. At June 2006, bank deposits rose by 6.41 per cent (June 2005: +6.61 per cent). There were continued robust performances by bond balances, which rose 9.63 per cent in June 2006, albeit down on the previous half-year figure of 13.21 per cent.

Indirect deposits in April recorded annualised balance increases of 11.2 per cent for mutual funds, 2 per cent for shares, 11.1 per cent for bonds and 9.6 per cent for assets under management. With regards to the latter, there was a generalised contraction across Italian State stock (BOT: -5.4 per cent; BTP: -5.6 per cent; CCT - floating rate treasury notes: -17.6 per cent).

Bank lending for the twelve-month period ending June 2006 rose 10.9 per cent in comparison to +8.2 per cent in June 2005. Although growth was spurred particularly by the medium/long-term component (+13 per cent), short-term lending also contributed with a 7.4 per cent increase. Lending to households and non financial enterprises was vibrant: over twelve months total credits to these segments rose by more than 9 per cent, higher than GDP and investments.

In April, sector-wide total bad loans after adjustments amounted to euros 15,752 million, down 19.3 per cent over twelve months above all due to Italian banks' recourse to securitisation transactions during the period. The net bad loans/total lending ratio was 1.27 per cent (April 2005: 1.71 per cent) and the net bad loans/total capital ratio was 6.77 per cent (April 2005: 9.48 per cent).

The Banca Carige Group's strategy for the years 2006-08 was defined in the Strategic Plan approved by the Board of Directors of the Parent Company, Banca Carige in its meeting of 14th November 2005. Priority is given essentially to two objectives: the fully operational status ("up and running") of investments made in recent years, and heightened operating efficiencies. These two strategic objectives will be enacted via:

- progressive convergence on the part of branch and bank acquisitions to Parent Company performance indicators,
- acceptable returns generated by the Group's subsidiaries in terms of ROE and ROI;
- best performer levels in terms of cost/income ratios across the Group.

Support will be provided by the Group's increased presence outside its traditional operating area of Liguria. In particular, Banca Carige's Board of Directors on 19th June 2006 approved further territorial expansion in the form of 16 new branch openings to add to the 82 already planned in the Group's Branch Plan, which seeks to consolidate Carige's position in certain areas outside Liguria and to promote it in the neighbouring south of France.

Expansion of operating capacity will go hand-in-hand with the maintenance of the Group's financial stability.

During 2005, a series of strategy enactment projects, many long-term, got underway in three key Group Areas: distribution, production, support. The principal results of each Area are outlined below.

Distribution

- the Area's project to strengthen distribution is based on head office monitoring of distribution outside Liguria in order to bring it into line with cost/income levels of the Group's Ligurian branches. The project has so far generated new business worth euros 700 million and gross operating income in the order of euros 22 million;
- specialisation of distribution continues with the extension of the network of dedicated financial advisors for private, corporate and large corporate segments and, so far only in Liguria, specific advisors also for affluent and small business customers. Preparations are currently

- underway so to extend the service outside Liguria;
- cross selling opportunities between the Group's banks and insurance companies are exploited thanks to the Group's data mining project ("Insieme di piu'"); so far the sharing and utilisation of customer information has involved 179 insurance offices and 245 bank branches, producing encouraging results: at 30th June 2006, the project had generated euros 1.9 million in financial intermediation balances and euros 0.3 million in premiums issued;
- the centralisation of branch administrative functions detailed in the Group's back office project aims to optimise production and enable staff to concentrate on commercial activities. By the end of October 2006, the project will be operational in all of Banca Carige's branches in Liguria and throughout C.R. Savona's branch network. By February 2007, extension of the project to the Group's other bank branches, with the exception of those belonging to Banca Ponti, will be completed;
- the redirection of a number of branch transactions onto the Group's innovative remote channels of distribution is the object of a specific project that is expected to get underway during 2006;
- closely linked to the projects described above is the Group's front office project, also currently in its design stage, which envisages a new commercial software architecture able to allow customers to access bank services by means of a sole support system. The project also addresses the changing role of branches in a new model of distribution which the ITC innovations imply.

Production

- Carige's Board of Directors in its meeting of 28th April 2006 approved the Bank's participation in a joint venture with the CNCE Group which aims to provide customers with adequate solutions in the field of lending to families. Initially (in 2007) the project will focus on consumer credit and the sale of related products. The new company is

proof of increased industrial cooperation between the Carige Group, which will provide customer intelligence services, and the French partners CNCE, which will provide specific know how in the area of consumer credit;

- the PFP management tool delivered in March offers the possibility of strengthening ties with customers and personalising financial management services;
- the BIS2 project seeks to review the processes and instruments that make up the credit supply chain on the basis of internal rating consistent with Basel 2 principles. In its current pilot phase, information regarding specific customer segments is used at the operational level.

Support

The Support Area's cost management project, which is now fully operational, centralises the control and management of operating costs throughout the Group's banks.

As part of the Group's Branch Plan for 2005-09, during the first half of the year new branches were opened in Canelli, Asti in Piedmont (Banca Carige), Calice Ligure in the Ligurian province of Savona (C.R. Savona), and in Altopascio, near Lucca in northern Tuscany (B.M. Lucca). Two more Carige branches were opened in July, one in Piedmont (Nizza Monferrato) and one in Lombardy (Pavia).

In July, the Parent Company completed two share capital increases, one fully-paid up, the other in the form of a bonus issue. The latter utilised euros 164.9 million from reserves deriving from the revaluation of works of art foreseen by First Time Adoption of IFRS. The paid-up increase was concluded on 10th August 2006 via 76,943,254 new fully subscribed ordinary shares at euros 2.80 each (overall counter-value: euros 215.4 million).

In March, Moody's revised its outlook for Banca Carige from negative to stable following the successful integration of the banks and branches acquired in recent years, allied to improvements in economic fundamentals achieved during 2005 and prospects for further progress in the future.

Carige's strategy was positively evaluated by the main international rating agencies Fitch, Standard & Poor's and Moody's, which all confirmed their previous ratings for the Bank.

BANCA CARIGE RATING

	short-term	long-term	BFSR (1) (2)	Individual (2)	Support (3)
Fitch	F1	A	-	C	3
Moody's	P-1	A2	C+	-	-
Standard & Poor's	A2	A-	-	-	-

(1) Bank Financial Strength Ratings.

(2) Rating on financial solidity on a scale from A to E.

(3) Rating of likelihood of State intervention in case of crisis on a scale from 1 to 5.

CARIGE GROUP COMPANIES' INTERIM BUSINESS REPORTS AT 30TH JUNE 2006

On 16th January 2006 in accordance with the decision taken by Banca Carige's Board of Directors in its meeting of 12th December 2005 and the voting agreement signed on 22nd March 2001, the Parent Company exercised a call option on 40 per cent of the share capital of the SPE Argo Finance One held by Stitching Faro. As a result of the transaction, Banca Carige has outright control of the subsidiary.

The Bank of Italy in its letter dated 17th January 2006 informed the Group that in the light of its status as a financial conglomerate with Banca Carige as Parent Company, it – the Bank of Italy – is responsible for the co-ordination and application of supplementary oversight provisions in the area of financial conglomerates.

Following the Executive Committee's decision of 20th July 2005, the acquisition of the entire capital of Esaote SpA was finalised on 20th January 2006 via the setting up of a new holding - Imaging SpA – in which Banca Carige has an 11.765 per cent stake. In accordance with the partners' agreement, Banca Carige is represented on the Boards of both Esaote and Imaging with a board member and has also nominated a deputy Member of the company's Board of Statutory Auditors.

The Board of Directors of Banca Carige during its meeting of 25th January approved a paid share capital increase for a nominal value of euros 76.9 million. The capital increase was completed on 10th August with fresh equity totalling euros 215.4 million. On the same date, the Extraordinary Shareholders' Meeting approved a bonus issue of euros 164.9 million along with an amendment to article 13 of the Bank's by-laws regarding the limitation of banking foundations' voting rights.

In February, following the Bank of Italy's decision not to grant authorisation for Unipol's takeover bid for Banca Nazionale del Lavoro (BNL) and the subsequent cancellation of the voting agreement previously entered into by Banca Carige and Unipol, Banca Carige exercised its put option regarding BNL shares in its possession, originally sold by Unipol, which in turn was acquired by Ariete, Fin.Ad (Coop Adriatica), Nova Coop, Talea (Coop Liguria) and Coop Estense.

The Bank's Executive Committee in its meeting of 2nd February agreed to the sale on the part of C.R. Carrara of its holding in the company AREA SpA (741 shares) to Porto di Carrara SpA (for a total of euros 1,350,000); the same Committee also approved C.R. Carrara's subscribing of 477,347 new shares in the company Internazionale Marmi e Macchine Carrara SpA to be issued as part of a share capital increase of euros 18 million.

In February, the banking partners of SI Holding SpA (San Paolo IMI, Banca dei Paschi di Siena, Banca Lombarda e Piemontese, Banca Carige, C.R. Firenze and C.R. Ravenna) acquired control of the company. Carige's investment in the company temporarily rose to 9.915 per cent and is planned to drop to between 4.70 and 4.90 per cent, corresponding to 4,461,781 shares. The shares in excess will be subsequently distributed amongst the other banking partners.

The Board of Directors of Banca Carige on 20th February approved the Strategic Guidelines contained in the three-year strategy document for Banca Cesare Ponti 2006-08 as previously established in the Carige Group's strategic plan for the same period. The Board of Banca Ponti approved the company-specific document during its meeting of 21st February.

On 27th February, Banca Federiciana, with its registered office in Bari (Apulia), received Bank of Italy authorisation to carry out banking activity. The Italian central bank, in its letter dated 24th April, communicated the enrolment with ef-

fect from 28th March 2006 of the company in the Italian Registry of Banks pursuant to article 13 of the Consolidated Banking Law. On 15th June, in conformity with the Carige Board's decision of 18th April 2005, shareholders' agreements were signed between Banca Carige and the shareholders of Banca Federiciana and on 16th June, within the confines of an increase of Banca Federiciana's share capital from euros 6.5 to 9.5 million, pending Bank of Italy authorisation, Carige's holding rose from 10 to 10.5 per cent.

As described in previous Reports, the tax benefits offered by Law 461/98 and the subsequent Legislative decree 153/99 were repaid by Banca Carige within 31st December 2002 following their suspension for the year 2001 and later cancellation pursuant to Law decree 282/2002 converted into Law 27/2003. The amount paid had been previously recorded at a specific caption "Amounts owed to Tax authorities" in the light of the Italian Banking Association's legal action at European level. The European Court of Justice in its sentence of 15th December 2005 rejected the Italian Government's appeal and upheld the decision that tax benefits contained in the national legislation referred to above in fact represented state aid. After consultations with its members, the Italian Banking Association (ABI) decided to drop its appeal lodged at the Court of first instance.

On 10th April Carige's Board of Directors approved an acquisition of 5 per cent in the share capital of Servizi SGR via initially the purchase of Vegagest SGR for an overall price of euros 311,000. The Board also approved raising Carige's holding up to 10 per cent. The purchase was completed on 24th May. Banca Carige has nominated one member to the company's Board of Directors.

On the same date, Banca Carige's lower tier II bond issue was successfully launched with an orderbook for euros 500 million. Joint Book Runners for the issue were UBS and IXIS-CIB, whilst Joint Lead Managers were Banca IMI and WestLB. The securities are listed on the Luxembourg bond market.

On 16th June following the Board of Directors' deliberation of 20th March 2006 and the Bank of Italy's authorisation of 29th May 2006, Banca Carige acquired a 60 per cent controlling stake (55 per cent purchased from Stitching Faro and 5 per cent from the Group subsidiary Columbus Carige Immobiliare) in the SPE Argo Mortgage for a total investment of euros 6,000.

The Carige Board in its meeting of 19th June approved a proposed increase in Banca Ponti's share capital from euros 13,000,000 to euros 14,600,000 via the issue of 320,000 new shares with a nominal value of euros 5 each, to be offered to the company's existing shareholders at a price of euros 25 (issue premium of euros 20). Shareholders will also be offered, following approval by the Shareholders' Meeting, the possibility to subscribe a total of 188,000 shares, equivalent to that part of the share capital increase on which Carige has a purchase option, along with any shares for which the option right to purchase was unexercised, up to a maximum of a further 132,000 shares.

The Board of Directors of Banca Carige on 19th June approved a review of the service agreement between Banca Carige and Carige Asset Management GSR, which includes an administrative service agreement from 1st January 2006 to 31st December 2011, in addition to an agreement regarding the transfer of personnel.

The same Board meeting also approved the signing of new placement and distribution agreements between the Parent Company and its insurance subsidiaries Carige Vita Nuova and Carige Assicurazioni.

On 23rd June following the Executive Committee's resolution of 13th June 2006, Banca Carige subscribed 50,000 new shares issued by Società Asteimmobili.it SpA with a unit value of euros 1 each.

With regards to Banca Carige's commitment to purchase 2,250,000 shares in Banca del Monte di Lucca (BML) in accordance with the shareholders' agreement signed on 25th October 1999 with the other shareholder the BML Foundation, at the end of 2002 the transfer of a first tranche of 750,000 shares (equivalent to 3 per cent of share capital) was completed. Subsequently, during BML's most recent share capital increase, the BML Foundation underwrote 300,000 new shares to be added to the second tranche of 1,500,000 shares, with a commitment to transfer the same shares to Carige. On 28th June the BML Foundation transferred 1,800,000 Banca del Monte Lucca SpA shares to Banca Carige, so bringing the latter's holding in the bank to 60 per cent.

On 14th August 2006, 639,858 Carige convertible bonds with a corresponding nominal value of euros 1.6 million were converted into 731,263 ordinary shares. Following conversion, at the same date 19,292,572 convertible bonds with a nominal value of euros 48.2 million remained out of an original total of 40,821,979.

ECONOMIC RESULTS

The Banca Carige Group closed the first half of 2006 with an **interim net profit** of euros

83.3 million, up 0.8 per cent over the previous year's interim result, despite a marked worsening of the trading result, which in comparison to 2005 did not benefit from the contribution of a number of non-recurring transactions.

INCOME STATEMENT AT 30/6/2006 (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Var % 6/06 6/05
10 - INTEREST INCOME AND SIMILAR REVENUES	425,502	202,106	894,656	425,977	-0.1
20 - INTEREST EXPENSES AND SIMILAR CHARGES	-160,185	-75,667	-419,412	-190,331	-15.8
30 - NET INTEREST INCOME	265,317	126,439	475,244	235,646	12.6
40 - FEE AND COMMISSION INCOME	142,218	70,618	295,462	125,249	13.5
50 - FEE AND COMMISSION EXPENSES	-16,940	-8,167	-49,280	-10,821	56.5
60 - NET COMMISSIONS	125,278	62,451	246,182	114,428	9.5
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	6,720	160	24,495	12,867	-47.8
80 - INCOME (LOSS) ON FINANCIAL ASSETS AND LIABILITIES HELD FOR SALE	-4,219	18,190	36,166	25,573	...
90 - INCOME (LOSS) FROM HEDGING ACTIVITIES	-1,904	-2,012	-1,269	730	...
100 - INCOME (LOSS) ON DISPOSAL OF:	1,817	1,613	-1,972	-1,340	...
a) loans	391	302	2,075	1,599	-75.5
b) financial assets available for sale	2,225	714	1,314	184	...
c) financial assets held to maturity	-1	96	0	0	...
d) financial liabilities	-798	501	-5,361	-3,123	-74.4
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	1,575	479	-277	0	...
120 - GROSS OPERATING INCOME	394,584	207,320	778,569	387,904	1.7
130 - NET VALUE ADJUSTMENT ON:	-23,404	-8,861	-54,276	-23,446	-0.2
a) loans	-24,493	-9,155	-53,049	-21,035	16.4
d) other financial assets	1,089	294	-1,227	-2,410	...
140 - NET INCOME FROM FINANCIAL MANAGEMENT	371,180	198,459	724,293	364,458	1.8
150 - NET PREMIUMS	366,352	152,237	651,853	263,179	39.2
160 - NET INCOME (LOSS) FROM INSURANCE MANAGEMENT	-359,797	-149,327	-643,146	-256,175	40.4
170 - NET RESULT FROM FINANCIAL AND INSURANCE MANAGEMENT	377,735	201,369	733,000	371,462	1.7
180 - ADMINISTRATIVE COSTS:	-247,505	-125,434	-534,638	-250,941	-1.4
a) staff costs	-154,980	-80,207	-334,935	-159,822	-3.0
b) other administrative costs	-92,525	-45,227	-199,703	-91,119	1.5
190 - NET PROVISIONS FOR RISKS AND CHARGES	-4,892	-1,357	-8,320	-1,312	...
200 - AMORTIZATION AND DEPRECIATION OF TANGIBLE FIXED ASSETS	-8,538	-4,173	-18,058	-9,430	-9.5
210 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE FIXED ASSETS	-5,006	-2,432	-11,735	-7,279	-31.2
220 - OTHER OPERATING EXPENSES AND REVENUES	22,345	12,762	47,850	25,109	-11.0
230 - OPERATING COSTS	-243,596	-120,634	-524,901	-243,853	-0.1
240 - INCOME (LOSS) FROM EQUITY INVESTMENTS	2,689	0	5,376	2,436	10.4
270 - INCOME (LOSS) FROM DISPOSAL OF INVESTMENTS	533	8	3,333	45	...
280 - OPERATING INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	137,361	80,743	216,808	130,090	5.6
290 - TAX EXPENSE (INCOME) RELATED TO PROFIT OR LOSS FROM ORDINARY ACTIVITIES	-52,090	-37,044	-81,745	-45,542	14.4
300 - INCOME (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	85,271	43,699	135,063	84,548	0.9
320 - NET INCOME (LOSS) FOR THE PERIOD	85,271	43,699	135,063	84,548	0.9
330 - MINORITY INTERESTS	1,987	1,185	3,626	1,892	5.0
340 - NET INCOME (LOSS) FOR THE PERIOD AFTER MINORITY INTERESTS	83,284	42,514	131,437	82,656	0.8

INCOME STATEMENT - THREE-MONTHLY RESULTS (thousands of euros)

	30/6/06	30/6/05	VARIATIONS	2 nd quarter 2006	2 nd quarter 2005	VARIATIONS	1 st quarter 2006
10 - INTEREST INCOME AND SIMILAR REVENUES	425,502	425,977	-475	223,396	217,771	5,625	202,106
20 - INTEREST EXPENSES AND SIMILAR CHARGES	-160,185	-190,331	30,146	-84,518	-93,459	8,941	-75,667
30 - NET INTEREST INCOME	265,317	235,646	29,671	138,878	124,312	14,566	126,439
40 - FEE AND COMMISSION INCOME	142,218	125,249	16,969	71,600	65,343	6,257	70,618
50 - FEE AND COMMISSION EXPENSES	-16,940	-10,821	-6,119	-8,773	-5,860	-2,913	-8,167
60 - NET COMMISSIONS	125,278	114,428	10,850	62,827	59,483	3,344	62,451
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	6,720	12,867	-6,147	6,560	7,917	-1,357	160
80 - INCOME (LOSS) ON FINANCIAL ASSETS AND LIABILITIES HELD FC	-4,219	25,573	-29,792	-22,409	15,820	-38,229	18,190
90 - INCOME (LOSS) FROM HEDGING ACTIVITIES	-1,904	730	-2,634	108	2,798	-2,690	-2,012
100 - INCOME (LOSS) ON DISPOSAL OF:	1,817	-1,340	3,157	204	-1,793	1,997	1,613
a) loans	391	1,599	-1,208	89	855	-766	302
b) financial assets available for sale	2,225	184	2,041	1,511	203	1,308	714
c) financial assets held to maturity	-1	0	-1	-97	-	-97	96
d) financial liabilities	-798	-3,123	2,325	-1,299	-2,851	1,552	501
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	1,575	0	1,575	1,096	-	1,096	479
120 - GROSS OPERATING INCOME	394,584	387,904	6,680	187,264	208,537	-21,273	207,320
130 - NET VALUE ADJUSTMENT ON:	-23,404	-23,446	41	-14,543	-9,288	-5,255	-8,861
a) loans	-24,493	-21,035	-3,458	-15,338	-6,962	-8,376	-9,155
d) other financial assets	1,089	-2,410	3,499	795	-2,326	3,121	294
140 - NET INCOME FROM FINANCIAL MANAGEMENT	371,180	364,458	6,721	172,721	199,249	-26,528	198,459
150 - NET PREMIUMS	366,352	263,179	103,173	214,115	138,728	75,387	152,237
160 - NET INCOME (LOSS) FROM INSURANCE MANAGEMENT	-359,797	-256,175	-103,622	-210,470	-135,160	-75,310	-149,327
170 - NET RESULT FROM FINANCIAL AND INSURANCE MANAGEMENT	377,735	371,462	6,272	176,366	202,817	-26,451	201,369
180 - ADMINISTRATIVE COSTS:	-247,505	-250,941	3,436	-122,071	-127,227	5,156	-125,434
a) staff costs	-154,980	-159,822	4,842	-74,773	-79,511	4,738	-80,207
b) other administrative costs	-92,525	-91,119	-1,406	-47,298	-47,716	418	-45,227
190 - NET PROVISIONS FOR RISKS AND CHARGES	-4,892	-1,312	-3,580	-3,535	-1,449	-2,086	-1,357
200 - AMORTIZATION AND DEPRECIATION OF TANGIBLE FIXED ASSETS	-8,538	-9,430	892	-4,365	-5,129	764	-4,173
210 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE FIXED ASSETS	-5,006	-7,279	2,273	-2,574	-4,717	2,143	-2,432
220 - OTHER OPERATING EXPENSES AND REVENUES	22,345	25,109	-2,764	9,583	14,353	-4,770	12,762
230 - OPERATING COSTS	-243,596	-243,853	257	-122,962	-124,169	1,207	-120,634
240 - INCOME (LOSS) FROM EQUITY INVESTMENTS	2,689	2,436	253	2,689	2,381	308	0
270 - INCOME (LOSS) FROM DISPOSAL OF INVESTMENTS	533	45	488	525	28	497	8
280 - OPERATING INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	137,361	130,090	7,270	56,618	81,057	-24,439	80,743
290 - TAX EXPENSE (INCOME) RELATED TO PROFIT OR LOSS FROM ORDINARY ACTIVITIES	-52,090	-45,542	-6,548	-15,046	-23,038	7,992	-37,044
300 - INCOME (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	85,271	84,548	722	41,572	58,019	-16,447	43,699
320 - NET INCOME (LOSS) FOR THE PERIOD	85,271	84,548	722	41,572	58,019	-16,447	43,699
330 - MINORITY INTERESTS	1,987	1,892	95	802	1,305	-503	1,185
340 - NET INCOME (LOSS) FOR THE PERIOD AFTER MINORITY INTERESTS	83,284	82,656	627	40,770	56,714	-15,944	42,514

Net interest income amounted to euros 265.3 million, a rise of 12.6 per cent thanks to increases in both volumes handled and interest margins. This result is even more encouraging given the contribution of a non-recurring transaction carried out during the first half of 2005

which generated an increase of euros 57.6 million in interest income and euros 41 million in interest charges. Excluding this transaction, net interest income rises by 21.1 per cent.

INTEREST INCOME (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Financial assets held for trading	41,166	18,712	236,012	100,894	- 59,728	-59.2
financial assets held at fair value	-	-	-	-	-	...
Financial assets available for sale	9,548	4,572	17,233	9,801	- 253	-2.6
Financial assets held to maturity	76	38	153	-	76	...
Due from banks	17,624	2,893	26,709	14,546	3,078	21.2
Loans to customers	339,362	164,663	579,392	276,822	62,540	22.6
Hedging derivatives	398	-	-	-	398	...
Investments sold and not cancelled	16,588	10,736	32,808	22,169	- 5,581	-25.2
Other assets	740	492	2,349	1,745	- 1,005	-57.6
TOTAL INTEREST INCOME	425,502	202,106	894,656	425,977	- 475	-0.1

INTEREST CHARGES (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Due to banks	- 21,541	- 10,080	- 36,133	- 17,179	- 4,362	25.4
Due to customers	- 23,452	- 9,647	- 30,559	- 13,249	- 10,203	77.0
Securities issued	- 89,443	- 43,055	- 183,973	- 92,238	2,795	-3.0
Financial liabilities held for trading	-	-	-	-	-	...
Financial liabilities designated at fair value	- 8,050	- 3,932	- 1,351	-	- 8,050	...
Liabilities corresponding to assets sold and not cancelled	- 16,588	- 8,226	- 32,809	- 16,877	289	-1.7
Other liabilities	- 1,110	- 564	- 1,978	- 1,561	451	-28.9
Hedging derivatives	- 1	- 163	- 132,609	- 49,227	49,226	-100.0
TOTAL INTEREST CHARGES	- 160,185	- 75,667	- 419,412	- 190,331	30,146	-15.8

Net fee and commission income rose 9.5 per cent to euros 125.3 million. Income generated on management, intermediation and consultancy services rose increased by 13.6 per cent, above all in the asset management and credit and debit card components, in addition to rises in guarantees given (+14 per cent) and

payment and collection services (+16.1 per cent). Rises in commission charges related to management and intermediation services (+25.7 per cent), payment and collection services (+63.2 per cent), and other services (+74.9 per cent).

COMMISSION INCOME (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Guarantees and commitments granted	4,683	2,898	12,167	4,109	574	14.0
Management, intermediation and consultancy services	54,055	28,221	121,386	47,603	6,452	13.6
1. Trading of financial instruments	973	647	17,054	765	208	27.2
2. Currency trading	1,623	841	3,531	1,715	- 92	-5.4
3. Wealth management	26,274	12,868	47,744	21,944	4,330	19.7
4. Securities in custody and under administration	1,538	901	2,955	1,722	- 184	-10.7
5. Depository services	2,308	1,175	4,275	1,981	327	16.5
6. Placement of securities	7,915	3,704	21,919	9,411	- 1,496	-15.9
7. Order management	4,952	2,851	8,115	4,139	813	19.6
8. Consultancy	-	-	-	-	-	...
9. Distribution of 3 rd party services and products	8,472	5,234	15,793	5,926	2,546	43.0
- wealth management	95	32	162	60	35	58.3
- insurance	2,339	2,353	4,220	2,969	- 630	-21.2
- other products	6,038	2,849	11,411	2,897	3,141	...
Collection and payment services	28,920	14,161	56,022	24,916	4,004	16.1
Servicing commission on securitisation transactions	599	351	2,128	832	- 233	-28.0
Servicing commission on factoring transactions	659	312	1,319	638	21	3.3
Other services	53,302	24,675	102,440	47,151	6,151	13.0
TOTAL COMMISSION INCOME	142,218	70,618	295,462	125,249	16,969	13.5

COMMISSION CHARGES (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Guarantees and commitments received	- 302	- 158	- 847	- 376	74	-19.7
Management, intermediation and consultancy services	- 2,497	- 858	- 19,349	- 1,987	- 510	25.7
1. Trading of financial instruments	- 235	- 126	- 842	- 470	235	-50.0
2. Currency trading	-	-	-	-	-	...
3. Wealth management	- 26	- 21	- 395	- 290	264	-91.0
4. Securities in custody and under administration	- 1,131	- 572	- 2,398	- 1,037	- 94	9.1
5. Placement of securities	- 896	- 34	- 15,317	- 2	- 894	...
6. Offer of financial instruments, products and services outside branch network	- 209	- 105	- 397	- 188	- 21	11.2
Collection and payment services	- 9,145	- 4,405	- 17,230	- 5,602	- 3,543	63.2
Other services	- 4,996	- 2,746	- 11,854	- 2,856	- 2,140	74.9
TOTAL COMMISSION CHARGES	- 16,940	- 8,167	- 49,280	- 10,821	- 6,119	56.5

Dividends and similar revenues fell euros 12.9 million to euros 6.7 million at June 2006. The previous year's interim figure was impacted by the quarterly distribution of dividends by the reserved Carige Forziere Fund, which now pays out dividends on an annual basis.

Banca Carige's **net trading income** dropped from a positive result of euros 25.6 million to a loss of euros 4.2 million as a result, on one

hand, of negative performances on financial markets, especially during the second quarter, and, on the other, the absence of non-recurring income. The **net hedging result** was negative at euros 1.9 million (June 2005: +euros 0.7 million).

TRADING RESULT (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Debt securities	- 20,238	- 2,907	- 106,706	31,917	- 52,155	...
Capital securities and Collective Investment Schemes	18,242	26,846	35,375	28,605	- 10,363	- 36.2
Debt securities, capital securities and CIS	- 1,996	23,939	- 71,331	60,522	- 62,518	...
Financial derivatives	- 3,808	- 6,231	100,205	- 37,612	33,804	- 89.9
Credit derivatives	1,626	450	1,648	1,012	614	60.7
Exchange translation rate differences	- 299	- 1,331	2,772	1,550	- 1,849	...
Other trading gains/losses	258	1,363	2,872	101	157	...
TRADING RESULT	- 4,219	18,190	36,166	25,573	- 29,792	...

The **result of sale and repurchase agreements including lending and securities** at 30/6/06 was euros 1.8 million (June 2005: a loss of euros 1.3 million), whilst the **net result of financial assets designated at fair value** totalled euros 1.6 million. Consequently, the Group's **net interest income** reached euros 394.6 million, an increase of 1.7 per cent.

Impairment loss on loans and advances and other credit risk provisions remained substantially unchanged over the previous half-year figure at

euros 23.4 million. In particular, impairment charges on credits rose by 16.4 per cent to euros 24.5 million, whilst value adjustments on financial transactions (guarantees) fell from euros 2.4 million in June 2005 to euros 1.1 million at 30/6/06.

The **net result from financial and insurance management** rose 1.7 per cent to euros 377.7 million, of which insurance management accounts for euros 6.6 million.

NET IMPAIRMENT CHARGES ON CASH CREDITS AND GUARANTEES (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Amounts due from banks	159	153	4,915	-	159	...
Loans to customers	- 24,652	- 9,308	- 57,964	- 21,036	- 3,616	17.2
Guarantees (and other financial transactions)	1,089	294	- 1,227	- 2,410	3,499	...
NET IMPAIRMENT CHARGES ON CASH CREDITS AND GUARANTEES	- 23,404	- 8,861	- 54,276	- 23,446	42	- 0.2

Operating expenses totalled euros 243.6 million, slightly lower than the previous interim figure despite expansion in the number of branches and increased costs relating to the re-organisation and strengthening of the sales network currently in progress.

Administrative expenses fell 1.4 per cent to euros 247.5 million as a result of:

- a 3 per cent reduction in **personnel charges**, due to the partial recovery of excess provisions recorded at 31/12/05;
- a contained rise of 1.5 per cent in the item **other administrative charges**, thanks to a Group-wide policy of rationalisation that has allowed for the complete absorption of increased costs relat-

ing to the carrying out of strategic projects.

Net provisions for risks and charges totalled euros 4.9 million in comparison to euros 1.3 million in June 2005.

Net adjustments to tangible and intangible assets amounted to, respectively, euros

8.5 million and euros 5 million, both down over 2005 (-9.5 and -31.2 per cent).

OPERATING COSTS (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Staff costs	- 154,980	- 80,207	- 334,935	- 159,822	4,842	-3.0
Other administrative costs	- 92,525	- 45,227	- 199,703	- 91,119	- 1,406	1.5
- general overheads	- 68,939	- 33,881	- 153,807	- 68,076	- 863	1.3
- indirect taxes	- 23,586	- 11,346	- 45,896	- 23,043	- 543	2.4
Net provisions for risks and charges	- 4,892	- 1,357	- 8,320	- 1,312	- 3,580	...
Adjustments to:	- 13,544	- 6,605	- 29,793	- 16,709	3,165	-18.9
- intangible assets	- 5,006	- 2,432	- 11,735	- 7,279	2,273	-31.2
- tangible assets	- 8,538	- 4,173	- 18,058	- 9,430	892	-9.5
Other operating costs/income	22,345	12,762	47,850	25,109	- 2,764	-11.0
TOTAL OPERATING COSTS	- 243,596	- 120,634	- 524,901	- 243,853	257	-0.1

Other operating income fell 11 per cent to euros 22.3 million..

OTHER OPERATING INCOME AND CHARGES (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Rent received	5,608	2,810	13,616	5,749	- 141	-2.5
Amounts receivable from third parties:	21,300	10,348	40,308	19,706	1,594	8.1
- recovery of taxes	19,882	9,979	38,762	19,042	840	4.4
- insurance premiums	1,418	369	1,546	664	754	...
Organization charges	189	95	322	150	39	26.0
Other revenues	8,730	3,796	23,620	12,104	- 3,374	- 27.9
Finance lease management costs	- 219	- 101	- 2,370	- 1,884	1,665	88.4
Maintenance charges on investment real estate property	- 702	- 472	- 2,272	- 479	- 223	- 46.6
Amortisation of charges relating to the improvement of third party assets	- 694	- 310	- 2,019	- 843	149	17.7
Other charges	- 11,867	- 3,404	- 23,355	- 9,394	- 2,473	- 26.3
TOTAL NET REVENUES	22,345	12,762	47,850	25,109	- 2,764	- 11.0

Operating income at 30/6/06 reached euros 137.4 million, 5.6 per cent higher than the previous year's result. After tax provisions of euros 52.1 million (June 2005: euros 45.5 million) and profits recognisable to third parties of euros 2 million (June 2005: euros 1.9 million), **interim net profit** amounted to euros 83.3 million, up 0.8 per cent per cent over June 2005's figure of euros 82.7 million.

TOTAL SHAREHOLDERS' EQUITY AND OWN SHARES

At 30th June 2006, Banca Carige had no own shares in portfolio in comparison to own shares with a nominal value of euros 426.45 at 30/6/05.

Consolidated total shareholders' equity and consolidated economic profit at 30th June 2006 derive from Banca Carige's total shareholders' equity and economic profit at 30th June 2006 as a result of the following variations:

CAPTIONS LEADING TO THE VARIATION BETWEEN SINGLE PARENT AND CONSOLIDATED SHAREHOLDERS' EQUITY AND NET PROFIT AS AT 30/6/06

	Total shareholders' Equity (1)	Income statement (1)
Balance as at 30/6/06 Banca Carige	2,462,689	96,486
Positive variations on book value	32,407	18,936
Value adjustments to allocated gains	-4,904	-224
Options on subsidiaries' shares	-18,471	-580
Value adjustments to goodwill (previous years)	-43,485	-
Dividends distributed by associated companies and written off	-26,097	-26,097
Dividends distributed by subsidiaries and written off	-5,237	-5,237
Consolidated balance as at 30/6/06	2,396,902	83,284

(1) Thousands of euros

FINANCIAL INTERMEDIATION ACTIVITIES

At 30th June 2006, the Banca Carige Group's **Total Financial Intermediation Activities (TFIA)** made up by direct and indirect deposits amounted to euros 34,525.5 million, up 2.8 per cent over 31st December 2005 and 6.8 per cent over 30th June 2005.

Direct or customer deposit balances rose 2 per cent over six months and 5.6 per cent

over twelve to euros 15,798.5 million. **Indirect deposits or 'other financial intermediation activities'** amounted to euros 18,727 million; an increase of 3.5 per cent over six months and 7.8 per cent over twelve.

Indirect deposits now account for 54.2 per cent of TFIA, with wealth management accounting for 51.9 per cent of the indirect deposits aggregate and savings under custody the remaining 48.1 per cent.

TOTAL FINANCIAL INTERMEDIATION ACTIVITIES (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Total (A+B)	34,525,514	33,758,773	33,588,758	32,330,108	2.8	6.8
Direct deposits (A)	15,798,507	15,133,902	15,493,556	14,965,423	2.0	5.6
% Total	45.8%	44.8%	46.1%	46.3%		
Indirect deposits (OFIA) (B)	18,727,007	18,624,871	18,095,202	17,364,685	3.5	7.8
% Total	54.2%	55.2%	53.9%	53.7%		
- Assets under management	9,720,250	9,806,586	9,743,308	8,982,697	-0.2	8.2
% Total	28.2%	29.0%	29.0%	27.8%		
% OFIA	51.9%	52.7%	53.8%	51.7%		
- Assets in custody	9,006,757	8,818,285	8,351,894	8,381,988	7.8	7.5
% Total	26.1%	26.1%	24.9%	25.9%		
% OFIA	48.1%	47.3%	46.2%	48.3%		

Total funds at 30/6/06, which include customer deposits (euros 15,798.5 million) bank deposits (euros 1,512.5 million) amounted to euros 17,311 million, up 4.2 per cent over six months and 3.5 per cent over twelve.

The positive variation in **direct deposit balances** (December 2005: +2 per cent; June 2005: +5.6 per cent) reflects an increase both in amounts owed to customers (current accounts, deposit accounts, sale and repurchase agreements) and bonds and certificates of deposit (securities outstanding and liabilities designated at fair value), up 1 per cent over six months and 6.4 per cent over twelve months, respectively. In particular, the item securities outstanding includes a subordinated loan issued by the Parent Company in May of euros 500 million as part of the EMTN programme. Liabilities designated at fair value are made up principally by structured bonds placed by the Italian Postal Service *Poste Italiane* in the second half of 2005.

Within the **customer deposits** aggregate (euros 8,891.7 million), current account balances rose by 0.7 per cent over December 2005 and

by 4.2 per cent over June 2005; sale and repurchase agreements and deposit accounts (respectively, euros 355 million and euros 66.1 million) recorded robust levels of growth over twelve months: the former by 22.5 per cent and the latter by 62.6 per cent.

Short-term deposits, whose share of the aggregate total slipped to 55.1 per cent, recorded falls over six months of 3.6 per cent and over twelve of 1.2 per cent; the medium/long-term component, however, continued to grow: +9.7 per cent and +15.3 per cent over six and twelve months, respectively).

Amounts owed to credit institutions totalled euros 1,512.5 million, up 36 per cent in comparison to 31st December 2005, but down 14 per cent in comparison to the previous interim figure at 30/6/05. Within the aggregate, current accounts rose to euros 184.4 million as did financing, to euros 456 million. Deposit accounts and repurchase agreements, however, fell, respectively, to euros 781.1 million and euros 91 million.

TOTAL FUNDS (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Total (A+B)	17,311,009	16,981,316	16,605,505	16,724,109	4.2	3.5
Direct deposits (A)	15,798,507	15,133,902	15,493,556	14,965,423	2.0	5.6
Amounts owed to customers	8,891,693	8,709,416	8,657,736	8,472,264	2.7	5.0
current accounts and other sight deposits	8,417,939	8,215,695	8,357,996	8,077,921	0.7	4.2
sale and repurchase agreements	354,962	299,629	221,506	289,741	60.2	22.5
term deposits	66,057	96,487	10,501	40,618	...	62.6
financing	3,750	3,881	9,305	7,293	-59.7	-48.6
third party funds in custody	343	407	558	707	-38.5	-51.5
amounts owed for commitments to						
repurchase own shares	34,068	38,982	43,647	42,717	-21.9	-20.2
other deposits	14,574	54,335	14,223	13,267	2.5	9.9
Securities in circulation	6,399,538	5,920,297	6,351,593	6,493,159	0.8	-1.4
bonds	6,006,789	5,546,323	5,961,527	6,074,489	0.8	-1.1
other securities	392,749	373,974	390,066	418,670	0.7	-6.2
Liabilities designated at fair value (1)	507,276	504,189	484,227	-	4.8	...
bonds	507,276	504,189	484,227	-	4.8	...
short-term	8,699,173	8,997,386	9,022,709	8,808,937	-3.6	-1.2
share of total (%)	55.1	59.5	58.2	58.9		
medium/long-term	7,099,334	6,136,516	6,470,847	6,156,486	9.7	15.3
share of total (%)	44.9	40.5	41.8	41.1		
Amounts owed to credit institutions (B)	1,512,502	1,847,414	1,111,949	1,758,686	36.0	-14.0
Due to central banks	-	40,184	-	46,118	...	-100.0
Current accounts and sight deposits	184,387	15,456	14,024	34,985	...	...
Term deposits	781,101	1,322,317	490,290	1,168,526	59.3	-33.2
Sale & Repurchase agreements	91,028	33,979	278,586	142,526	-67.3	-36.1
Financing	455,985	435,389	329,009	358,580	38.6	27.2
Other amounts payable	1	89	40	7,951	-97.5	-100.0

(1) The liabilities designated at fair value attributable to the life insurance subsidiary Carige Vita Nuova, relating to products with investment risk borne by the insured, are not included in this table

Liguria's share of direct deposits excluding bonds designated at fair value, fell from 68.4 per cent in June 2005 and 68 per cent. The share represented by the Group's other operating regions remained stable with the exception of Lombardy, whose share rose from 5 per cent

in December 2005 to 5.7 per cent in June 2006, and Emilia Romagna, whose share dropped from 1.9 per cent in December 2005 to 1.5 per cent in June 2006.

DIRECT DEPOSITS (1) - GEOGRAPHICAL DISTRIBUTION (thousands of euros)

	30/6/06		31/12/05		30/6/05	
		%		%		%
Liguria	10,849,697	68.7%	10,694,870	69.0%	10,240,425	68.4%
Tuscany	1,339,757	8.5%	1,311,163	8.5%	1,316,377	8.8%
Lazio	919,131	5.8%	877,791	5.7%	858,508	5.7%
Lombardy	903,159	5.7%	776,092	5.0%	766,299	5.1%
Sicily	567,871	3.6%	560,824	3.6%	545,676	3.6%
Piedmont	414,419	2.6%	397,416	2.6%	419,924	2.8%
Emilia Romagna	230,944	1.5%	292,155	1.9%	228,313	1.5%
Apulia	178,314	1.1%	178,447	1.2%	181,153	1.2%
Veneto	136,284	0.9%	137,082	0.9%	133,390	0.9%
Sardinia	136,246	0.9%	137,257	0.9%	127,989	0.9%
Marches	75,548	0.5%	75,725	0.5%	90,038	0.6%
Umbria	24,157	0.2%	29,134	0.2%	27,131	0.2%
Total Italy	15,775,527	99.9%	15,467,956	99.8%	14,935,223	99.8%
Abroad	22,980	0.1%	25,600	0.2%	30,200	0.2%
Total	15,798,507	100.0%	15,493,556	100.0%	14,965,423	100.0%

(1) Liabilities captions 20, 30 and 50. The liabilities designated at fair value attributable to the life insurance subsidiary Carige Vita Nuova, relating to products with investment risk borne by the insured, are not included in this table.

The share of direct deposits attributable to households fell from 65.4 per cent in June 2005 to 63.2 per cent (euros 5,618 million). Non-financial enterprises and family enterprises make up 22.6 per cent of the aggregate total (euros

2,012.5 million). Deposits by the public administration increased their share from 7 per cent (euros 620.2 million), whilst there was a drop to 3 per cent in the aggregate share represented by financial institutions (euros 265.9 million).

DIRECT DEPOSITS (1) - GEOGRAPHICAL DISTRIBUTION (thousands of euros)

	30/6/06		31/12/05		30/6/05	
		%		%		%
Amounts owed to customers	8,891,693		8,657,736		8,472,264	
Public administration	620,183	7.0%	532,016	6.1%	461,278	5.4%
Financial institutions	265,949	3.0%	315,537	3.6%	291,440	3.4%
Non financial institutions and family enterprises	2,012,462	22.6%	1,815,678	21.0%	1,803,315	21.3%
Private social institutions and non classifiable bodies	282,848	3.2%	283,838	3.3%	296,316	3.5%
Households	5,618,041	63.2%	5,645,395	65.2%	5,540,982	65.4%
Total resident in Italy	8,799,483	99.0%	8,592,464	99.2%	8,393,331	99.1%
Rest of the world	92,210	1.0%	65,272	0.8%	78,933	0.9%
Total	8,891,693	100.0%	8,657,736	100.0%	8,472,264	100.0%
Securities outstanding	6,399,538		6,351,593		6,493,159	
Bonds designated at fair value	507,276		484,227		-	
TOTAL DIRECT DEPOSITS	15,798,507		15,493,556		14,965,423	

Indirect deposits increased by 3.5 per cent over 31/12/05 and by 7.8 per cent over 30/6/05 to euros 18,727 million.

The aggregate was marked by a shift in customer preference, particularly in the second quarter, from mutual funds and shares to assets

under management, insurance products and Italian government stock.

Asset under management balances totalled euros 9,720.3 million, substantially unchanged over the end of 2005 and up 8.2 per cent in comparison to the previous interim figure at 30/6/05.

Asset values under custody amounted to euros 9,006.8 million, an increase of 7.8 per

cent over 31/12/05 and 7.5 per cent over 30/6/05.

INDIRECT DEPOSITS (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Total (A+B)	18,727,007	18,624,871	18,095,202	17,364,685	3.5	7.8
Asset under management (A)	9,720,250	9,806,586	9,743,308	8,982,697	-0.2	8.2
Mutual funds and unit trusts	5,468,629	5,660,331	5,759,819	5,312,248	-5.1	2.9
Private banking	3,031,338	2,988,353	2,866,192	2,688,996	5.8	12.7
including: security managementi	2,029,452	1,990,946	1,911,181	1,744,056	6.2	16.4
mutual funds management	1,001,886	997,407	955,011	944,940	4.9	6.0
Bancassurance products	1,220,283	1,157,902	1,117,297	981,453	9.2	24.3
Assets in custody (B)	9,006,757	8,818,285	8,351,894	8,381,988	7.8	7.5
Government securities	4,335,507	4,187,938	3,900,735	4,301,688	11.1	0.8
Others	4,671,250	4,630,347	4,451,159	4,080,300	4.9	14.5

With regards to the Group's bancassurance products, premiums relating to the Bank's well-established life product "Risparmio Assicurato" quadrupled in comparison to 2005. In the non

life segment, (+32 per cent), the highest growth was recorded in the mortgage-linked product "Mutuo 100%", which offers full insurance cover for the amount mortgaged.

BANCASSURANCE (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %
					06/06 06/05
Total premiums collected	138,135	56,357	251,381	85,131	62.3
Life, of which:	134,562	54,568	245,211	82,425	63.3
. Unit/Index linked policies	31,605	2,224	86,135	55,423	-43.0
. Traditional policies	102,957	52,344	159,076	27,002	...
Not life, of which:	3,573	1,789	6,170	2,706	32.0
. Car insurance	657	337	1,138	567	15.9
. Non marine insurance	2,916	1,452	5,032	2,139	36.3

Liguria maintains its primacy, accounting for 75.4 per cent of the indirect deposits aggregate (December 2005: 75.1 per cent; June 2005:

75.7 per cent). The shares of the Group's other operating areas recorded no significant variations over the same periods.

INDIRECT DEPOSITS - GEOGRAPHICAL DISTRIBUTION *(thousands of euros)*

	30/6/06		31/12/05		30/6/05	
		%		%		%
Liguria	14,115,001	75.4%	13,585,236	75.1%	13,142,553	75.7%
Lombardy	1,252,343	6.7%	1,273,753	7.0%	1,186,318	6.8%
Tuscany	972,854	5.2%	984,316	5.4%	928,591	5.3%
Latium	672,578	3.6%	638,704	3.5%	595,528	3.4%
Piedmont	540,014	2.9%	508,698	2.8%	488,551	2.8%
Sicily	444,426	2.4%	427,114	2.4%	398,085	2.3%
Emilia Romagna	267,903	1.4%	242,286	1.3%	216,219	1.2%
Veneto	135,969	0.7%	126,749	0.7%	118,122	0.7%
Apulia	126,089	0.7%	118,951	0.7%	109,620	0.6%
Marches	98,974	0.5%	99,182	0.5%	98,108	0.6%
Sardinia	62,135	0.3%	53,358	0.3%	48,042	0.3%
Umbria	30,141	0.2%	29,655	0.2%	28,508	0.2%
Total Italy	18,718,427	100.0%	18,088,002	100.0%	17,358,245	100.0%
Abroad	8,580	0.0%	7,200	0.0%	6,440	0.0%
Total	18,727,007	100.0%	18,095,202	100.0%	17,364,685	100.0%

Households make up 79.9 per cent of indirect deposit balances, equivalent to euros 14,971.2 million. This segment's share has increased in comparison to both December 2005 (79.6 per

cent) and June 2006 (79.5 per cent). Financial institutions recorded a slight fall in their share, which dropped to 12 per cent.

INDIRECT DEPOSITS - DISTRIBUTION BY BUSINESS SEGMENT *(thousands of euros)*

	30/6/06		31/12/05		30/6/05	
		%		%		%
Public administration	275,801	1.5%	270,384	1.5%	325,160	1.9%
Financial institutions	2,241,031	12.0%	2,219,285	12.3%	2,143,143	12.3%
Non financial institutions and family enterprises	1,048,009	5.6%	1,015,255	5.6%	914,204	5.3%
Private social institutions and non classifiable bodies	130,468	0.7%	130,644	0.7%	122,757	0.7%
Households	14,971,226	79.9%	14,412,773	79.6%	13,809,824	79.5%
Total resident in Italy	18,666,535	99.7%	18,048,341	99.7%	17,315,087	99.7%
Rest of the world	60,472	0.3%	46,861	0.3%	49,598	0.3%
Total	18,727,007	100.0%	18,095,202	100.0%	17,364,685	100.0%

Lending to customers, after value adjustments of euros 354.6 million, amounted to euros 14,479.8 million, an increase of 6 per cent in comparison to the figure recorded at 31st December 2005. Before value adjustments, the figure rises to euros 14,834.4 million, an increase of 5.9 per cent over six months.

Medium/long-term lending (euros 9,611.7 million) rose by 4.1 per cent over the first six months of the year, but its aggregate share of total lending fell from 65.9 per cent at 31/12/05 to 64.8 per cent. This variation was tracked by a rise in short-term lending solutions of 9.6 per cent in the first half of the year to euros 4,667.1 million. Other loans recorded rises of 11.4 per cent over June 2005 (December

2005: -0.9 per cent); bad loans (euros 545.7 million) recorded rises of 8 per cent over December 2005 and 12.6 per cent over June 2005.

In detail, there was continuing robust growth in mortgage balances – up to euros 6,679 million - over both six (+10.9 per cent) and twelve months (+21.2 per cent). Mortgage lending now makes up almost half of the Group's total lending portfolio. Personal loans recorded an increase of 26.7 per cent in comparison to December 2005's figure (June 2005: +57.9 per cent), current accounts rose by 6.2 per cent during the first six months of the year after a levelling off recorded during the second half of 2005. There was little change in balances relat-

ing to the Group's leasing activities, whilst factoring rose by 1.8 per cent in comparison to the figure recorded at the end of 2005. Impairment losses increased by 4.1 per cent since the beginning of the year.

Amounts due from banks amounted to euros 1,382.8 million, up 61.6 per cent in comparison to year-end 2005, and 12.8 per cent higher than the figure recorded at 30th June 2005. Growth was particularly strong in current account lending forms (euros 404.1 million,

double the previous year's interim figure) which more offset falls in sale and repurchase agreements.

The limited amount of bad loans (euros 18.3 million), which refers to two long-standing exposures, recorded little change over 31/12/05.

The interbank balance between amounts receivable and amounts payable to banks at 30th June 2006 amounted to euros 129.7 million due to banks (December 2005: euros 256.1 million).

LENDING (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Total (A+B)	15,862,596	15,122,209	14,517,538	13,881,963	9.3	14.3
Loans to customers (A)	14,479,814	13,895,072	13,661,663	12,656,003	6.0	14.4
-Nominal value (1)	14,834,416	14,249,477	14,005,478	12,998,790	5.9	14.1
<i>current accounts</i>	1,877,432	1,762,756	1,767,789	1,863,754	6.2	0.7
<i>mortgages</i>	6,979,008	6,671,423	6,290,266	5,759,786	10.9	21.2
<i>credit cards, personal loans, salary-backed loans</i>	307,008	271,365	242,368	194,456	26.7	57.9
<i>leasing</i>	694,131	694,040	689,080	692,965	0.7	0.2
<i>factoring</i>	106,608	90,006	104,766	104,311	1.8	2.2
<i>other credits</i>	3,253,022	3,138,705	3,282,353	2,920,317	-0.9	11.4
<i>assets sold but not cancelled</i>	695,507	720,331	743,316	797,319	-6.4	-12.8
<i>impaired loans (2)</i>	921,700	900,851	885,540	665,882	4.1	...
-short term	4,677,054	4,461,243	4,266,346	4,055,506	9.6	15.3
<i>share of nominal value (%)</i>	31.5	31.3	30.5	31.2		
-medium/long-term	9,611,657	9,259,122	9,233,930	8,458,779	4.1	13.6
<i>share of nominal value (%)</i>	64.8	65.0	65.9	65.1		
- non performing loans	545,705	529,112	505,202	484,505	8.0	12.6
<i>share of nominal value (%)</i>	3.7	3.7	3.6	3.7		
-Value adjustments (-)	354,602	354,405	343,815	342,787	3.1	3.4
Loans to banks (B)	1,382,782	1,227,137	855,875	1,225,960	61.6	12.8
-Nominal value (1)	1,383,112	1,227,382	856,388	1,231,106	61.5	12.3
<i>Compulsory reserves</i>	175,327	188,401	162,356	170,288	8.0	3.0
<i>Other loans to central banks</i>	130	47	821	225	-84.2	-42.2
<i>Current accounts and free deposits</i>	404,069	132,114	118,823	202,467	...	99.6
<i>Term deposits</i>	567,954	462,925	452,190	510,644	25.6	11.2
<i>Repurchase agreements</i>	169,196	12,011	77,569	303,044	...	-44.2
<i>Financing</i>	47,783	413,226	25,607	25,737	86.6	85.7
<i>bonds</i>	-	-	-	-	...	...
<i>impaired loans</i>	18,653	18,658	19,022	18,701	-1.9	-0.3
-short term	1,336,035	1,197,561	826,940	1,201,642	61.6	11.2
<i>share of nominal value (%)</i>	96.6	97.6	96.6	97.6		
-medium/long-term	28,785	11,525	11,286	11,393	...	...
<i>share of nominal value (%)</i>	2.1	0.9	1.3	0.9		
- non performing loans	18,292	18,296	18,162	18,071	0.7	1.2
<i>share of nominal value (%)</i>	1.3	1.5	2.1	1.5		
-Value adjustments (-)	330	245	513	5,146	-35.7	-93.6

(1) Excluding value adjustments.

(2) Impaired loans do not include amounts referring to assets sold but not cancelled and past due exposures classified at 30/6/05 as performing credits.

The Group's lending to customers is distributed geographically in the following way: 52.9 per cent of credits are destined to Liguria, down

from 53.5 per cent in December 2005 and 56.4 per cent in June 2005. Outside Liguria, Piedmont saw its share rise from 5.5 per cent in

December 2005 to 5.9 per cent in June 2006, whilst Lombardy recorded a slight fall in its share

from 13.6 to 13.2 per cent in the first six months of the year.

LOANS AND ADVANCES TO CUSTOMERS - GEOGRAPHICAL DISTRIBUTION *(thousands of euros)*

	30/6/06		31/12/05		30/6/05	
		%		%		%
Liguria	7,844,486	52.9%	7,489,381	53.5%	7,327,958	56.4%
Lombardy	1,958,234	13.2%	1,900,698	13.6%	1,588,818	12.2%
Tuscany	1,393,803	9.4%	1,334,238	9.5%	1,240,333	9.5%
Emilia Romagna	928,156	6.3%	887,653	6.3%	696,777	5.4%
Piedmont	876,109	5.9%	772,849	5.5%	682,651	5.3%
Latium	628,061	4.2%	560,809	4.0%	506,622	3.9%
Sicily	287,034	1.9%	246,673	1.8%	199,457	1.5%
Veneto	262,621	1.8%	230,744	1.6%	191,361	1.5%
Sardinia	174,650	1.2%	150,169	1.1%	132,205	1.0%
Apulia	174,541	1.2%	146,185	1.0%	121,896	0.9%
Marches	151,099	1.0%	157,444	1.1%	162,755	1.3%
Umbria	85,122	0.6%	85,403	0.6%	90,127	0.7%
Total Italy	14,763,916	99.5%	13,962,246	99.7%	12,940,960	99.6%
Abroad	70,500	0.5%	43,232	0.3%	57,830	0.4%
Total	14,834,416	100.0%	14,005,478	100.0%	12,998,790	100.0%

(1) Excluding value adjustments.

By business segment, households increased their share of loans from 28.5 per cent at 30/6/05 and 30.3 per cent at 31/12/05 to 31.5 per cent at 30/6/06, corresponding to euros 4,672.6 million. The share of total lending destined to

financial institutions and family businesses dropped from 58 per cent at 30/6/05 and 58.2 per cent at 31/12/05 to 56.5 per cent at 30/6/06.

LOANS AND ADVANCES TO CUSTOMERS - DISTRIBUTION BY BUSINESS SEGMENT

(thousands of euros)

	30/6/06		31/12/05		30/6/05	
		%		%		%
Public administration	1,105,784	7.5%	904,215	6.5%	1,199,418	9.2%
Financial institutions	516,089	3.5%	537,578	3.8%	370,315	2.8%
Non financial institutions and family enterprises	8,385,320	56.5%	8,143,676	58.2%	7,544,394	58.1%
Sales-related services	2,138,738	14.4%	2,033,061	14.5%	1,838,732	14.2%
Wholesale & retail trade, salvage and repairs	1,589,768	10.7%	1,489,341	10.6%	1,393,876	10.7%
Building and public works	1,422,993	9.6%	1,323,206	9.5%	1,149,535	8.8%
Hotel and catering services	442,410	3.0%	423,842	3.0%	399,193	3.1%
Air and sea transport-related services	403,241	2.7%	403,816	2.9%	349,246	2.7%
Other	2,388,170	16.1%	2,470,409	17.6%	2,413,812	18.6%
Private social bodies	79,724	0.5%	77,737	0.6%	75,751	0.6%
Households	4,672,595	31.5%	4,263,784	30.3%	3,701,001	28.5%
Total resident in Italy	14,759,512	99.5%	13,926,990	99.4%	12,890,879	99.2%
Rest of the world	74,904	0.5%	78,488	0.6%	107,911	0.8%
Total	14,834,416	100.0%	14,005,478	100.0%	12,998,790	100.0%

The total of **impaired credits** amounted to euros 989.7 million (31/12/05: +4.3 per cent), of which euros 32.6 million refers to guarantees. The aggregate total at 30/6/06 includes past due positions, which up to September 2005 were categorised as performing loans. Over twelve months and excluding past due positions, the rise in impaired credits was of 7.8 per cent.

Total value adjustments amounted to euros 303.6 million, equivalent to 30.7 per cent of the aggregate total.

Impaired cash credits totalled euros 957.2 million, of which euros 938.5 million refers to customers, and euros 18.7 million to banks. A breakdown of the aggregate by non performing category shows that **bad loans** totalled euros 564 million, 7.8 per cent higher than at

31/12/05 and 12.2 per cent up on 30/6/05. Impairment allowances represent 45.2 per cent of bad loans in comparison to 46 per cent at 31/12/05 and 46.4 per cent at 30/6/05. The bad loans/loans ratio at 30th June 2006 was 3.7 per cent, substantially in line with December and June 2005 (31/12/05: 3.6 per cent; 30/6/05: 3.7 per cent). **Watchlists** totalled euros 141.8 million, unchanged over six months and down 16.6 per cent over twelve. Writedowns account for 19.4 per cent of the aggregate (31/12/05: 20.7 per cent; 30/6/05: 23.4 per cent). The total of impaired **rescheduled loans** - euros 26.7 million - almost doubled over twelve months but was 4.9 per cent down over six months. Value adjustments account for 8.2 per cent of the aggregate total (31/12/05:

2.6 per cent; 30/6/05: 5.2 per cent). There was little change in the total of **past due positions**. Writedowns account for 6.2 per cent of the aggregate in comparison to 4.8 per cent in December 2005.

Impaired guarantees and commitments, attributable entirely to customers, rose to euros 32.6 million, up by 4.8 per cent and 28 per cent in comparison respectively to December and June 2005. Writedowns account for 15.5 per cent of the aggregate (31/12/05: 16 per cent; 30/6/05: 26.8 per cent).

Value adjustments amount to euros 364.9 million, of which euros 354.9 million refers to cash credits, whilst the residual euros 10 million refers to guarantees and commitments.

BAD LOANS (1) - GEOGRAPHICAL DISTRIBUTION (thousands of euros)

	30/6/06		31/12/05		30/6/05	
		%		%		%
Liguria	329,030	60.3%	306,847	60.7%	298,052	61.5%
Lombardy	51,702	9.5%	46,908	9.3%	45,175	9.3%
Tuscany	49,825	9.1%	46,266	9.2%	48,127	9.9%
Piedmont	43,319	7.9%	41,638	8.2%	36,701	7.6%
Emilia Romagna	22,438	4.1%	22,944	4.5%	23,699	4.9%
Latium	16,287	3.0%	12,079	2.4%	7,983	1.6%
Sicily	10,259	1.9%	9,091	1.8%	9,134	1.9%
Veneto	6,873	1.3%	6,981	1.4%	6,109	1.3%
Apulia	4,568	0.8%	3,901	0.8%	3,642	0.8%
Marches	4,476	0.8%	3,425	0.7%	1,357	0.3%
Sardinia	2,836	0.5%	897	0.2%	397	0.1%
Umbria	2,546	0.5%	2,693	0.5%	2,399	0.5%
Total Italy	544,159	99.7%	503,670	99.7%	482,775	99.6%
Abroad	1,546	0.3%	1,532	0.3%	1,730	0.4%
Total	545,705	100.0%	505,202	100.0%	484,505	100.0%

(1) Excluding value adjustments.

Overall, the Group's bad loans/total loans ratio was little changed over six months, but there were differences from region to region: Liguria remained stable at 4.2 per cent (31/12/05: 4.1 per cent); Piedmont bad loans/loans ratio is the

highest in the Group at 4.9 per cent, albeit down on December and June 2005 (5.4 per cent).

BAD LOANS/LOANS RATIO (1) - GEOGRAPHICAL DISTRIBUTION (%)

	30/6/06	31/12/05	30/6/05
Piedmont	4.9%	5.4%	5.4%
Liguria	4.2%	4.1%	4.1%
Sicily	3.6%	3.7%	4.6%
Tuscany	3.6%	3.5%	3.9%
Marches	3.0%	2.2%	0.8%
Umbria	3.0%	3.2%	2.7%
Veneto	2.6%	3.0%	3.2%
Apulia	2.6%	2.7%	3.0%
Lombardy	2.6%	2.5%	2.8%
Latium	2.6%	2.2%	1.6%
Emilia Romagna	2.4%	2.6%	3.4%
Sardinia	1.6%	0.6%	0.3%
Total Italy	3.7%	3.6%	3.7%
Abroad	2.2%	3.5%	3.0%
Total	3.7%	3.6%	3.7%

(1) Excluding value adjustments.

Bad loans continued to be concentrated amongst non finance and family businesses, which account for 81 per cent of the aggregate, unchanged over June 2005. The share of bad

loans accounted for by households, however, rose slightly from 15.5 per cent in June 2005 to 16.3 per cent.

BAD LOANS (1) - DISTRIBUTION BY BUSINESS SEGMENT *(thousands of euros)*

	30/6/06		31/12/05		30/6/05	
		%		%		%
Public administration	-	-	-	-	-	-
Financial institutions	10,480	1.9%	10,010	2.0%	10,368	2.1%
Non financial institutions and family enterprises	442,087	81.0%	408,206	80.8%	392,283	81.0%
<i>Building and public works</i>	104,307	19.1%	88,197	17.5%	75,421	15.6%
<i>Air and sea transport-related services</i>	81,043	14.9%	81,678	16.2%	87,060	18.0%
<i>Wholesale & retail trade, salvage and repairs</i>	73,559	13.5%	70,403	13.9%	64,059	13.2%
<i>Sales-related services</i>	57,320	10.5%	51,112	10.1%	50,253	10.4%
<i>Metal products</i>	15,651	2.9%	14,712	2.9%	11,813	2.4%
<i>Other</i>	110,207	20.2%	102,104	20.2%	103,676	21.4%
Private social bodies	905	0.2%	907	0.2%	868	0.2%
Households	88,707	16.3%	81,681	16.2%	74,896	15.5%
Total resident in Italy	542,179	99.4%	500,804	99.1%	478,415	98.7%
Rest of the world	3,526	0.6%	4,398	0.9%	6,090	1.3%
Total	545,705	100.0%	505,202	100.0%	484,505	100.0%

(1) Excluding expected losses.

There was little change in the quality of credit in terms of the bad loans/total loans ratio for households (1.9 per cent), whilst non finance and

family businesses recorded a slight increase in their share from 5 per cent to 5.3 per cent.

BAD LOANS/LOANS RATIO (1) - DISTRIBUTION BY BUSINESS SEGMENT (%)

	30/06/06	31/12/05	30/06/05
Public administration	-	-	-
Financial institutions	2.0%	1.9%	2.8%
Non financial institutions and family enterprises	5.3%	5.0%	5.2%
<i>Building and public works</i>	7.3%	6.7%	6.6%
<i>Wholesale & retail trade, salvage and repairs</i>	4.6%	4.7%	4.6%
<i>Hotel and catering services</i>	3.3%	3.0%	3.1%
<i>Air and sea transport-related services</i>	20.1%	20.2%	24.9%
<i>Sales-related services</i>	2.7%	2.5%	2.7%
<i>Other</i>	4.7%	4.2%	4.3%
Private social bodies	1.1%	1.2%	1.1%
Households	1.9%	1.9%	2.0%
Total resident in Italy	3.7%	3.6%	3.7%
Rest of the world	4.7%	5.6%	5.6%
Total	3.7%	3.6%	3.7%

(1) Excluding value adjustments.

Financial assets at 30/6/05 totalled euros 4,921.8 million, 2.8 per cent lower than December 2005 and 14.1 per cent down on the previous interim figure. These reductions relate principally to held for trading securities, which accounts for 62 per cent of the aggregate total (June 2005: 70 per cent).

The value of debt securities dropped over twelve months by 13.7 per cent to euros 2,958.3 million, whilst the Group's equity securities totalled euros 864.4 million, also down, by 17.9 per

cent in comparison to year-end 2005 and by 0.3 per cent over June 2005.

Available for sale equities include Carige's holding in the Bank of Italy, recorded at fair value of euros 653.4 million (net equity as proxy for fair value on the basis of Bank of Italy statements as at 31/12/05).

Quotas in collective investment schemes totalled euros 1,099.1 million, down 23.3 per cent and 1.5 per cent in comparison to 30/6/05 and 31/12/05, respectively.

SECURITIES PORTFOLIO (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Debt securities	2,958,293	2,871,091	2,894,552	3,429,006	2.2	-13.7
Held for trading	2,168,512	2,181,372	2,181,398	2,703,697	-0.6	-19.8
Available for sale	561,993	471,830	493,068	511,470	14.0	9.9
Held at fair value through profit or loss	225,098	215,029	217,322	211,005	3.6	6.7
Held to maturity	2,690	2,860	2,764	2,834	-2.7	-5.1
Equity securities	864,368	1,098,673	1,052,636	866,698	-17.9	-0.3
Held for trading	85,770	408,876	388,941	256,740	-77.9	-66.6
Available for sale	778,598	689,797	663,695	609,958	17.3	27.6
Held at fair value through profit or loss	-	-	-	-	...	...
Shares in collective investment schemes	1,099,117	1,110,170	1,115,580	1,432,801	-1.5	-23.3
Held for trading	717,980	702,200	700,608	1,031,489	2.5	-30.4
Available for sale	29,507	30,703	29,328	29,914	0.6	-1.4
Held at fair value through profit or loss	351,630	377,267	385,644	371,398	-8.8	-5.3
Total	4,921,778	5,079,934	5,062,768	5,728,505	-2.8	-14.1
of which:						
Held for trading	2,972,262	3,292,448	3,270,947	3,991,926	-9.1	-25.5
Available for sale	1,370,098	1,192,330	1,186,091	1,151,342	15.5	19.0
Held at fair value through profit or loss	576,728	592,296	602,966	582,403	-4.4	-1.0
Held to maturity	2,690	2,860	2,764	2,834	-2.7	-5.1

The Group's **hedging derivatives portfolio** (assets and liabilities) amounted to euros 41.1 million, 60.4 per cent lower than at the end of 2005. Derivatives hedging assets amounted to

euros 13.9 million, whilst the value of those hedging liabilities totalled euros 27.1 million.

The notional value of derivatives contracts dropped by 6.3 per cent in comparison to 31st December 2005 to euros 7,019.2 million.

DERIVATIVE ASSETS PER HEDGE TYPE (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Derivatives held for risk management of assets	296	197	20	21	...	...
Fair value hedge accounting	296	197	20	21	...	...
interest rate	296	197	20	21	...	...
exchange rate					...	...
credit risk					...	...
other risks					...	...
Cash flow hedge accounting	-	-	-	-	...	...
interest rate					...	...
exchange rate					...	...
expected transactions					...	...
Interest-rate hedge					...	...
Derivatives held for risk management of liabilities	14,955	28,424	61,270	88,993	-75.6	-83.2
Fair value hedge accounting	13,170	27,313	60,339	87,796	-78.2	-85.0
interest rate	13,170	27,313	60,339	87,796	-78.2	-85.0
exchange rate					...	...
credit risk					...	...
other risks					...	...
Cash flow hedge accounting	-	-	-	-	...	...
interest rate					...	...
exchange rate					...	...
expected transactions					...	...
Interest-rate hedge	1,785	1,111	931	1,197	91.7	49.1
Total	15,251	28,621	61,290	89,014	-75.1	-82.9

DERIVATIVE LIABILITIES PER HEDGE TYPE (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Derivatives held for risk management of assets	13,628	17,599	25,502	38,140	-46.6	-64.3
Fair value hedge accounting	13,628	17,599	25,502	38,140	-46.6	-64.3
<i>interest rate</i>	13,628	17,599	25,502	38,140	-46.6	-64.3
<i>exchange rate</i>					...	...
<i>credit risk</i>					...	...
<i>other risks</i>					...	...
Cash flow hedge accounting	-	-	-	-	...	...
<i>interest rate</i>					...	...
<i>exchange rate</i>					...	...
<i>expected transactions</i>					...	...
Interest-rate hedge					...	...
Derivatives held for risk management of liabilities	12,182	10,907	16,899	13,475	-27.9	-9.6
Fair value hedge accounting	12,180	10,907	16,899	13,475	-27.9	-9.6
<i>interest rate</i>	12,180	10,907	16,899	13,475	-27.9	-9.6
<i>exchange rate</i>					...	...
<i>credit risk</i>					...	...
<i>other risks</i>					...	...
Cash flow hedge accounting	-	-	-	-	...	...
<i>interest rate</i>					...	...
<i>exchange rate</i>					...	...
<i>expected transactions</i>					...	...
Interest-rate hedge	2				...	...
Total	25,810	28,506	42,401	51,615	-39.1	-50.0

NOTIONAL VALUE OF DERIVATIVE CONTRACTS (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Financial derivatives	6,914,039	7,549,660	7,353,772	6,889,233	-6.0	0.4
<i>futures</i>	-	133	-	14,980	...	-100.0
<i>term contracts</i>	556,713	1,459,341	1,113,531	1,024,544	-50.0	-45.7
<i>forward rate agreements</i>	5,780	10,052	20,000	-	-71.1	...
<i>swaps</i>	4,112,955	3,914,653	4,069,455	4,736,639	1.1	-13.2
<i>options</i>	1,177,509	1,096,976	1,216,715	551,760	-3.2	...
<i>others</i>	1,061,082	1,068,505	934,071	561,310	13.6	89.0
Credit derivatives	105,131	126,467	135,221	162,922	-22.3	-35.5
<i>tror</i>	42,265	43,205	51,744	82,652	-18.3	-48.9
<i>cds</i>	62,866	83,262	83,477	80,270	-24.7	-21.7
<i>others</i>					...	...
TOTAL	7,019,170	7,676,127	7,488,993	7,052,155	-6.3	-0.5

Total writebacks or positive revaluations to trading derivatives contracts totalled euros 42.1 million, writedowns or negative revaluations amounted to euros 46.1 million, and net trading profits reached euros 1.8 million with a subsequent negative net result of euros 2.2 million.

Positive revaluations to hedging derivatives amounted to euros 13.4 million, whilst negative revaluations totalled euros 43 million. Thanks to a positive revaluation of the hedged item of euros 27.7 million, the loss was mitigated to euros 1.9 million.

TRADING DERIVATIVES (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Positive fair value	49,937	46,450	62,590	109,776	-20	-55
Financial derivatives	49,082	46,022	62,097	108,360	-21	-55
<i>futures</i>	-	-	-	-	...	...
<i>term contracts</i>	5,356	6,888	12,291	79,659	-56	-93
<i>forward rate agreements</i>	3	-	-	-	...	...
<i>swaps</i>	7,192	1,076	6,521	11,490	10	-37
<i>options</i>	36,531	38,058	43,285	17,211	-16	...
<i>others</i>	-	-	-	-	...	...
Credit derivatives	855	428	493	1,416	73	-40
<i>tror</i>	255	297	305	1,252	-16	-80
<i>cds</i>	600	131	188	164	...	...
<i>others</i>	-	-	-	-	...	...
Negative fair value	109,455	108,150	130,617	201,189	-16	-46
Financial derivatives	108,757	106,880	129,413	199,755	-16	-46
<i>futures</i>	-	-	-	-	...	...
<i>term contracts</i>	4,971	5,115	12,292	10,054	-60	-51
<i>forward rate agreements</i>	3	-	-	-	...	...
<i>swaps</i>	95,810	91,398	104,200	170,602	-8	-44
<i>options</i>	7,973	10,367	12,921	19,099	-38	-58
<i>others</i>	-	-	-	-	...	...
Credit derivatives	698	1,270	1,204	1,434	-42	-51
<i>tror</i>	-	-	-	-	...	...
<i>cds</i>	698	1,270	1,204	1,434	-42	-51
<i>others</i>	-	-	-	-	...	...
TOTAL	159,392	154,600	193,207	310,965	-18	-49

NET DERIVATIVES TRADING RESULT AT 30TH JUNE 2006

(thousands of euros)

	writedown	writeback	net trading profit	net economic result
1. Trading contracts	42,074	46,050	1,794	- 2,182
1.1 Financial derivatives	40,880	45,829	1,141	- 3,808
1.2 Credit derivatives	1,194	221	653	1,626
	writedown	writeback	Changes in hedging activities	net economic result
2. Hedging contracts	13,356	43,006	27,746	- 1,904
2.1 Asset hedges	12,961	20	- 13,679	- 738
2.2 Liability hedges	395	42,986	41,425	- 1,166
TOTAL	55,430	89,056	29,540	- 4,086

BUSINESS SEGMENT RESULTS

Primary reporting, consistent with the provisions of IAS 14 provides income details by customer-segment type.

The Group's geographical operating areas in Italy are substantially homogeneous. Consequently, disclosure by geographical areas required by IAS 14 has not been provided. The in-

come-generating contribution of the Banca Carige's sole foreign branch (Nice in France) is marginal.

The principal business segments illustrated are private and affluent, corporate and retail, which together account for more than 80 per cent of Group earnings. The insurance segment includes the insurance subsidiaries Carige Vita Nuova and Carige Vita, whilst the segment 'other' includes residual customer segments, the Group's corporate centre, and Finance.

SECTOR OF ACTIVITY	(thousands of euros)					
	Private and Affluent	Corporate	Retail	Insurance	Other	TOTAL
Gross operating income ⁽¹⁾						
Half year 2006	91,684	84,773	154,792	22,114	47,776	401,139
1 st quarter 2006	45,436	42,899	77,615	12,770	31,511	210,230
2005	161,312	160,238	308,866	42,225	114,634	787,276
Net result of financial and insurance activities ⁽²⁾						
Half year 2006	91,649	69,269	138,273	22,642	59,123	380,957
1 st quarter 2006	45,327	36,558	69,579	12,770	37,144	201,377
2005	161,283	125,829	272,458	45,471	136,667	741,709
Operating costs						
Half year 2006	-56,287	-19,357	-107,259	-19,045	-41,649	-243,596
1 st quarter 2006	-29,100	-9,451	-53,376	-7,464	-21,242	-120,635
2005	-112,540	-36,416	-245,333	-32,408	-98,204	-524,901
Operating profit (loss)						
Half year 2006	35,362	49,912	31,014	3,598	17,475	137,361
1 st quarter 2006	16,227	27,106	16,203	5,306	15,901	80,743
2005	48,743	89,414	27,125	13,062	38,463	216,808
Cost income (%)						
Half year 2006	61.4	22.8	69.3	86.1	87.2	60.7
1 st quarter 2006	64.0	22.0	68.8	58.4	67.4	57.4
2005	69.8	22.7	79.4	76.8	85.7	66.7
Net interbank result						
30/06/2006				1,229	-130,949	-129,720
31/03/2006				55,454	-675,731	-620,277
31/12/2005				1,810	-257,884	-256,074
Due from customers						
30/06/2006	568,465	6,438,364	5,585,134	155,423	1,732,427	14,479,814
31/03/2006	532,851	6,323,698	5,261,043	116,032	1,661,448	13,895,072
31/12/2005	508,525	5,949,957	5,393,715	150,322	1,659,144	13,661,663
Due to customers						
30/06/2006	3,696,074	1,109,944	2,897,755	1,209	1,186,711	8,891,693
31/03/2006	3,664,372	1,101,933	2,885,125	1,491	1,056,495	8,709,416
31/12/2005	3,449,888	877,288	2,862,997	1,128	1,466,435	8,657,736
Securities outstanding and financial liabilities recognised at fair value						
30/06/2006	3,629,783	73,083	968,483	581,052	2,234,401	7,486,803
31/03/2006	3,849,294	77,268	1,006,723	593,504	1,489,994	7,016,783
31/12/2005	3,745,552	74,078	982,650	604,171	2,032,335	7,438,786

(1) Includes result of insurance activities

(2) Includes profits on equity holdings and the sale of investments

Balance sheet and income statement results at 30th June 2006 relating to the Group's customer base (private and affluent, corporate and retail) confirm growth recorded in the first quarter. In particular:

- the **Private and Affluent Segment** recorded net interest income of euros 91.7 million, a figure which accounts for

22.9 per cent of the overall result. Growth was sustained both in comparison to year-end 2005 and 1Q 2006. After deducting value adjustments and operating costs, the operating result totalled euros 35.4 million, 25.7 per cent of the Group's total operating profit. Cost/income ratio for the segment was

61.4 per cent, continuing its downward trend from 69.8 per cent at 31/12/05 and 64 per cent at 31/3/06.

On the balance sheet, amounts due to customers totalled euros 3,696 million, with growth substantially constant over the two quarters. Securities outstanding and other fair value liabilities reached euros 3,629.8 million, with growth in the first quarter and a contraction in the second. With regards to the group as a whole, as at 30th June 2006 the segment accounted for 41.6 per cent of amounts due to customers and 48.5 per cent of securities and fair value liabilities. Lending destined to the segment is marginal;

- the **Corporate segment** accounts for 21.1 per cent of the Group's total net interest income - euros 84.8 million; here, too, growth was constant throughout the period. The net result of financial and insurance activities amounted to euros 69.3 million. Operating costs relating to the segment totalled euros 19.4 million, 7.9 per cent of the Group total. Operating profit for the period was euros 49.9 million, a figure which continues to make up a significant part – around 43 per cent - of the aggregate total and which continues to grow in comparison to 2005. Cost/income ratio for the segment was 22.8 per cent, similar to previous year's levels.

Lending rose from euros 5,950 million at 31/12/05 to euros 6,438.4 million, equivalent to 44.5 per cent of the Group's total lending balances.

- the **Retail** segment closed the first half of the year with net interest income of euros 154.8 million, 38.6 per cent of the Group total. The net result of finan-

cial and insurance activities relating to the segment totalled euros 138.3 million (36.3 per cent of the total). The segment's operating costs of euros 107.3 million represent 44 per cent of the total. Operating profit continued to rise over both quarters to euros 31 million, with the segment now generating 22.6 per cent of the Group's operating profit (31/3/06: euros 16.2 million; 31/12/06: euros 27.1 million). The segment's cost/income ratio was slightly down on 2005 at 69.3 per cent.

During the second quarter, there was a rise in lending to customers (euros 5,585.1 million), whilst balances relating to both amounts due to customers, and securities remained substantially at previous year's levels. As a share of Group totals at 30/6/06, segment-related lending accounts for 38.6 per cent, amounts due, 32.6 per cent, and securities and other fair value liabilities, 12.9 per cent.

The Group's **insurance activities** generated net interest income of euros 22.1 million, 5.5 per cent of the total. The net result of financial and insurance activities totalled 22.6 million; after deducting operating costs of 19 million, the operating result reached 3.6 million, a figure which reflects the high cost/income ratio for this segment (86.1 per cent). There were no significant changes in balance sheet figures.

The remaining segment – **Other** – produced net interest income of euros 47.8 million, 11.9 per cent of the Group's total.

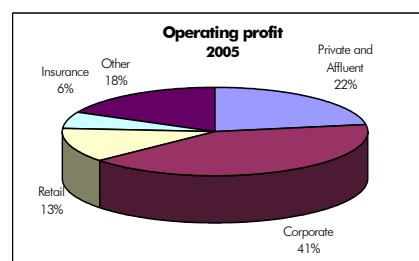
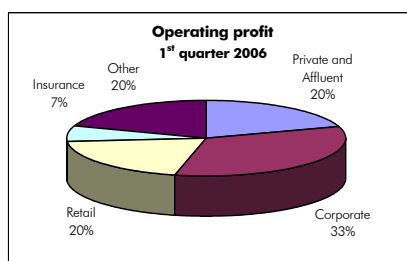
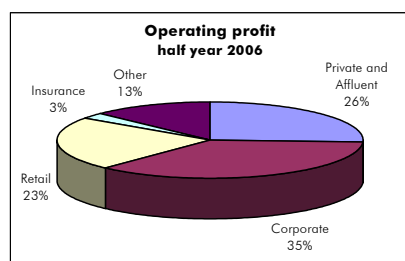
SECTOR OF ACTIVITY

(% of total)

	Private and Affluent	Corporate	Retail	Insurance	Other	TOTAL
Gross operating income ⁽¹⁾						
Half year 2006	22.9	21.1	38.6	5.5	11.9	100.0
1 st quarter 2006	21.6	20.4	36.9	6.1	15.0	100.0
2005	20.5	20.4	39.2	5.4	14.6	100.0
Net result of financial and insurance activities ⁽²⁾						
Half year 2006	24.1	18.2	36.3	5.9	15.5	100.0
1 st quarter 2006	22.5	18.2	34.6	6.3	18.4	100.0
2005	21.7	17.0	36.7	6.1	18.4	100.0
Operating costs						
Half year 2006	23.1	7.9	44.0	7.8	17.1	100.0
1 st quarter 2006	24.1	7.8	44.2	6.2	17.6	100.0
2005	21.4	6.9	46.7	6.2	18.7	100.0
Operating profit (loss)						
Half year 2006	25.7	36.3	22.6	2.6	12.7	100.0
1 st quarter 2006	20.1	33.6	20.1	6.6	19.7	100.0
2005	22.5	41.2	12.5	6.0	17.7	100.0
Net interbank result						
30/06/2006				-	0.9	100.9
31/03/2006				-	8.9	108.9
31/12/2005				-	0.7	100.7
Due from customers						
30/06/2006	3.9	44.5	38.6	1.1	12.0	100.0
31/03/2006	3.8	45.5	37.9	0.8	12.0	100.0
31/12/2005	3.7	43.6	39.5	1.1	12.1	100.0
Due to customers						
30/06/2006	41.6	12.5	32.6	0.0	13.3	100.0
31/03/2006	42.1	12.7	33.1	0.0	12.1	100.0
31/12/2005	39.8	10.1	33.1	0.0	16.9	100.0
Securities outstanding and financial liabilities recognised at fair value						
30/06/2006	48.5	1.0	12.9	7.8	29.8	100.0
31/03/2006	54.9	1.1	14.3	8.5	21.2	100.0
31/12/2005	50.4	1.0	13.2	8.1	27.3	100.0

(1) Includes result of insurance activities

(2) Includes profits on equity holdings and the sale of investments



TRANSACTIONS WITH RELATED PARTIES

Relations between Banca Carige and its subsidiaries and other related parties are conducted as

part of the Bank's normal activities and are regulated according to market conditions. Relations with subsidiaries accounted for under the equity method have been cancelled. As at 30th June 2006 relations with other related parties were as follows:

Transaction type	Balance
Cash credits	22,735
Liabilities	5,733
Guarantees and commitments	6,857
TOTAL	35,325

(thousands of euros)

Related parties are defined as follows:

- a) "A member of the key management personnel of the entity or its parent". Key management includes the Directors, Statutory Auditors, Managing Director or General Manager, Deputy General Managers and Senior executives;
- b) "Close members of a family of an individual referred to in a)". Such family members are those who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include the individual's domestic partner and children or children of the individual's domestic partner,
- c) "An entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in a) or b)".

RISK MANAGEMENT

Although each banking subsidiary of the Banca Carige Group has its own risk management procedures, the Parent Company is responsible for the integrated management of all risk areas (credit, market, interest, liquidity, operational).

In the area of **credit risk**, internal credit rating of the Group's customers continued during the first six months of the year.

In particular, the model used in rating small and medium-sized enterprises (SMEs) was subjected to stability and predictability testing and its output was integrated in the production of probability of default (PD) markings. Results generated by the model referring to the Parent Company were inserted into the automated procedure adopted for the granting of overdrafts. Full integration of the procedure throughout the Group's

banks is expected to be completed in the second half of the year.

With regards to the Group's other business segments, the credit rating of large corporate clients was carried out on the basis of data from the Italian credit risk data bank (SICR), whilst with regards to retail customers (small businesses and private) the internal rating model in place was subjected to first-time testing for reliability and predictability. Here, too, the Parent Company's credit-granting procedure was integrated by the retail segment's PD profile, with the inclusion of the banking subsidiaries retail segment forecasted before the end of the year.

In parallel to the Group's PD analyses, the adoption of loss given default (LGD) ratings by customer segment and product type continued during the first six months of the year as did preliminary analyses necessary for the implementation of Credit Risk Mitigation (CRM) techniques. Work continued on the Group's credit risk project, which foresees the creation of a datawarehouse to be used to provide the output necessary to generate ratings and improve the Group's CRM system. This data warehouse will represent the centralised information source used in calculating capital absorption and related regulatory capital ratio. In this area, during the first half of the year the necessary groundwork started for the implementation of those rules to be followed in calculating risk weighted assets required by regulators.

The next phase of the project to be carried out during the second half of 2006 consists in the consolidation of the models, the establishment of fully running monthly data extraction procedures for calculation engines, and the implementation of the portfolio model for the calculation of assets at risk in the event of an unexpected loan loss.

During the first six months of the year, credit policy continued to be consistent with Carige's retail vocation. Particular attention was placed on families, craftsmen and women, shopkeepers, and small and medium-sized businesses. Ties with our corporate clients were strengthened

thanks to the network of corporate advisors assigned to medium-sized businesses. Another significant example of innovation in Carige's lending policy was in the area of corporate finance; in this area Banca Carige intends to be a reference point for businesses in the supply of innovative services. With regards to the geographical distribution of the Group's lending activities, whilst maintaining its traditional support for the Ligurian economy, Carige extended its lending activities into new areas with the aim of exploiting the business opportunities on offer.

The Carige Group's solvency ratios are all in line with levels foreseen by Bank of Italy indicators currently in force. Total capital at 30th June 2006 amounted to euros 1,323.7 million after applying the prudential filters set by the Basel Accord and applied in the manner indicated by

the Bank of Italy in its letter dated 1/12/2005. The tables below illustrate the composition of regulatory capital in accordance with current legislation. In addition, with regards to the scrip issue decided by the Extraordinary Shareholders' Meeting of 25th January 2006, pro forma IAS-compliant figures as at 30/6/06, 31/3/06 and 31/12/05 have been prepared in which the part corresponding to the positive variation deriving from the valuation of tangible assets of euros 164.9 million is included in the computation of Tier 1 capital. Figures as at 30/6/05 were prepared under Italian GAAP (Legislative decree 87/92). Consequently, pro forma IAS-compliant figures illustrate the impact of First Time Adoption.

BREAKDOWN OF CONSOLIDATED REGULATORY CAPITAL (thousands of euros)

	30/06/2006 (3)	30/06/2006 (4)	31/3/06	31/3/06	31/12/05	31/12/05	30/6/05	30/6/05
	IAS	IAS pro forma (1)	IAS	IAS pro forma (1)	IAS	IAS pro forma (1)	Lgs.D. 87/92	IAS pro forma (5)
Tier 1 Capital: positive elements eligible for inclusion (a)	1,597,364	1,762,203	1,499,303	1,664,142	1,490,540	1,655,379	1,603,651	1,653,517
Share capital	1,143,635	1,308,474	1,131,575	1,296,414	1,122,812	1,287,651	1,113,327	1,295,751
Reserves	149,947	149,947	100,785	100,785	100,785	100,785	227,385	94,827
Additional paid-in capital	303,782	303,782	266,943	266,943	266,943	266,943	262,839	262,839
General banking risks fund	-	-	-	-	-	-	100	100
Tier 1 capital: negative elements (b)	658,497	658,497	652,510	652,510	652,510	652,510	657,081	683,237
Goodwill	644,190	644,190	637,712	637,712	637,712	637,712	624,755	651,105
Other negative elements	14,307	14,307	14,798	14,798	14,798	14,798	32,326	32,132
Prudential Filters (c)	10,022	10,022	-11,415	-11,415	-11,415	-11,415	0	17,721
Total Tier 1 capital (c=a+b)	948,889	1,113,728	835,378	1,000,217	826,615	991,454	946,570	988,001
Supplementary capital (d)	741,262	576,423	732,040	567,201	732,040	567,201	520,693	529,070
Reductions (e)	366,414 (2)	366,414	364,964 (2)	364,964 (2)	364,964 (2)	364,964 (2)	237,947	237,947
Regulatory capital (c+d-e)	1,323,737 (2)	1,323,737	1,202,454 (2)	1,202,454 (2)	1,193,691 (2)	1,193,691 (2)	1,229,316	1,279,124

(1) Taking into account the benefits deriving from utilisation of provisions foreseen by article 7, paragraph 6, Law 38/2005.

(2) The provisions contained in Directive 2002/87/EC regarding the deduction from regulatory capital of equity holdings in insurance companies, as communicated by the Bank of Italy in its letter no. 1161199 of 1/12/2005 came into effect from 31/12/05, with the subsequent reduction from regulatory capital of the holding in the insurance subsidiary Carige Vita Nuova of € 131.3 million. The holding in Carige Assicurazioni and the company's subordinated loan issue had already been deducted from Parent Company and Group regulatory capital following a Bank of Italy inspection (Bank of Italy letter no. 1799 of 24/2/2003). In addition, following Bank of Italy letter no. 1161199 referred to above, Banca Carige's holding in the Bank of Italy was deducted from regulatory capital in accordance with the latter's indications.

(3) Supplementary capital includes a lower Tier 2 subordinated issue (the advanced reimbursement of which is expected in September 2006). Furthermore, the computation of regulatory capital has yet to take into account the paid-up share capital increase performed in July 2006. In the light of both elements, as at 30/6/06 estimated values for Tier 1 and regulatory capital are, respectively, € 1,164.1 million and € 1,576.8 million.

(4) Supplementary capital includes a lower Tier 2 subordinated issue (the advanced reimbursement of which is expected in September 2006). Furthermore, the computation of regulatory capital has yet to take into account the paid-up share capital increase performed in July 2006. In the light of both elements, as at 30/6/06 estimated values for Tier 1 and regulatory capital are, respectively, € 1,328.9 million and € 1,576.8 million.

(5) Estimated values calculated in accordance with IAS-IFRS and not in force as at 30/6/05.

CONSOLIDATED REGULATORY CAPITAL AND SOLVENCY RATIOS (thousands of euros)

	30/06/2006 (4)	30/06/2006 (5)	31/3/06	31/3/06	31/12/05	31/12/05	30/6/05	30/6/05
	IAS	IAS pro forma (1)	IAS	IAS pro forma (1)	IAS	IAS pro forma (1)	Lgs.D. 87/92	IAS pro forma (6)
Regulatory Capital								
Tier 1 capital	948,889	1,113,728	835,378	1,000,217	826,615	991,454	946,570	988,001
Tier 2 capital	741,262	576,423	732,040	567,201	732,040	567,201	520,693	529,070
Deductions	366,414	366,414	364,964	364,964	364,964	364,964	237,947	237,947
Total capital	1,323,737	1,323,737	1,202,454	1,202,454	1,193,691	1,193,691	1,229,316	1,279,124
Weighted Assets								
Credit risks	13,837,500	13,837,500	13,290,313	13,290,313	13,228,700	13,228,700	11,564,550	12,005,210
Market risks	1,520,732	1,520,732	1,432,250	1,432,250	1,486,850	1,486,850	1,291,813	1,560,800
Other prudential requirements	557,751	557,751	528,038	528,038	579,725	579,725	612,163	303,590
Total weighted assets	15,915,983	15,915,983	15,250,601	15,250,601	15,295,275	15,295,275	13,468,526	13,869,600
Subordinated loans covering market risks (Tier 3)	79,961	79,961	79,961	79,961	79,961	79,961	79,961	79,961
Solvency ratios (%)								
Tier 1/weighted assets for credit risk	6.86%	8.05%	6.29%	7.53%	6.25%	7.49%	8.19%	8.23%
Total capital/weighted assets for credit risk (2)	9.57%	9.57%	9.05%	9.05%	9.02%	9.02%	10.63%	10.65%
Tier 1 capital/ Total weighted assets (3)	5.96%	7.00%	5.48%	6.56%	5.40%	6.48%	7.03%	7.12%
Total capital/total weighted assets (2) (3)	8.82%	8.82%	8.41%	8.41%	8.33%	8.33%	9.72%	9.80%

Prior to the Official Communication to the Bank of Italy to be made on 25/10/06 ("Base Informativa Y"), data relating to capital adequacy requirements as at 30/6/06 were calculated on the basis of accounting and management estimates.

(1) Taking into account the benefits deriving from utilisation of provisions foreseen by article 7, paragraph 6, Law 38/2005.

(2) The provisions contained in Directive 2002/87/EC regarding the deduction from regulatory capital of equity holdings in insurance companies, as communicated by the Bank of Italy in its letter no. 1161199 of 1/12/2005 came into effect from 31/12/05, with the subsequent reduction from regulatory capital of the holding in the insurance subsidiary Carige Vita Nuova of € 131.3 million. The holding in Carige Assicurazioni and the company's subordinated loan issue had already been deducted from Parent Company and Group regulatory capital following a Bank of Italy inspection (Bank of Italy letter no. 1799 of 24/2/2003). In addition, following Bank of Italy letter no. 1161199 referred to above, Banca Carige's holding in the Bank of Italy was deducted from regulatory capital in accordance with the latter's indications.

(3) Total weighted assets include credit and market risks.

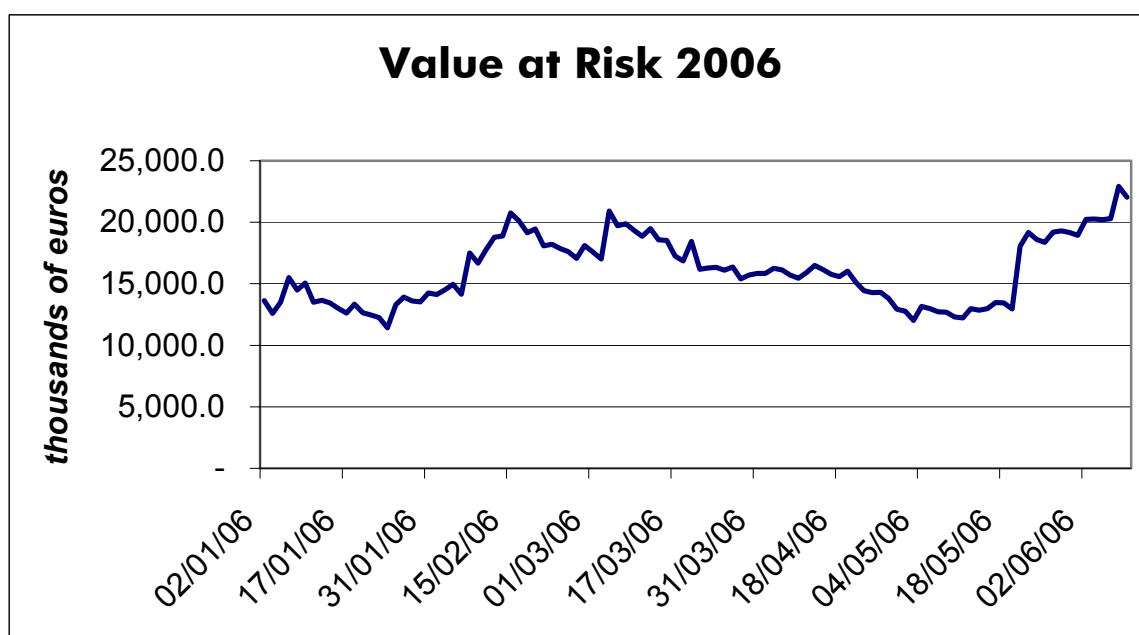
(4) Supplementary capital includes a lower Tier 2 subordinated issue (the advanced reimbursement of which is expected in September 2006). Furthermore, the computation of regulatory capital has yet to take into account the paid-up share capital increase performed in July 2006. In the light of both elements, as at 30/6/06 estimated values for Tier 1 and regulatory capital are, respectively, € 1,164.1 million and € 1,576.8 million. Tier 1 capital ratio is 7.31 per cent and Total Capital Ratio is 10.41 per cent.

(5) Supplementary capital includes a lower Tier 2 subordinated issue (the advanced reimbursement of which is expected in September 2006). Furthermore, the computation of regulatory capital has yet to take into account the paid-up share capital increase performed in July 2006. In the light of both elements, as at 30/6/06 estimated values for Tier 1 and regulatory capital are, respectively, € 1,328.9 million and € 1,576.8 million. Tier 1 capital ratio is 8.35 per cent and Total Capital Ratio is 10.41 per cent.

(6) Estimated values calculated in accordance with IAS-IFRS and not in force as at 30/6/05.

Market risk is measured in terms of VAR (Value at Risk). During the first six months of 2005, overall average VAR referring to the en-

tirety of the Group's securities and derivatives portfolio was calculated at euros 16.1 million.



Interest-rate risk is analysed on a monthly basis utilising, *gap analysis* evaluates, *duration analysis*, *sensitivity analysis*, and *maximum probable loss analysis*.

Gap analysis is carried out using the three methodologies of incremental gap, beta gap and shifted beta gap.

Data at 30th June 2006 reveal, on the basis of a twelve-month time band, shifted gap analysis, a loss in net interest income of euros 49.8 million generated by a 1 per cent fall in interest rates,

and a gain of euros 47.6 million with a 1 per cent rise in rates. Average data for the half year period show a loss of euros 45.4 million accompanying a 1 per cent drop in rates and a gain of euros 45.8 million stemming from a 1 per cent rise. The overall average impact of a one percent fall in interest rates (euros -45.4 million) represents around 8.5 per cent of interim net interest income (euros 535 million).

Details are provided in the table below:

	Shock: -1%				Shock: +1%			
	Balance-sheet		Off-balance sheet	Total	Balance-sheet		Off-balance sheet	Total
	Sight	Term			Sight	Term		
Gap Incrementale	45.7	-43.0	4.6	7.3	-54.2	43.8	-4.4	-17.2
Shifted β Gap	-9.3	-43.0	4.6	-45.4	6.4	43.8	-4.4	45.8

β : indicator of elasticity with regards to estimated variations in interest rates on sight positions

Liquidity risk is evaluated by analysing overall the total of interest-rate sensitive assets and liabilities (excluding sight positions) and by a focused analysis of the medium/long-term component. With regards to this medium/long-term component, the gap between medium/long-term lending and borrowing is analysed in terms of total stock and the flows of maturing positions. With regards to **operational risk**, ahead of the introduction of specific Basel Committee re-

quirements expected for release in 2007, the Banca Carige Group participates in the Italian Operational Losses database (DIPO) set up by ABI - the Italian Banking Association in order to valuate more effectively the relation between earnings and risk for each of the business lines identified by the Basel Committee.

On the question of business continuity (Bank of Italy circular no 691273 of 19/7/04), Group-wide series of measures have been defined in

order to limit the economic risks and effects stemming from an interruption in the Group's business activities. Initial implementation of contingency and disaster recovery actions is already underway.

RESOURCE MANAGEMENT

The distribution of the Banca Carige Group's products and services is based on an integrated three-legged multi-channel distribution system: traditional, remote, mobile. The **traditional distribution** channel is made up by our branch network and a network of private and corporate banking advisers.

There were three additions to the Banca Carige Group branch network during the first half of the year, bringing the total at 30th June 2006 to 500. The new branches were in Tuscany (BML), Piedmont (Carige) and Liguria (C.R. Savona).

The Group has 247 branches in Liguria (49.4 per cent of the total), followed by Tuscany (55 branches) and Lombardy (40 branches).

The Group also has a network of 388 insurance offices distributed throughout the country.

Tailored financial consultancy services for private affluent clients are organised around a network of 106 advisers distributed in 43 districts: Banca Carige accounts for 38 districts, C.R. Savona 3, Banca del Monte di Lucca 1, and from 3/4/06, C.R. Carrara 1

This service is flanked by a Corporate Consultancy Service for medium and large businesses.

In 2005, a dedicated financial service for affluent clients in Liguria was launched; a total of 121 advisers offer tailored financial solutions at branches in the region. The service will be extended to distribution network outside Liguria.

Financial consultancy for the small business segment outside Liguria is to be launched during 2006 with a network of 200 consultants working from the same number of branches located in Liguria.

With regards to **remote channels**, the number of fully-automated branches of the "Bancacontinua" network remained at 14, whilst the number of ATM-Bancomat cash points increased to 606. The Group's on line services include the Internet and call centre, with more than 100,000 subscribers at 30/6/06, almost 17,000 up on the number recorded at the end of the previous year.

The Carige Group's **mobile channels** are made up principally by the Group's insurance agents. Thanks to rulings made by both the Bank of Italy and the Italian insurance industry regulator ISVAP, which allow for the distribution on one hand of banking products by financial advisers ("promotori finanziari") and on the other for standardised banking products (current accounts, bonds, certificates of deposit, mortgages, special rate loans) by insurance agents, Banca Carige and Banca del Monte di Lucca stipulated with the Group's two insurance companies – Carige Assicurazioni and Carige Vita Nuova – agreements for the distribution of Carige banking products at the offices of the insurance companies.

BRANCH NETWORK

A) TRADITIONAL CHANNELS

	30/6/06		31/3/06		31/12/05		30/6/05	
	number	%	number	%	number	%	number	%
NORTHWEST	323	64.6	321	64.6	321	64.6	320	64.6
Liguria	247	49.4	246	49.5	246	49.5	245	49.5
- Genoa	136	27.2	136	27.4	136	27.4	136	27.5
- Savona	62	12.4	61	12.3	61	12.3	60	12.1
- Imperia	28	5.6	28	5.6	28	5.6	28	5.7
- La Spezia	21	4.2	21	4.2	21	4.2	21	4.2
Lombardy	40	8.0	40	8.0	40	8.0	40	8.1
Piedmont	36	7.2	35	7.0	35	7.0	35	7.1
NORTHEAST	31	6.2	31	6.2	31	6.2	31	6.3
Emilia Romagna	19	3.8	19	3.8	19	3.8	19	3.8
Veneto	12	2.4	12	2.4	12	2.4	12	2.4
CENTRE	92	18.4	91	18.3	91	18.3	89	18.0
Tuscany	55	11.0	54	10.9	54	10.9	53	10.7
Lazio	33	6.6	33	6.6	33	6.6	33	6.7
Marches	3	0.6	3	0.6	3	0.6	2	0.4
Umbria	1	0.2	1	0.2	1	0.2	1	0.2
SOUTH AND ISLANDS	53	10.6	53	10.7	53	10.7	54	10.9
Sicily	37	7.4	37	7.4	37	7.4	38	7.7
Apulia	9	1.8	9	1.8	9	1.8	9	1.8
Sardinia	7	1.4	7	1.4	7	1.4	7	1.4
ABROAD: Nice (France)	1	0.2	1	0.2	1	0.2	1	0.2
TOTAL NUMBER OF BRANCHES	500	100.0	497	100.0	497	100.0	495	100.0

	30/6/06	31/3/06	31/12/05	30/6/05
Advisors:				
- Private banking	106	103	103	113
- Corporate	103	101	101	84
- Affluent	121	121	121	-
- Small business	200	200	200	-

B) REMOTE CHANNELS

	30/6/06	31/3/06	31/12/05	30/6/05
ATM - Bancomat	606	603	603	599
Self-service "Bancacontinua" branches	14	14	14	14
On line services (1)	100,307	88,546	83,530	78,676

(1) Number of internet banking and call centre contracts

C) MOBILE CHANNELS

	30/6/06	31/3/06	31/12/05	30/6/05
Insurance agents (2)	265	269	284	273

(2) Number of Internet banking and call centre contracts.

Staff levels of the Banca Carige Group dropped slightly in comparison to 31st December 2005 from 5,101 to 5,086 (at 30th June 2005: 5,150). Banking staff totalled 4,729 in comparison to 4,736 at 31/12/05 and 4,779 at 30/6/05. In detail, senior executives account

for 1.2 per cent of the total, managers 21.6 per cent, clerical and ancillary employees the remaining 77.2 per cent. At June 2006, 70.6 per cent of the Group's personnel was involved directly in market activities.

PERSONNEL

	30/6/06		31/3/06		31/12/05		30/6/05	
	N.	%	N.	%	N.	%	N.	%
<i>Banking personnel</i>								
Grade								
Executives	58	1.2	60	1.3	63	1.3	63	1.3
Managers	1,021	21.6	1,028	21.8	1,040	22.0	1,026	21.5
Others	3,650	77.2	3,632	76.9	3,633	76.7	3,690	77.2
TOTAL	4,729	100.0	4,720	100.0	4,736	100.0	4,779	100.0
Activities								
Head office	1,391	29.4	1,400	29.7	1,393	29.4	1,341	28.1
Market	3,338	70.6	3,320	70.3	3,343	70.6	3,438	71.9
<i>Insurance personnel</i>	357		362		365		371	
TOTAL (banking and insurance)	5,086		5,082		5,101		5,150	

INSURANCE BUSINESS

Premiums-Reserves-Economic Result (thousands of euros)

Main highlights

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Net premiums	366,352	152,237	651,853	263,179		39.2
Non life insurance	237,984	110,433	451,409	218,241		9.0
recognised gross premiums (+)	280,654	119,039	530,753	264,294		6.2
premiums ceded to reinsurers (-)	16,881	13,789	55,157	25,200		- 33.0
variations (+/-) to premium reserve gross balances	-21,826	5,383	-23,387	-23,507		- 7.2
variations (-/+) to premium reserves receivable from reinsurers	-3,963	-200	-800	2,654		...
Life assurance	128,368	41,804	200,444	44,938		...
recognised gross premiums (+)	135,661	44,973	211,333	49,656		...
premiums ceded to reinsurers (-)	7,293	3,169	10,889	4,718		54.6
Technical reserves	1,640,699	1,541,940	1,494,945	1,338,130	9.7	22.6
Non life insurance	737,439	694,008	696,991	677,072	5.8	8.9
premium reserves	233,178	205,968	211,352	211,475	10.3	10.3
accident reserves	503,535	487,314	484,913	465,056	3.8	8.3
other reserves	726	726	726	541	-	34.2
Life assurance	903,260	847,932	797,954	661,058	13.2	36.6
mathematical reserves	884,929	833,963	781,949	645,844	13.2	37.0
reserves for amounts payable	3,079	2,658	5,512	3,057	- 44.1	0.7
other reserves	15,252	11,311	10,493	12,157	45.4	25.5
Technical reserves reassured with third parties	171,435	175,441	176,905	188,447	- 3.1	- 9.0
Non life insurance	61,514	64,274	63,699	70,113	- 3.4	- 12.3
premium reserves	8,907	10,318	11,183	18,459	- 20.4	- 51.7
accident reserves	52,607	53,956	52,516	51,654	0.2	1.8
other reserves	0	0	0	0	...	...
Life assurance	109,921	111,167	113,206	118,334	- 2.9	- 7.1
mathematical reserves	109,182	110,213	111,088	116,851	- 1.7	- 6.6
reserves for amounts payable	1,120	954	2,118	1,483	- 47.1	- 24.5
other reserves	-381	0	0	0	...	...
Economic result	6,555	2,910	8,707	7,004		- 6.4
Premiums excluding reinsurance	366,352	152,237	651,853	263,179		39.2
Net variations to technical reserves	-108,342	-43,589	-158,376	-28,757		...
Claims incurred and settled 1/1/2006-30/6/2006	-176,901	-88,832	-403,539	-168,640		4.9
Balance of other insurance income and expenses	-74,554	-16,906	-81,231	-58,778		26.8

Net premiums rose over 30th June 2005 by 39.2 per cent to euros 366.4 million. In detail, net non life premiums increased by 9 per cent from euros 218.2 million to euros 238 million; life premiums, amounted to euros 128.4 million (June 2005: euros 44.9 million).

Technical reserves increased by 22.6 per cent in comparison to June 2005 and by 9.7 per cent in comparison to December 2005 to euros 1,640.7 million. Balances of reserves reassured with third parties fell from euros 188.4 million at June 2005 and euros 176.9 million at December 2005 to euros 171.4 million. Decreases were recorded both in life reserves (down from euros 118.3 million at 30/6/05 to euros 109.9 million) and non life reserves (down from euros 701. million at 30/6/05 to euros 61.5 million). The economic result of the Group's insurance business at 30th June 2006 was euros 6.6 million (-6.4 per cent). In detail, net premiums rose to euros 366.4 million (+39.2 per cent), claims incurred and settled in the period totalled euros 176.9 million (+4.9 per cent), net variations to

technical reserves amounted to euros 108.3 million (30/6/05: euros 28.8 million) and net charges relating to the Group's insurance business reached euros 74.6 million (+26.8 per cent).

EQUITY HOLDINGS

The value of the Group's equity holdings amounted to euros 67 million, euros 2.9 million down over year-end 2005 following a reduction in the net equity of the company Autostrada dei Fiori after a dividend payout.

STATEMENT OF CHANGES IN BANCA CARIGE KEY PERFORMANCE INDICATORS

A. Banca Carige SpA (Parent Company)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
BALANCE SHEET (1)						
Total assets	18,994,184	18,580,752	18,025,874	18,416,912	5.4	3.1
Funding	14,896,446	14,670,848	14,181,081	14,247,761	5.0	4.6
- Customer Deposits (a)	13,296,909	12,715,125	13,001,506	12,403,570	2.3	7.2
* Amounts owed to customers	7,913,740	7,836,206	7,841,871	7,587,656	0.9	4.3
* Debt securities in issue	4,878,928	4,374,730	4,675,408	4,815,914	4.4	1.3
* Bonds designated at fair value	504,241	504,189	484,227	-	4.1	...
- Deposits from banks	1,599,537	1,955,723	1,179,575	1,844,191	35.6	- 13.3
Other Financial Intermediation Activities (OFIA) (b)	15,525,441	15,391,579	14,904,776	14,287,480	4.2	8.7
- Assets under management	8,166,044	8,171,408	8,093,515	7,459,241	0.9	9.5
- Assets in custody	7,359,397	7,220,171	6,811,261	6,828,239	8.0	7.8
Total Financial Intermediation Activities (TFIA) (a+b)	28,822,350	28,106,704	27,906,282	26,691,050	3.3	8.0
Lending (2)	16,287,446	15,867,096	15,224,738	15,404,899	7.0	5.7
- Loans to customers (2)	12,260,911	11,787,977	11,554,376	10,669,898	6.1	14.9
- Loans to banks (2)	1,517,122	1,382,276	955,909	1,292,902	58.7	17.3
- Financial assets (2)	2,509,413	2,696,843	2,714,453	3,442,099	- 7.6	- 27.1
Capital and reserves	2,366,203	2,345,076	2,184,222	2,202,021	8.3	7.5
INCOME STATEMENT (1)						
Gross operating income	329,946	157,992	632,154	334,162	- 1.3	
Net result from financial management	307,729	148,974	587,818	314,433	- 2.1	
Operating income from ordinary activities before taxation	134,279	60,884	193,973	137,491	- 2.3	
Net income	96,486	33,263	136,899	103,503	- 6.8	
RESOURCES (3)						
Number of branches	394	393	393	393	0.3	0.3
Number of employees	3,713	3,696	3,695	3,720	0.5	- 0.2
FINANCIAL RATIOS						
Operating costs						
/Gross operating income (4)	51.49%	54.98%	61.37%	52.60%		
Operating income from ordinary activities before taxation	5.67%	2.60%	8.88%	6.24%		
/ Capital and reserves						
ROE	4.08%	1.42%	6.27%	4.70%		
ROAE (5)	4.24%	1.47%	6.26%	4.71%		
SOLVENCY RATIOS (6)						
Risk-Weighted Assets (1)	13,772,997	13,206,165	13,146,279	11,957,200	4.8	15.2
Tier1 % of RWA	11.23%	9.37%	9.25%	10.09%		
Regulatory capital % of RWA	13.17%	10.85%	10.90%	13.03%		

(1) Thousands of euros.

(2) Before value adjustments.

(3) Figures as at period end.

(4) Indicator calculated net of provisions for risks and charges.

(5) Net income on average shareholders' equity (Return On Average Equity).

(6) Solvency ratios were calculated on the basis of regulatory requirements in force at the time of preparation and take into account for the calculation of regulatory capital as at 30/6/06 the capital increase via a scrip issue of € 164.8 million approved by the Extraordinary Shareholders' Meeting of 25th January 2006. Figures for the period ending 30/6/06 are partially estimates and include the paid up share capital increase performed in July 2006.

A.1 Balance sheet as at 30th June 2006

ASSETS (thousands of Euros)

	30/06/06	31/03/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
10 · CASH AND HIGHLY LIQUID DEPOSITS	131,047	119,368	156,987	131,873	(16.5)	(0.6)
20 · FINANCIAL ASSETS HELD FOR TRADING	1,709,842	1,983,343	2,029,427	2,854,662	(15.7)	(40.1)
40 · AVAILABLE FOR SALE FINANCIAL ASSETS	879,201	793,522	776,419	727,642	13.2	20.8
60 · LOANS TO BANKS	1,516,792	1,382,031	955,396	1,287,756	58.8	17.8
70 · LOANS TO CUSTOMERS	11,968,572	11,494,873	11,272,526	10,399,618	6.2	15.1
80 · HEDGING DERIVATIVES	14,514	26,034	54,985	79,203	(73.6)	(81.7)
100 · EQUITY INVESTMENTS	905,983	900,786	895,795	893,095	1.1	1.4
110 · TANGIBLE ASSETS	633,338	626,389	629,397	598,637	0.6	5.8
120 · INTANGIBLE ASSETS	460,693	460,402	461,101	459,899	(0.1)	0.2
including:						
- goodwill	446,642	446,642	446,642	446,642	-	-
130 · TAX ASSETS	220,892	247,279	259,312	245,882	(14.8)	(10.2)
a) currents	98,587	105,079	115,266	97,312	(14.5)	1.3
b) anticipated	122,305	142,200	144,046	148,570	(15.1)	(17.7)
150 · OTHER ASSETS	553,310	546,725	534,529	738,645	3.5	(25.1)
TOTAL ASSETS	18,994,184	18,580,752	18,025,874	18,416,912	5.4	3.1

LIABILITIES AND SHAREHOLDERS' EQUITY (thousands of Euros)

	30/06/06	31/03/06	31/12/05	30/6/05	6/06	6/06
					12/05	6/05
10 · AMOUNTS OWED TO BANKS	1,599,537	1,955,723	1,179,575	1,844,191	35.6	(13.3)
20 · AMOUNTS OWED TO CUSTOMERS	7,913,740	7,836,206	7,841,871	7,587,656	0.9	4.3
30 · DEBT SECURITIES IN ISSUE	4,878,928	4,374,730	4,675,408	4,815,914	4.4	1.3
40 · FINANCIAL LIABILITIES HELD FOR TRADING	134,920	135,500	151,120	222,469	(10.7)	(39.4)
50 · FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	504,241	504,189	484,227		4.1	...
60 · HEDGING DERIVATIVES	22,791	26,166	39,697	47,803	(42.6)	(52.3)
80 · TAX LIABILITIES	275,935	287,827	260,473	218,935	5.9	26.0
(a) currents	92,723	94,092	66,446	44,939	39.5	...
(b) differed	183,212	193,735	194,027	173,996	(5.6)	5.3
100 · OTHER LIABILITIES	788,873	643,692	638,284	977,081	23.6	(19.3)
110 · RESERVE FOR EMPLOYEES' TERMINATION INDEMNITIES	88,927	88,227	88,614	88,271	0.4	0.7
120 · RESERVES FOR RISKS AND CHARGES:	323,603	350,153	345,484	309,068	(6.3)	4.7
a) post-retirement benefit obligations	296,420	296,664	296,791	296,007	(0.1)	0.1
b) other reserves	27,183	53,489	48,693	13,061	(44.2)	...
130 · VALUATION RESERVES	782,208	701,941	698,526	718,053	12.0	8.9
150 · CAPITAL INSTRUMENTS	3,241	7,586	11,517	11,507	(71.9)	(71.8)
160 · RESERVES	146,544	234,540	97,641	97,641	50.1	50.1
170 · ADDITIONAL PAID-IN CAPITAL	300,050	278,919	263,211	262,929	14.0	14.1
180 · CAPITAL	1,134,160	1,122,090	1,113,327	1,113,327	1.9	1.9
190 · OWN SHARES (-)	-	-	-	(1,436)	...	(100.0)
200 · INCOME (LOSS) FOR THE PERIOD (+/-)	96,486	33,263	136,899	103,503	(29.5)	(6.8)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	18,994,184	18,580,752	18,025,874	18,416,912	5.4	3.1

INCOME STATEMENT (thousands of Euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change % 6/06 6/05
10 - INTEREST INCOME AND SIMILAR REVENUES	343,602	163,862	735,641	348,043	(1.3)
20 - INTEREST EXPENSES AND SIMILAR CHARGES	(146,766)	(69,707)	(382,037)	(172,667)	(15.0)
30 - NET INTEREST INCOME	196,836	94,155	353,604	175,376	12.2
40 - FEE AND COMMISSION INCOME	109,888	54,109	232,510	96,231	14.2
50 - FEE AND COMMISSION EXPENSES	(13,933)	(6,566)	(43,691)	(8,978)	55.2
60 - NET COMMISSIONS	95,955	47,543	188,819	87,253	10.0
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	35,604	113	49,025	46,623	(23.6)
80 - RESULT OF FINANCIAL TRADING ACTIVITIES	2,080	16,513	45,337	24,932	(91.7)
90 - INCOME (LOSS) FROM HEDGING ACTIVITIES	(1,639)	(1,763)	(1,376)	877	...
100 - INCOME (LOSS) ON DISPOSAL OF:	(385)	952	(2,978)	(899)	(57.2)
a) loans	390	302	2,075	1,599	(75.6)
b) available for sale financial assets	175	190	(7)	(7)	...
d) financial liabilities	(950)	460	(5,046)	(2,491)	(61.9)
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	1,495	479	(277)	-	...
120 - GROSS OPERATING INCOME	329,946	157,992	632,154	334,162	(1.3)
130 - NET VALUE ADJUSTMENT ON:	(22,217)	(9,018)	(44,336)	(19,729)	12.6
a) loans	(23,254)	(9,643)	(42,969)	(17,207)	35.1
d) other financial assets	1,037	625	(1,367)	(2,522)	...
140 - NET RESULT FROM FINANCIAL MANAGEMENT	307,729	148,974	587,818	314,433	(2.1)
150 - ADMINISTRATIVE COSTS:	(188,029)	(95,308)	(413,736)	(187,591)	0.2
a) personnel	(115,698)	(59,775)	(257,952)	(119,167)	(2.9)
b) other administrative costs	(72,331)	(35,533)	(155,784)	(68,424)	5.7
160 - NET PROVISIONS FOR RISKS AND CHARGES	(3,557)	(1,237)	(5,677)	(1,190)	...
170 - AMORTIZATION AND DEPRECIATION OF TANGIBLE FIXED ASSETS	(4,814)	(2,374)	(10,260)	(4,884)	(1.4)
180 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE FIXED ASSETS	(2,834)	(1,311)	(7,270)	(3,394)	(16.5)
190 - OTHER OPERATING EXPENSES AND REVENUES	25,778	12,129	43,305	20,094	28.3
200 - OPERATING COSTS	(173,456)	(88,101)	(393,638)	(176,965)	(2.0)
210 - INCOME (LOSS) FROM EQUITY INVESTMENTS	-	-	(180)	-	...
240 - INCOME (LOSS) FROM DISPOSAL OF INVESTMENTS	6	11	(27)	23	(73.9)
250 - OPERATING INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	134,279	60,884	193,973	137,491	(2.3)
260 - TAX EXPENSE (INCOME) RELATED TO PROFIT OR LOSS FROM ORDINARY ACTIVITIES	(37,793)	(27,621)	(57,074)	(33,988)	11.2
270 - INCOME (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	96,486	33,263	136,899	103,503	(6.8)
290 - NET INCOME (LOSS) FOR THE PERIOD	96,486	33,263	136,899	103,503	(6.8)

CASH FLOW STATEMENT
Direct method

A. OPERATIONS	30/06/06	31/03/06	31/12/05	30/06/05
1. Management activities	198,413	106,653	291,033	110,509
- interest income received (+)	323,435	162,005	737,423	362,470
- interest charges paid (-)	(138,483)	(80,271)	(330,412)	(120,724)
- dividends and similar revenues (+)	35,604	113	10,288	11,495
- net fee and commissions (+/-)	95,955	47,543	188,819	87,253
- personnel charges (-)	(101,047)	(51,124)	(233,512)	(101,000)
- other costs (-)	(126,285)	(63,404)	(312,016)	(180,100)
- other revenues (+)	89,526	75,602	222,384	49,218
- duties and taxes (-)	19,708	16,189	8,059	1,897
2. Liquid assets generated/absorbed by financial assets	(985,776)	(653,305)	(658,771)	(1,053,531)
- financial assets held for trading	319,874	11,755	369,264	(501,647)
- available for sale financial assets	(27,394)	(23,577)	(73,774)	(11,066)
- loans to customers	(701,022)	(206,115)	(1,470,107)	(545,660)
- due from banks: repayable on demand	(296,521)	(42,351)	70,344	(285,659)
- due from banks: other loans	(264,878)	(385,852)	561,843	586,750
- other asset captions	(15,835)	(7,165)	(116,341)	(296,249)
3. Liquid assets generated/absorbed by financial liabilities	879,141	502,505	443,219	977,966
- due to banks: repayable on demand	(21,533)	(5,833)	7,261	(5,670)
- due to banks: other deposits	439,681	779,374	41,705	715,452
- due to customers	69,595	(5,851)	304,995	48,972
- securities issued	255,418	(279,914)	(391,830)	(246,658)
- financial liabilities held for trading	(17,834)	(18,655)	(28,890)	149,115
- financial liabilities evaluated at fair value	21,370	21,318	482,871	(731)
- other liabilities	132,444	12,066	27,106	317,486
Net liquid assets generated/absorbed by operations	91,778	(44,147)	75,481	34,944
B. INVESTMENTS				
1. Liquid assets generated by:	71,975	1,113	38,511	77,370
- dividends received from equity investments			38,110	34,786
- sale of tangible assets	71,975	1,113	401	42,584
2. Liquid assets absorbed by:	(93,354)	(6,072)	(27,234)	(48,940)
- purchase of investments	(10,203)	(4,991)	(2,707)	(14)
- purchase of tangible assets	(80,725)	(469)	(12,755)	(42,233)
- purchase of intangible assets	(2,426)	(612)	(11,772)	(6,693)
Net liquid assets generated/absorbed by investments	(21,379)	(4,959)	11,278	28,430
C. FUNDING ACTIVITIES				
- issue/purchase of own shares		15,486	1,300	(135)
- share premium				89
- issue/purchase of capital instruments	(8,344)	(3,999)	487	104
- distribution of dividends and other uses	(87,996)		(83,456)	(83,456)
Net liquid assets generated/absorbed by funding activities	(96,340)	11,487	(81,668)	(83,398)
NET LIQUID ASSETS GENERATED/ABSORBED DURING THE PERIOD	(25,941)	(37,619)	5,090	(20,024)

KEY: (+) generated; (-) absorbed

RECONCILIATIONS

Balance sheet captions	30/06/06	31/03/06	31/12/05	30/06/05
Cash and liquid assets available at the beginning of the period	156,987	156,987	151,897	151,897
Net liquid assets generated/absorbed during the period	(25,940)	(37,619)	5,090	(20,024)
Cash in and liquid assets at the end of the period	131,047	119,368	156,987	131,873

(Thousands of Euros)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Balance at 31/12/2004	Change in opening balance	Balance at 1/1/2005	Allocation of previous year's net income			Changes in the year							Shareholders' equity at 30/6/2005		
				Reserves	Dividends and other allocations	Changes in reserves	Transactions in shareholders' equity									
							Issue of new shares	Purchase of own shares	Extraordinary dividend distribution	Change in capital instruments	Derivatives on own shares	Stock options	Profit (loss) at 30/6/2005			
Capital stock:	1,113,327	-	1,113,327	-	-	-	-	-	-	-	-	-	-	-	-	1,113,327
a) ordinary shares	959,898	-	959,898	-	-	-	-	-	-	-	-	-	-	-	-	959,898
b) other shares	153,429	-	153,429	-	-	-	-	-	-	-	-	-	-	-	-	153,429
Additional paid-in capital	262,839	-	262,839	-	-	-	-	90	-	-	-	-	-	-	-	262,929
Reserves:	224,583	(133,455)	91,128	6,513	-	-	-	-	-	-	-	-	-	-	-	97,641
a) income	195,653	(133,455)	62,198	6,513	-	-	-	-	-	-	-	-	-	-	-	68,711
b) others	28,930	-	28,930	-	-	-	-	-	-	-	-	-	-	-	-	28,930
Valuation reserves:	172,794	538,443	711,237	-	-	6,816	-	-	-	-	-	-	-	-	-	718,053
a) available for sale	-	539,349	539,349	-	-	7,041	-	-	-	-	-	-	-	-	-	546,390
b) cash flow hedge	-	(906)	(906)	-	-	(225)	-	-	-	-	-	-	-	-	-	(1,131)
d) special revaluation laws	172,794	-	172,794	-	-	-	-	-	-	-	-	-	-	-	-	172,794
Capital instruments	-	11,402	11,402	-	-	-	-	-	105	-	-	-	-	-	-	11,507
Own shares	(1,301)	-	(1,301)	-	-	-	-	-	(135)	-	-	-	-	-	-	(1,436)
Profit (loss) for the period	89,969	-	89,969	(6,513)	(83,456)	-	-	-	-	-	-	-	-	-	-	103,503
Shareholders' equity	1,862,211	416,390	2,278,601	-	(83,456)	6,816	90	(135)	-	105	-	-	-	-	-	2,305,524

(Thousands of Euros)

	Balance at 31/12/2004	Change in opening balance	Balance at 1/1/2005	Allocation of previous year's net income			Changes in the year							Shareholders' equity at 31/12/2005	
				Reserves	Dividends and other allocations	Changes in reserves	Transactions in shareholders' equity								
							Issue of new shares	Purchase of own shares	Extraordinary dividend distribution	Change in capital instruments	Derivatives on own shares	Stock options	Profit (loss) at 31/12/2005		
Capital stock:	1,113,327	-	1,113,327	-	-	-	-	-	-	-	-	-	-	-	1,113,327
a) ordinary shares	959,898	-	959,898	-	-	-	-	-	-	-	-	-	-	-	959,898
b) other shares	153,429	-	153,429	-	-	-	-	-	-	-	-	-	-	-	153,429
Additional paid-in capital	262,839	-	262,839	-	-	-	372	-	-	-	-	-	-	-	263,211
Reserves:	224,583	(133,455)	91,128	6,513	-	-	-	-	-	-	-	-	-	-	97,641
a) income	195,653	(133,455)	62,198	6,513	-	-	-	-	-	-	-	-	-	-	68,711
b) others	28,930	-	28,930	-	-	-	-	-	-	-	-	-	-	-	28,930
Valuation reserves:	172,794	538,443	711,237	-	-	(12,711)	-	-	-	-	-	-	-	-	698,526
a) available for sale	-	539,349	539,349	-	-	(12,328)	-	-	-	-	-	-	-	-	527,021
b) cash flow hedge	-	(906)	(906)	-	-	(383)	-	-	-	-	-	-	-	-	(1,289)
d) special revaluation laws	172,794	-	172,794	-	-	-	-	-	-	-	-	-	-	-	172,794
Capital instruments	-	11,402	11,402	-	-	-	-	-	115	-	-	-	-	-	11,517
Own shares	(1,301)	-	(1,301)	-	-	-	1,301	-	-	-	-	-	-	-	-
Profit (loss) for the period	89,969	-	89,969	(6,513)	(83,456)	-	-	-	-	-	-	-	-	-	136,899
Shareholders' equity	1,862,211	416,390	2,278,601	-	(83,456)	(12,711)	1,673	-	-	115	-	-	-	-	2,321,121

(Thousands of Euros)

	Balance at 31/12/2005	Change in opening balance	Balance at 1/1/2006	Allocation of previous year's net income			Changes in the year							Shareholders' equity at 30/6/2006		
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Extraordinary dividend distribution	Change in capital instruments	Derivatives on own shares	Stock options	Profit (loss) at 30/6/2006			
Capital stock:	1,113,327	-	1,113,327	-	-	-	20,833	-	-	-	-	-	-	-	-	1,134,160
a) ordinary shares	959,898	-	959,898	-	-	-	20,833	-	-	-	-	-	-	-	-	980,731
b) other shares	153,429	-	153,429	-	-	-	-	-	-	-	-	-	-	-	-	153,429
Additional paid-in capital	263,211	-	263,211	-	-	-	36,839	-	-	-	-	-	-	-	-	300,050
Reserves:	97,641	-	97,641	48,903	-	-	-	-	-	-	-	-	-	-	-	146,544
a) income	68,711	-	68,711	48,903	-	-	-	-	-	-	-	-	-	-	-	117,614
b) others	28,930	-	28,930	-	-	-	-	-	-	-	-	-	-	-	-	28,930
Valuation reserves:	698,526	-	698,526	-	-	83,682	-	-	-	-	-	-	-	-	-	782,208
a) available for sale	527,021	-	527,021	-	-	83,446	-	-	-	-	-	-	-	-	-	610,467
b) cash flow hedge	(1,289)	-	(1,289)	-	-	236	-	-	-	-	-	-	-	-	-	(1,053)
d) special revaluation laws	172,794	-	172,794	-	-	-	-	-	-	-	-	-	-	-	-	172,794
Capital instruments	11,517	-	11,517	-	-	-	-	-	(8,276)	-	-	-	-	-	-	3,241
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	136,899	-	136,899	(48,903)	(87,996)	-	-	-	-	-	-	-	-	-	96,486	96,486
Shareholders' equity	2,321,121	-	2,321,121	-	(87,996)	83,682	57,672	-	(8,276)	-	-	-	-	-	96,486	2,462,689

A.2 Economic results

INCOME STATEMENT - QUARTERLY RESULTS (thousands of euros)

	30/6/06	30/6/05	VARIATIONS	2 nd quarter 2006	2 nd quarter 2005	VARIATIONS	1 st quarter 2006
10 - INTEREST INCOME AND SIMILAR REVENUES	343,602	348,043	-4,441	179,740	179,310	430	163,862
20 - INTEREST EXPENSES AND SIMILAR CHARGES	-146,766	-172,667	25,901	-77,059	-85,173	8,114	-69,707
30 - NET INTEREST INCOME	196,836	175,376	21,460	102,681	94,137	8,544	94,155
40 - FEE AND COMMISSION INCOME	109,888	96,231	13,657	55,779	50,408	5,371	54,109
50 - FEE AND COMMISSION EXPENSES	-13,933	-8,978	-4,955	-7,367	-4,904	-2,463	-6,566
60 - NET COMMISSIONS	95,955	87,253	8,702	48,412	45,504	2,908	47,543
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	35,604	46,623	-11,019	35,491	40,680	-5,189	113
80 - RESULT OF FINANCIAL TRADING ACTIVITIES	2,080	24,932	-22,852	-14,433	12,159	-26,592	16,513
90 - INCOME (LOSS) FROM HEDGING ACTIVITIES	-1,639	877	-2,516	124	2,726	-2,602	-1,763
100 - INCOME (LOSS) ON DISPOSAL OF:							
a) loans	-385	-899	514	-1,337	-1,429	92	952
b) available for sale financial assets	390	1,599	-1,209	88	855	-767	302
c) financial liabilities	175	-7	182	-15	-6	-9	190
d) other financial assets	-950	-2,491	1,541	-1,410	-2,278	868	460
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	1,495	-	1,495	1,016	-	1,016	479
120 - GROSS OPERATING INCOME	329,946	334,162	-4,216	171,954	193,777	-21,823	157,992
130 - NET VALUE ADJUSTMENT ON:							
a) loans	-22,217	-19,729	-2,488	-13,199	-7,483	-5,716	-9,018
b) other financial assets	-23,254	-17,207	-6,047	-13,611	-5,346	-8,265	-9,643
c) other financial liabilities	1,037	-2,522	3,559	412	-2,137	2,549	625
140 - NET RESULT FROM FINANCIAL MANAGEMENT	307,729	314,433	-6,704	158,755	186,294	-27,539	148,974
150 - ADMINISTRATIVE COSTS:							
a) personnel	-188,029	-187,591	-438	-92,721	-94,435	1,714	-95,308
b) other administrative costs	-115,698	-119,167	3,469	-55,923	-58,561	2,638	-59,775
160 - NET PROVISIONS FOR RISKS AND CHARGES	-72,331	-68,424	-3,907	-36,798	-35,874	-924	-35,533
170 - AMORTIZATION AND DEPRECIATION OF TANGIBLE FIXED ASSETS	-3,557	-1,190	-2,367	-2,320	-1,323	-997	-1,237
180 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE FIXED ASSETS	-4,814	-4,884	70	-2,440	-2,453	13	-2,374
190 - OTHER OPERATING EXPENSES AND REVENUES	-2,834	-3,394	560	-1,523	-1,834	311	-1,311
200 - OPERATING COSTS	-173,456	-176,965	3,509	-85,355	-89,518	4,163	-88,101
210 - INCOME (LOSS) FROM EQUITY INVESTMENTS	-	-	-	-	-	-	-
240 - INCOME (LOSS) FROM DISPOSAL OF INVESTMENTS	6	23	-17	-5	12	-17	11
250 - OPERATING INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	134,279	137,491	-3,212	73,395	96,788	-23,393	60,884
260 - TAX EXPENSE (INCOME) RELATED TO PROFIT OR LOSS FROM ORDINARY ACTIVITIES	-37,793	-33,988	-3,805	-10,172	-16,163	5,991	-27,621
270 - INCOME (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	96,486	103,503	-7,017	63,223	80,625	-17,402	33,263
290 - NET INCOME (LOSS) FOR THE PERIOD	96,486	103,503	-7,017	63,223	80,625	-17,402	33,263

Net profit at 30th June 2006 of euros 96.5 million, 6.8 per cent lower than the previous half-year result, reflects both a fall of euros 22.9 million in the trading result (June 2006: euros 2.1 million; June 2005: euros 24.9 million) and the absence of the non recurring contribution of extraordinary dividend payouts from subsidiaries of euros 10.6 million recorded in 2005.

Net interest income amounted to euros 196.8 million, up 12.2 per cent in comparison to June 2005 thanks to increases in both amounts handled and interest margins.

Interest income totalled euros 343.6 million, down 1.3 per cent over June 2005 (euros 348 million), whilst interest expenses dropped 15 per

cent to euros 146.8 million. The falls in both components are entirely due to structured transactions, with impacts on interest income and interest expenses of euros 51.5 million and euros 46.6 million, respectively. Excluding these effects, interest income rises by 13.5 per cent and interest expenses by 12 per cent, leading to an overall increase in net interest income of 15.5 per cent. Interest generated on financial assets sold but not cancelled refers to the securitisation of performing mortgages carried out by Banca Carige (SPE: Argo Mortgage 2) recorded under First Time Adoption of IFRS, and amounts to euros 21.3 million (June 2005: euros 22.2 million).

INTEREST INCOME (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Financial assets held for trading	22,061	10,905	191,231	79,314	- 57,253	-72.2
Financial assets available for sale	2,553	1,147	3,517	2,553	-	0.0
Due from banks	19,416	6,793	27,427	15,079	4,337	28.8
Loans to customers	277,320	134,062	470,017	228,475	48,845	21.4
Hedging derivatives	640	-	-	-	640	...
Investments sold and not cancelled	21,339	10,736	42,609	22,169	- 830	-3.7
Other assets	273	219	840	453	- 180	-39.7
TOTAL INTEREST INCOME	343,602	163,862	735,641	348,043	- 4,441	-1.3

INTEREST CHARGES *(thousands of euros)*

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Due to banks	- 22,821	- 9,990	- 38,406	- 18,449	- 4,372	23.7
Due to customers	- 32,402	- 14,354	- 49,394	- 23,097	- 9,305	40.3
Securities issued	- 66,034	- 32,392	- 138,232	- 70,033	3,999	-5.7
Financial liabilities designated at fair value	- 8,031	- 3,932	- 1,351	-	- 8,031	...
Liabilities corresponding to assets sold and not cancelled	- 16,588	- 8,226	- 32,809	- 16,877	289	-1.7
Other liabilities	- 890	- 466	- 1,745	- 1,399	509	-36.4
Hedging derivatives	-	- 347	- 120,100	- 42,812	42,812	-100.0
TOTAL INTEREST CHARGES	- 146,766	- 69,707	- 382,037	- 172,667	25,901	-15.0

Net fee and commission income rose 10 per cent to euros 96 million, with positive contributions by commissions related to guarantees (+27 per cent) and by management, intermediation and consultancy services (+19.3 per cent); commissions on collection and payment

services rose by 3.5 per cent. Within the management and intermediation services component, there were increases in commissions from asset management (+35.5 per cent; euros 3.5 million) and from securities placement (+6.8 per cent; euros 20.4 million).

COMMISSION INCOME *(thousands of euros)*

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Guarantees and commitments granted	4,315	2,521	11,169	3,547	768	21.7
Management, intermediation and consultancy services	41,688	20,536	97,415	35,584	6,104	17.2
1. Trading of financial instruments	614	364	16,510	852	- 238	-27.9
2. Currency trading	1,318	682	2,844	1,402	- 84	-6.0
3. Wealth management	4,628	2,201	8,085	3,911	717	18.3
4. Securities in custody and under administration	1,342	716	2,451	1,396	- 54	-3.9
5. Depository services	2,308	1,175	4,275	1,981	327	16.5
6. Placement of securities	20,375	9,902	43,362	19,073	1,302	6.8
7. Order management	3,717	2,190	5,833	2,820	897	31.8
9. Distribution of 3rd party services and products	7,386	3,306	14,055	4,149	3,237	78.0
- insurance	2,564	1,022	4,919	1,901	663	34.9
- other products	4,822	2,284	9,136	2,248	2,574	...
Collection and payment services	23,036	11,201	45,088	19,455	3,581	18.4
Servicing commission on securitisation transactions	865	351	2,128	1,061	- 196	-18.5
Servicing commission on factoring transactions	659	312	1,319	638	21	3.3
Other services	39,325	19,188	75,391	35,946	3,379	9.4
TOTAL COMMISSION INCOME	109,888	54,109	232,510	96,231	13,657	14.2

COMMISSION CHARGES *(thousands of euros)*

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Guarantees and commitments received	- 255	- 136	- 753	- 349	94	-26.9
Management, intermediation and consultancy services	- 2,488	- 1,179	- 20,822	- 2,724	236	-8.7
1. Trading of financial instruments	- 295	- 128	- 802	- 480	185	-38.5
3. Wealth management	- 1,148	- 530	- 2,739	- 1,342	194	-14.5
4. Securities in custody and under administration	- 933	- 473	- 1,916	- 830	- 103	12.4
5. Placement of securities	- 16	- 1	- 15,191	- 2	- 14	...
6. Offer of financial instruments, products and services outside branch network	- 96	- 47	- 174	- 70	- 26	37.1
Collection and payment services	- 7,690	- 3,765	- 14,683	- 4,622	- 3,068	66.4
Other services	- 3,500	- 1,486	- 7,433	- 1,283	- 2,217	...
TOTAL COMMISSION CHARGES	- 13,933	- 6,566	- 43,691	- 8,978	- 4,955	55.2

Dividends and similar revenues fell from euros 46.6 million at June 2005 to euros 35.6 million at June 2006. The previous year's interim

figure was positively impacted by an extraordinary dividend payout made by the banking subsidiaries C.R. Savona and C.R. Carrara.

The **net hedging result** was negative at euros

1.6 million (June 2005: euros +877,000).

TRADING RESULT *(thousands of euros)*

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Debt securities	-8,086	349	-83,523	33,015	-41,101	...
Capital securities and Collective Investment Schemes	13,953	23,877	33,582	26,441	-12,488	- 47.2
Debt securities, capital securities and CIS	5,867	24,226	-49,941	59,456	-53,589	- 90.1
Financial derivatives	-5,856	-7,417	88,597	-36,487	30,631	- 84.0
Credit derivatives	1,626	450	1,648	1,012	614	60.7
Exchange translation rate differences	-81	-1,331	2,799	-37	-44	...
Other trading gains/losses	524	585	2,234	988	-464	- 47.0
TRADING RESULT	2,080	16,513	45,337	24,932	-22,852	- 91.7

Banca Carige's **net trading income** dropped from euros 24.9 million at 30/6/05 to euros 2.1 million. This fall can be put down to losses of euros 13.1 million in 1H 2006 in comparison to gains of euros 26.4 million in 2005 relating to three specific positions. Including **losses from the sale/repurchase** of loans, financial assets and liabilities (June 2005: euros 0.9 million; June 2006: euros 0.4 million) and the **net result of financial assets and liabilities designated at fair value** (June 2006: euros 1.5 million), **gross operating income** reached euros

329.9 million, a fall of 1.3 per cent over June 2005.

The balance between net **impairment loss** on loans and advances and other credit risk provisions totalled euros 22.2 million (June 2005: euros 19.7 million). In particular, impairment losses on credits amounted to euros 23.3 million (+35.1 per cent), whilst value adjustments to other financial transactions (guarantees) produced write-backs of euros 1 million (June 2005: euros 2.5 million). The **net result from financial management** fell 2.1 per cent over June 2005's figure to euros 307.7 million.

NET IMPAIRMENT CHARGES ON CASH CREDITS AND GUARANTEES *(thousands of euros)*

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Amounts due from banks	159	153	4,915	-	159	...
Loans to customers	- 23,413	- 9,796	- 47,884	- 17,207	- 6,206	36.1
Guarantees (and other financial transactions)	1,037	625	- 1,367	- 2,522	3,559	...
NET IMPAIRMENT CHARGES ON CASH CREDITS AND GUARANTEES	- 22,217	- 9,018	- 44,336	- 19,729	- 2,488	12.6

Operating expenses totalled euros 173.5 million, down 2 per cent. In detail, **administrative expenses** remained substantially in line with the previous interim figure at euros 188 million (+0.2 per cent), which is made up by **personnel charges** of euros 115.7 million, down 2.9 per cent over 30/6/05 following the partial recovery of excess provisions made in 2005, and **other administrative charges**, which totalled euros 72.3 million (+5.7 per cent). General overheads amounted to euros 53.9 million, up 6.8 per cent due to

development and rationalisation costs destined to the distribution network, whilst indirect taxes reached euros 18.5 million (+2.6 per cent).

Net provisions for risks and charges totalled euros 3.6 million in comparison to euros 1.2 million in June 2005.

Net adjustments to tangible and intangible assets amounted to, respectively, euros 4.8 million and euros 16.5 million, both down over 2005 (-1.4 and -16.5 per cent).

OPERATING COSTS (importi in migliaia di euro)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Staff costs	- 115,698	- 59,775	- 257,952	- 119,167	3,469	-2.9
Other administrative costs	- 72,331	- 35,533	- 155,784	- 68,424	- 3,907	5.7
- general overheads	- 53,855	- 26,625	- 119,644	- 50,412	- 3,443	6.8
- indirect taxes	- 18,476	- 8,908	- 36,140	- 18,012	- 464	2.6
Net provisions for risks and charges	- 3,557	- 1,237	- 5,677	- 1,190	- 2,367	...
Adjustments to:	- 7,648	- 3,685	- 17,530	- 8,278	630	-7.6
- intangible assets	- 2,834	- 1,311	- 7,270	- 3,394	560	-16.5
- tangible assets	- 4,814	- 2,374	- 10,260	- 4,884	70	-1.4
Other operating costs/income	25,778	12,129	43,305	20,094	5,684	28.3
TOTAL OPERATING COSTS	- 173,456	- 88,101	- 393,638	- 176,965	3,509	-2.0

Other operating income rose 28.3 per cent to euros 25.8 million, principally due to a review

of service contract terms offered to the Group's banking subsidiaries.

OTHER OPERATING INCOME AND CHARGES (thousands of euros)

	30/6/06	31/3/06	2005	30/6/05	Change 30/6/06-30/6/05	
					absolute	%
Rent received	1,467	755	3,282	1,660	- 193	-11.6
Amounts receivable from third parties:	16,438	8,298	32,114	15,721	717	4.6
- recovery of taxes	15,790	7,979	30,815	15,089	701	4.6
- insurance premiums	648	319	1,299	632	16	2.5
Organization charges	189	95	322	150	39	26.0
Other revenues	9,286	3,695	14,479	6,151	3,135	51.0
Finance lease management costs	- 219	- 101	- 2,370	- 1,810	1,591	- 87.9
Maintenance charges on investment real estate property	- 134	- 86	- 320	- 136	2	- 1.5
Amortisation of charges relating to the improvement of third party assets	- 544	- 262	- 1,539	- 726	182	- 25.1
Other charges	- 705	- 265	- 2,663	- 916	211	- 23.0
TOTAL NET REVENUES	25,778	12,129	43,305	20,094	5,684	28.3

Operating income at 30/6/06 reached euros 134.3 million, slightly lower than the previous interim result of euros 137.5 million. After tax provisions of euros 37.8 million (June 2005:

euros 34 million), **interim net profit** amounted to euros 96.5 million (June 2005: euros 103.5 million).

A.3 Intermediation results

Total funds, made up by total and indirect deposits, amounted to euros 28,822.4 million, an increase of 3.3 per cent over 31/12/05 and one of 8 per cent over 30/6/05.

Direct deposit balances grew by 2.3 per cent over the first six months of the year to euros 13,296.9 million (June 2005: +7.2 per cent). Indirect deposits increased by 4.2 per cent in comparison

to the end of 2005 to euros 15,525.4 million (June 2005: +8.7 per cent). Assets under management account for 52.6 per cent of aggregate balances, with the remaining 47.4 per cent being accounted for by assets under custody.

TOTAL FINANCIAL INTERMEDIATION ACTIVITIES *(thousands of euros)*

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Total (A+B)	28,822,350	28,106,704	27,906,282	26,691,050	3.3	8.0
Direct deposits (A)	13,296,909	12,715,125	13,001,506	12,403,570	2.3	7.2
% Total	46.1%	45.2%	46.6%	46.5%		
Indirect deposits (OFIA) (B)	15,525,441	15,391,579	14,904,776	14,287,480	4.2	8.7
% Total	53.9%	54.8%	53.4%	53.5%		
- Assets under management	8,166,044	8,171,408	8,093,515	7,459,241	0.9	9.5
% Total	28.3%	29.1%	29.0%	27.9%		
% OFIA	52.6%	53.1%	54.3%	52.2%		
- Assets in custody	7,359,397	7,220,171	6,811,261	6,828,239	8.0	7.8
% Total	25.5%	25.7%	24.4%	25.6%		
% OFIA	47.4%	46.9%	45.7%	47.8%		

Total funds at 30/6/06, which include customer deposits (euros 13,296.9 million) bank deposits (euros 1,599.5 million) amounted to euros 14,896.4 million, up 5 per cent over six months and 4.6 per cent over twelve.

Direct deposit balances rose 2.3 per cent over six months (June 2005: +7.2 per cent) to euros 13,296.9 million thanks to increases in current accounts and a new subordinated loans issue of euros 500 million as part of Carige's EMTN programme. As a result of the latter, the medium/long-term component rose by 3.2 per cent over six months and by 9.5 per cent over twelve to account for 43.2 per cent of the aggregate total (31/12/05: 42.8 per cent; June 2005: 42.3 per cent). Short-term deposits (euros 7,547.2 million) rose 1.6 per cent in comparison to the figure recorded at the end of 2005 (June: + 5.5 per cent). Within the direct or customer deposits aggregate (30/6/06: euros 7,913.7 million, 0.9 per cent and 4.3 per cent higher in comparison, respectively, to the previous annual and interim figures), current account balances dropped by 0.6 per cent to euros 6,922.5 million; this reduction was offset by expansion in securities

and repurchase agreements (up from euros 111.9 million to euros 219.9 million) and by term deposits (up from euros 6.1 million to euros 62.3 million). There were rises in all items over twelve months. The total of securities issued reached euros 4,878.9 million (31/12/05: +4.4 per cent; 30/6/05: +1.3 per cent), with bonds dominating at euros 4,510 million (31/12/05: + 4.6 per cent; 30/6/05: + 1.9 per cent). Liabilities designated at fair value include fair value option bonds, the majority of which (euros 492.1 million) were placed over post office counters of the Italian postal service, *Poste Italiane*.

Amounts owed to credit institutions rose 35.6 per cent in comparison to December 2005 (June 2005: -13.3 per cent) pushed by expansion in term deposits (from euros 499.1 million to euros 788.5 million), financing (+20.2 per cent to euros 455.9 million) and by current accounts (from euros 22.8 million in December 2005 to euros 200.9 million in June 2006). Sale and repurchase agreements, however, fell 44.6 per cent to euros 154.3 million.

TOTAL FUNDS (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Total (A+B)	14,896,446	14,670,848	14,181,081	14,247,761	5.0	4.6
Direct deposits (A)	13,296,909	12,715,125	13,001,506	12,403,570	2.3	7.2
Amounts owed to customers	7,913,740	7,836,206	7,841,871	7,587,656	0.9	4.3
current accounts and other sight deposits	6,922,475	6,797,608	6,961,747	6,578,135	-0.6	5.2
sale and repurchase agreements	219,873	173,456	111,927	169,766	96.4	29.5
term deposits	62,329	91,975	6,062	37,132	...	67.9
financing	1,512	1,567	6,945	4,814	-78.2	-68.6
third party funds in custody	219	254	254	281	-13.8	-22.1
other deposits	707,332	771,346	754,936	797,528	-6.3	-11.3
Securities in circulation	4,878,928	4,374,730	4,675,408	4,815,914	4.4	1.3
bonds	4,509,958	4,025,884	4,311,458	4,426,748	4.6	1.9
other securities	368,970	348,846	363,950	389,166	1.4	-5.2
Liabilities designated at fair value	504,241	504,189	484,227	-	4.1	...
bonds	504,241	504,189	484,227	-	4.1	...
short-term	7,547,225	7,422,518	7,431,285	7,150,791	1.6	5.5
share of total (%)	56.8	58.4	57.2	57.7		
medium/long-term	5,749,684	5,292,607	5,570,221	5,252,779	3.2	9.5
share of total (%)	43.2	41.6	42.8	42.3		
Amounts owed to credit institutions (B)	1,599,537	1,955,723	1,179,575	1,844,191	35.6	-13.3
Due to central banks	-	40,182	-	46,118	...	-100.0
Current accounts and sight deposits	200,856	18,452	22,773	52,980	...	...
Term deposits	788,511	1,329,722	499,052	1,162,674	58.0	-32.2
Sale & Repurchase agreements	154,292	132,115	278,585	223,737	-44.6	-31.0
Financing	455,878	435,252	379,165	358,432	20.2	27.2
Other amounts payable	-	-	-	250	...	-100.0

Indirect deposits increased by 4.2 per cent over 31/12/05 and by 8.7 per cent over 30/6/05 to euros 15,525.4 million. **Asset under management** balances totalled euros 8,166 million, substantially unchanged over the end of 2005 (+0.9 per cent) and up 9.5 per cent in comparison to the previous interim figure at 30/6/05. Assets under custody recorded a 7.8 per cent rise over twelve months (8 per cent over six) to euros 7,359.4 million. Expansion in the value of assets under management was recorded across all the product components: mutual funds and units trusts rose by 2.7 per cent to euros 4,453.6 million; private banking balances by

16.7 per cent to euros 2,629.6 million; bancassurance products by 24.3 per cent to euros 1,082.9 million. Over the first six months of 2006, asset management and bancassurance balances rose, respectively, by 8.6 per cent and 9.2 per cent, whilst there was a fall in the same period recorded by mutual funds and unit trusts of 4.8 per cent to euros 4,453.6 million. The value of **assets under custody** rose 8 per cent in comparison to the figure recorded at the end of 2005. Within the aggregate, Italian government stock rose by 10.8 per cent to euros 3,575.1 million, whilst other securities increased by 5.5 per cent to euros 3,784.3 million.

INDIRECT DEPOSITS *(thousands of euros)*

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Total (A+B)	15,525,441	15,391,579	14,904,776	14,287,480	4.2	8.7
Asset under management (A)	8,166,044	8,171,408	8,093,515	7,459,241	0.9	9.5
Mutual funds and unit trusts	4,453,554	4,597,383	4,680,375	4,334,535	-4.8	2.7
Private banking	2,629,590	2,544,362	2,421,535	2,253,293	8.6	16.7
<i>including: security management (1)</i>	1,705,290	1,626,485	1,546,735	1,385,625	10.3	23.1
<i>mutual funds management</i>	924,300	917,877	874,800	867,668	5.7	6.5
Bancassurance products	1,082,900	1,029,663	991,605	871,413	9.2	24.3
Assets in custody (B)	7,359,397	7,220,171	6,811,261	6,828,239	8.0	7.8
Government securities	3,575,091	3,465,996	3,225,616	3,468,287	10.8	3.1
Others	3,784,306	3,754,175	3,585,645	3,359,952	5.5	12.6

(1) Figure includes the entirety of the insurance subsidiaries' securities portfolio

Lending to customers, after value adjustments of euros 292.3 million, amounted to euros 11,968.6 million, an increase of 6.2 per cent in comparison to the figure recorded at 31st December 2005 (June 2005: +15.1 per cent). Before value adjustments, the figure rises to euros 12,260.9 million, an increase of 6.1 per cent over six months and one of 14.9 per cent over twelve.

There was robust growth across the Bank's main lending channels: mortgage balances rose by 10.8 per cent to euros 5,794.7 million, credit cards/personal loans/salary-backed loans increased by 35.1 per cent to euros 216.7 million, and leasing was up by 0.7 per cent to euros 694.1 million. The volume of bad loans increased by 8.3 per cent to euros 468 million.

Medium/long-term lending rose by 8.4 per cent over the first six months of the year and by 15.9 per cent over twelve in comparison to increases in short-term lending of 1.4 per cent over six months and 12.8 per cent over twelve. The bad

loans/lending ratio of 3.8 per cent was little changed in comparison to June 2005 (3.7 per cent).

Amounts due from banks, after value adjustments of euros 330,000, amounted to euros 1,516.8 million, up 58.8 per cent in comparison to year-end 2005, and 17.8 per cent higher than the figure recorded at 30th June 2005. During the first half of 2006, growth was particularly strong in current account lending forms, which more than doubled to euros 565.6 million, sale and repurchase agreements, which rose from euros 75.7 to euros 159.2 million), and funding, up from euros 25.2 million to euros 47.8 million.

The **interbank balance** between amounts receivable and amounts payable to banks at 30th June 2006 amounted to euros 82.7 million repayable to banks (December 2005: euros 224.2 million; June 2005: euros 556.4 million).

LENDING (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Total (A+B)	13,485,364	12,876,904	12,227,922	11,687,374	10.3	15.4
Loans to customers (A)	11,968,572	11,494,873	11,272,526	10,399,618	6.2	15.1
-Nominal value (1)	12,260,911	11,787,977	11,554,376	10,669,898	6.1	14.9
<i>current accounts</i>	1,421,002	1,294,404	1,294,962	1,357,019	9.7	4.7
<i>mortgages</i>	5,794,716	5,540,745	5,230,548	4,740,629	10.8	22.2
<i>credit cards, personal loans, salary-backed loans</i>	216,672	184,381	160,374	113,619	35.1	90.7
<i>leasing</i>	694,131	694,040	689,080	692,965	0.7	0.2
<i>factoring</i>	106,608	90,006	104,766	104,311	1.8	2.2
<i>other credits</i>	2,564,761	2,515,774	2,596,135	2,311,572	-1.2	11.0
<i>assets sold but not cancelled</i>	695,507	720,331	743,316	797,319	-6.4	-12.8
<i>impaired loans (2)</i>	767,514	748,296	735,195	552,464	4.4	38.9
-short term	3,799,525	3,635,285	3,746,907	3,369,147	1.4	12.8
<i>share of nominal value (%)</i>	31.0	30.9	32.5	31.6		
-medium/long-term	7,993,337	7,699,717	7,375,209	6,896,423	8.4	15.9
<i>share of nominal value (%)</i>	65.2	65.3	63.8	64.6		
- non performing loans	468,049	452,975	432,260	404,328	8.3	15.8
<i>share of nominal value (%)</i>	3.8	3.8	3.7	3.8		
-Value adjustments (-)	292,339	293,104	281,850	270,280	3.7	8.2
Loans to banks (B)	1,516,792	1,382,031	955,396	1,287,756	58.8	17.8
-Nominal value (1)	1,517,122	1,382,276	955,909	1,292,902	58.7	17.3
<i>Compulsory reserves</i>	140,670	154,604	129,746	137,855	8.4	2.0
<i>Other loans to central banks</i>	130	47	806	225	-83.9	-42.2
<i>Current accounts and free deposits</i>	565,635	317,175	234,451	296,490	...	90.8
<i>Term deposits</i>	585,087	476,447	470,963	517,194	24.2	13.1
<i>Repurchase agreements</i>	159,177	2,378	75,729	296,991	...	-46.4
<i>Financing</i>	47,770	412,967	25,206	25,446	89.5	87.7
<i>impaired loans</i>	18,653	18,658	19,008	18,701	-1.9	-0.3
-short term	1,470,045	1,352,678	926,461	1,263,438	58.7	16.4
<i>share of nominal value (%)</i>	96.9	97.9	96.9	97.7		
-medium/long-term	28,785	11,302	11,286	11,393	...	...
<i>share of nominal value (%)</i>	1.9	0.8	1.2	0.9		
- non performing loans	18,292	18,296	18,162	18,071	0.7	1.2
<i>share of nominal value (%)</i>	1.2	1.3	1.9	1.4		
-Value adjustments (-)	330	245	513	5,146	-35.7	-93.6

(1) Excluding value adjustments.

(2) Impaired loans do not include amounts referring to assets sold but not cancelled.

Impaired credits, including past due positions, which up to September 2005 were categorised as performing loans, amounted to euros 830.7 million, 4.7 per cent higher than at 31st December 2005. Impairment charges referring to customers amount to euros 812 million (+4.9 per cent over six months); charges relating to cash credits totalled euros 803 million (+4.6 per cent), whilst those on guarantees amounted to euros 27.7 million (+7.3 per cent). In comparison to interim 2005 and for the sake of homogeneity excluding past due positions, impairment charges recorded a 10.5 per cent increase, tracking the increase in cash credits destined to customers.

Total value adjustments amounted to euros 253.5 million, equivalent to 30.5 per cent of the impaired credits aggregate, 6.1 per cent higher than total adjustments recorded at 31/12/05 (8.2 per cent higher than total value adjustments at 30/6/05 excluding past due positions). A breakdown of the **impaired cash credits** aggregate by non performing category shows that **bad loans** totalled euros 486.3 million, 8 per cent higher than at 31/12/05 and 15.1 per cent up on 30/6/05. Impairment allowances represent 44 per cent of bad loans in comparison to 45 per cent at 31/12/05 and 43.7 per cent at 30/6/05. The bad loans/loans ratio at 30th June 2006 was

3.8 per cent, substantially in line with December and June 2005 (31/12/05: 3.7 per cent; 30/6/05: 3.8 per cent). **Watchlists** totalled euros 113.3 million, down 17.3 per cent in comparison to June 2005 and up 2.1 per cent over December 2005. Writedowns account for 19.8 per cent of the aggregate (December 2005: 2.6 per cent; June 2005: 5.2 per cent). The total of impaired **rescheduled loans** - euros 26.7 million - almost doubled over twelve months, but was 4.9 per cent down over six months. Value adjustments account for 8.2 per cent of the aggregate total (31/12/05: 2.6 per cent; 30/6/05: 5.2 per cent). **Past due positions**

amounted to euros 176.6 million, down 0.7 per cent in comparison to December 2005. Writedowns represent 6.2 per cent of the aggregate total (December 2005: 4.7 per cent). As previously stated, past due positions were recorded as performing loans in the previous half year report as at 30th June 2005.

Impaired guarantees and commitments rose to euros 27.7 million, up by 7.3 per cent and 33 per cent in comparison respectively to December and June 2005. Writedowns account for 13.7 per cent of the aggregate (31/12/05: 14.2 per cent; 30/6/05: 26.6 per cent).

CREDIT QUALITY (thousands of euros)

	30/6/06				31/3/06			
	Total exposure	Value adjustments	Net exposure	% b/a	Total exposure	Value adjustments	Net exposure	% b/a
	(a)	(b)	(a)-(b)		(a)	(b)	(a)-(b)	
Cash credits								
Bad loans	486,341	214,225	272,116	44.0	471,271	211,252	260,019	44.8
- banks	18,292	180	18,112	1.0	18,296	90	18,206	0.5
- customers	468,049	214,045	254,004	45.7	452,975	211,162	241,813	46.6
Watchlists or Potential Credit Risks	113,309	22,430	90,879	19.8	123,100	29,689	93,411	24.1
- banks	150	150	-	100.0	155	155	-	100.0
- customers	113,159	22,280	90,879	19.7	122,945	29,534	93,411	24.0
Rescheduled loans	26,682	2,183	24,499	8.2	28,778	2,013	26,765	7.0
- customers	26,682	2,183	24,499	8.2	28,778	2,013	26,765	7.0
Past due	176,637	10,867	165,770	6.2	158,626	6,859	151,767	4.3
- banks	211	-	211	-	207	-	207	-
- customers	176,426	10,867	165,559	6.2	158,419	6,859	151,560	4.3
Performing credits	12,975,064	42,964	12,932,100	0.3	12,388,478	43,536	12,344,942	0.4
- banks	1,498,469	-	1,498,469	-	1,363,618	-	1,363,618	-
- customers	11,476,595	42,964	11,433,631	0.4	11,024,860	43,536	10,981,324	0.4
Total cash credits	13,778,033	292,669	13,485,364	2.1	13,170,253	293,349	12,876,904	2.2
- banks	1,517,122	330	1,516,792	0.0	1,382,276	245	1,382,031	0.0
- customers	12,260,911	292,339	11,968,572	2.4	11,787,977	293,104	11,494,873	2.5
Guarantees and commitments								
Impaired credits	27,698	3,806	23,892	13.7	27,358	3,966	23,392	14.5
- customers	27,698	3,806	23,892	13.7	27,358	3,966	23,392	14.5
Other credits	1,180,406	4,303	1,176,103	0.4	1,123,417	4,555	1,118,862	0.4
- banks	3,625	-	3,625	-	4,251	-	4,251	-
- customers	1,176,781	4,303	1,172,478	0.4	1,119,166	4,555	1,114,611	0.4
Total Guarantees and commitments	1,208,104	8,109	1,199,995	0.7	1,150,775	8,521	1,142,254	0.7
- banks	3,625	-	3,625	-	4,251	-	4,251	-
- customers	1,204,479	8,109	1,196,370	0.7	1,146,524	8,521	1,138,003	0.7
Total	14,986,137	300,778	14,685,359	2.0	14,321,028	301,870	14,019,158	2.1
- banks	1,520,747	330	1,520,417	0.0	1,386,527	245	1,386,282	0.0
- customers	13,465,390	300,448	13,164,942	2.2	12,934,501	301,625	12,632,876	2.3

	31/12/05				30/6/05			
	Total exposure	Value adjustments	Net exposure	% b/a	Total exposure	Value adjustments	Net exposure	% b/a
	(a)	(b)	(a)-(b)		(a)	(b)	(a)-(b)	
Cash credits								
Bad loans	450,422	202,863	247,559	45.0	422,399	184,575	237,824	43.7
- banks	18,162	-	18,162	-	18,071	4,633	13,438	25.6
- customers	432,260	202,863	229,397	46.9	404,328	179,942	224,386	44.5
Watchlists or Potential Credit Risks	110,987	23,183	87,804	20.9	136,963	33,433	103,530	24.4
- banks	642	513	129	79.9	630	513	117	81.4
- customers	110,345	22,670	87,675	20.5	136,333	32,920	103,413	24.1
Rescheduled loans	28,058	731	27,327	2.6	11,803	619	11,184	5.2
- customers	28,058	731	27,327	2.6	11,803	619	11,184	5.2
Past due	177,938	8,409	169,529	4.7	-	-	-	-
- banks	203	-	203	-	-	-	-	-
- customers	177,735	8,409	169,326	4.7	-	-	-	-
Performing credits	11,742,880	47,177	11,695,703	0.4	11,391,635	56,799	11,334,836	0.5
- banks	936,902	-	936,902	-	1,274,201	-	1,274,201	-
- customers	10,805,978	47,177	10,758,801	0.4	10,117,434	56,799	10,060,635	0.6
Total cash credits	12,510,285	282,363	12,227,922	2.3	11,962,800	275,426	11,687,374	2.3
- banks	955,909	513	955,396	0.1	1,292,902	5,146	1,287,756	0.4
- customers	11,554,376	281,850	11,272,526	2.4	10,669,898	270,280	10,399,618	2.5
Guarantees and commitments								
Impaired credits	25,824	3,675	22,149	14.2	20,823	5,533	15,290	26.6
- customers	25,824	3,675	22,149	14.2	20,823	5,533	15,290	26.6
Other credits	1,235,689	5,471	1,230,218	0.4	948,022	4,768	943,254	0.5
- banks	8,899	-	8,899	-	24,792	-	24,792	-
- customers	1,226,790	5,471	1,221,319	0.4	923,230	4,768	918,462	0.5
Total Guarantees and commitments	1,261,513	9,146	1,252,367	0.7	968,845	10,301	958,544	1.1
- banks	8,899	-	8,899	-	24,792	-	24,792	-
- customers	1,252,614	9,146	1,243,468	0.7	944,053	10,301	933,752	1.1
Total	13,771,798	291,509	13,480,289	2.1	12,931,645	285,727	12,645,918	2.2
- banks	964,808	513	964,295	0.1	1,317,694	5,146	1,312,548	0.4
- customers	12,806,990	290,996	12,515,994	2.3	11,613,951	280,581	11,333,370	2.4

The value of **financial assets** in portfolio at 30/6/06 totalled euros 2,509.4 million, 7.6 per cent lower than the figure recorded at December 2005. This fall relates both to equity securities (-18.2 per cent) and debt securities (-1.9 per

cent). Available for sale equities includes Carige's holding in the Bank of Italy, recognised at euros 641.1 million (net equity as proxy for fair value on the basis of Bank of Italy statements as at 31/12/05).

SECURITIES PORTFOLIO (thousands of euros)

	30/6/06	31/3/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
Debt securities	1,381,855	1,347,786	1,409,201	1,999,176	-1.9	-30.9
Held for trading	1,242,639	1,205,769	1,255,623	1,833,305	-1.0	-32.2
Available for sale	139,216	142,017	153,578	165,871	-9.4	-16.1
Equity securities	824,804	1,059,563	1,008,755	814,788	-18.2	1.2
Held for trading	84,819	408,058	385,914	253,017	-78.0	-66.5
Available for sale	739,985	651,505	622,841	561,771	18.8	31.7
Shares in collective investment schemes	302,754	289,494	296,497	628,135	2.1	-51.8
Held for trading	302,754	289,494	296,497	628,135	2.1	-51.8
Total	2,509,413	2,696,843	2,714,453	3,442,099	-7.6	- 27.1
of which:						
Held for trading	1,630,212	1,903,321	1,938,034	2,714,457	-15.9	-39.9
Available for sale	879,201	793,522	776,419	727,642	13.2	20.8

The value of **derivatives hedging assets** amounted to euros 14.5 million, down from euros 55 million at December 2005 (-73.6 per cent) and euros 79.2 million at June 2005 (-81.7 per cent). 60.4 per cent lower than at the end of 2005; derivatives hedging liabilities totalled euros 22.8 million, down in comparison to both

December 2005 (-42.6 per cent) and June 2005 (-52.3 per cent).

Writebacks carried out on hedging derivatives amounted to euros 11.4 million, whilst writedowns amounted to euros 36.7 million. There was a positive variation in the values of hedged items of euros 23.7 million.

DERIVATIVE ASSETS PER HEDGE TYPE (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Derivatives held for risk management of assets	296	197	20	21	...	...
Fair value hedge accounting	296	197	20	21	...	...
interest rate	296	197	20	21	...	...
Derivatives held for risk management of liabilities	14,218	25,837	54,965	79,182	-74.1	-82.0
Fair value hedge accounting	12,565	24,813	54,104	78,070	-76.8	-83.9
interest rate	12,565	24,813	54,104	78,070	-76.8	-83.9
Interest-rate hedge	1,653	1,024	861	1,112	92.0	48.7
Total	14,514	26,034	54,985	79,203	-73.6	-81.7

DERIVATIVE LIABILITIES PER HEDGE TYPE *(thousands of euros)*

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Derivatives held for risk management of assets	12,447	16,569	23,046	34,537	-46.0	-64.0
Fair value hedge accounting	12,447	16,569	23,046	34,537	-46.0	-64.0
<i>interest rate</i>	12,447	16,569	23,046	34,537	-46.0	-64.0
Derivatives held for risk management	10,344	9,597	16,651	13,266	-37.9	-22.0
Fair value hedge accounting	10,342	9,597	16,651	13,266	-37.9	-22.0
<i>interest rate</i>	10,342	9,597	16,651	13,266	-37.9	-22.0
Interest-rate hedge	2	-	-	-	...	...
Total	22,791	26,166	39,697	47,803	-42.6	-52.3

The total of trading derivatives contracts totalled euros 214.6 million, down over both 31/12/05 (euros 242.5 million; -11.5 per cent) and 30/6/05 (euros 362.7 million; -40.8 per cent).

Writebacks or positive revaluations amounted to euros 52.4 million, whilst writedowns totalled euros 58.3 million.

TRADING DERIVATIVES *(thousands of euros)*

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Positive fair value	79,630	80,022	91,393	140,205	-12.9	-43.2
Financial derivatives	78,775	79,594	90,900	138,789	-13.3	-43.2
<i>term contracts</i>	5,009	6,800	12,183	74,939	-58.9	-93.3
<i>swaps</i>	14,919	16,400	23,904	38,325	-37.6	-61.1
<i>options</i>	58,847	56,394	54,813	25,525	7.4	...
Credit derivatives	855	428	493	1,416	73.4	-39.6
<i>tror</i>	255	297	305	1,252	-16.4	-79.6
<i>cds</i>	600	131	188	164	...	...
Negative fair value	134,920	135,500	151,120	222,469	-10.7	-39.4
Financial derivatives	134,222	134,230	149,916	221,035	-10.5	-39.3
<i>term contracts</i>	4,608	4,991	12,183	10,006	-62.2	-53.9
<i>swaps</i>	99,271	100,475	113,234	183,588	-12.3	-45.9
<i>options</i>	30,343	28,764	24,499	27,441	23.9	10.6
Credit derivatives	698	1,270	1,204	1,434	-42.0	-51.3
<i>cds</i>	698	1,270	1,204	1,434	-42.0	-51.3
TOTAL	214,550	215,522	242,513	362,674	-11.5	-40.8

Notional values of derivatives totalled euros 7,334.8 million at 30th June 2006, down 5.9 per cent in comparison to December 2005, but

substantially unchanged over the previous interim result at 30th June 2005.

NOTIONAL VALUE OF DERIVATIVE CONTRACTS *(thousands of euros)*

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Financial derivatives	7,229,698	7,846,032	7,661,876	7,170,276	-5.6	0.8
<i>futures</i>		133		14,980	...	-100.0
<i>term contracts</i>	532,513	1,421,622	1,084,832	980,966	-50.9	-45.7
<i>forward rate agreements</i>	5,780	10,052	20,000	-	-71.1	...
<i>swaps</i>	4,432,530	4,227,753	4,382,555	5,034,739	1.1	-12.0
<i>options</i>	1,178,401	1,097,868	1,220,319	557,163	-3.4	...
<i>others</i>	1,080,474	1,088,604	954,170	582,428	13.2	85.5
Credit derivatives	105,131	126,467	135,221	162,922	-22.3	-35.5
<i>tror</i>	42,265	43,205	51,744	82,652	-18.3	-48.9
<i>cds</i>	62,866	83,262	83,477	80,270	-24.7	-21.7
TOTAL	7,334,829	7,972,499	7,797,097	7,333,198	-5.9	0.0

The net derivatives trading result was euros-5.9 million, of which euros -4.2 million refers to

trading contracts, whilst euros-1.7 refers to hedging contracts.

NET DERIVATIVES TRADING RESULT AT 30TH JUNE 2006

(thousands of euros)

	writedown	writeback	net trading profit	net economic result
1. Trading contracts	52,412	58,347	1,705	- 4,230
1.1 Financial derivatives	51,218	58,126	1,052	- 5,856
1.2 Credit derivatives	1,194	221	653	1,626
	writedown	writeback	Changes in hedging activities	net economic result
2. Hedging contracts	11,399	36,714	23,676	- 1,639
2.1 Asset hedges	11,008	20	- 11,726	- 738
2.2 Liability hedges	391	36,694	35,402	- 901
TOTAL	63,811	95,061	25,381	- 5,869

A.4 ECONOMIC RESULTS BY ECONOMIC BUSINESS

Primary reporting provides income details by business-segment type.

Banca Carige's geographical operating areas in Italy are substantially homogeneous. Consequently, disclosure by geographical areas ("secondary reporting") has not been provided. The income-generating contribution of Banca Carige's sole foreign branch (Nice in France) is marginal.

The principal business segments illustrated are private and affluent, corporate and retail, which together account for more than 70 per cent of the Bank's earnings. The segment 'other' includes residual customer segments, Carige's corporate centre, and Finance.

SECTOR OF ACTIVITY

(thousands of euros)

	Private and Affluent	Corporate	Retail	Other	TOTAL
Gross operating income					
Half year 2006	69,027	70,059	120,725	70,134	329,946
1 st quarter 2006	34,106	35,600	60,930	27,356	157,992
2005	119,099	136,694	239,541	136,819	632,154
Net result of financial activities ⁽¹⁾					
Half year 2006	68,869	56,057	105,580	77,228	307,735
1 st quarter 2006	33,992	29,383	53,981	31,629	148,985
2005	119,074	104,270	212,487	151,779	587,611
Operating costs					
Half year 2006	-43,963	-14,419	-82,235	-32,839	-173,456
1 st quarter 2006	-22,995	-7,296	-41,109	-16,702	-88,101
2005	-92,205	-30,944	-196,267	-74,222	-393,638
Operating profit (loss)					
Half year 2006	24,906	41,638	23,346	44,389	134,279
1 st quarter 2006	10,998	22,086	12,873	14,926	60,884
2005	26,870	73,326	16,220	77,558	193,973
Cost income (%)					
Half year 2006	63.7	20.6	68.1	46.8	52.6
1 st quarter 2006	67.4	20.5	67.5	61.1	55.8
2005	77.4	22.6	81.9	54.2	62.3
Net interbank result					
30/06/2006				-82,745	-82,745
31/03/2006				-573,692	-573,692
31/12/2005				-224,179	-224,179
Due from customers					
30/06/2006	453,200	5,454,267	4,540,945	1,520,160	11,968,572
31/03/2006	420,566	5,374,340	4,250,370	1,449,597	11,494,873
31/12/2005	398,179	5,106,912	4,304,134	1,463,301	11,272,526
Due to customers					
30/06/2006	2,924,677	923,837	2,290,691	1,774,534	7,913,740
31/03/2006	2,919,174	939,972	2,279,250	1,697,810	7,836,206
31/12/2005	2,953,415	777,079	2,326,341	1,785,036	7,841,871
Securities outstanding and financial liabilities recognised at fair value					
30/06/2006	3,018,053	55,146	860,293	1,449,677	5,383,169
31/03/2006	3,238,846	59,487	899,430	681,157	4,878,919
31/12/2005	3,146,730	57,173	875,702	1,080,029	5,159,635

(1) Includes profits (losses) on sale of investments

Balance sheet and income statement results at 30th June 2006 relating to Carige's customer base or **ordinary customers** (private and affluent, corporate and retail) confirm growth recorded in the first quarter. In particular:

- the **Private and Affluent Segment** recorded net interest income of euros 69 million, a figure which accounts for around 21 per cent of the overall result. Growth was sustained both in comparison to year-end 2005 and 1Q 2006. After deducting value adjustments and operating costs, the operating result totalled euros 24.9 million, 18.5 per cent of the Bank's total operating profit.

Cost/income ratio for the segment was 63.7 per cent, continuing its downward trend from 77.4 per cent at 31/12/05 and 67.4 per cent at 31/3/06.

On the balance sheet, amounts due to customers totalled euros 2,924.7 million, with growth substantially constant over the two quarters. Securities outstanding and other fair value liabilities reached euros 3,018million, with growth in the first quarter and a contraction in the second. With regards to the Bank as a whole, as at 30th June 2006 the segment accounted for 37 per cent of amounts due to

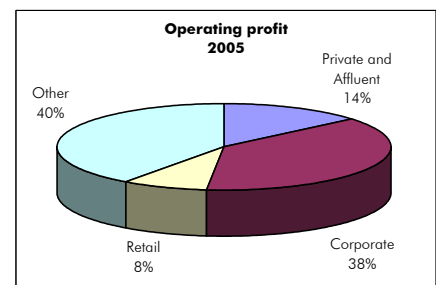
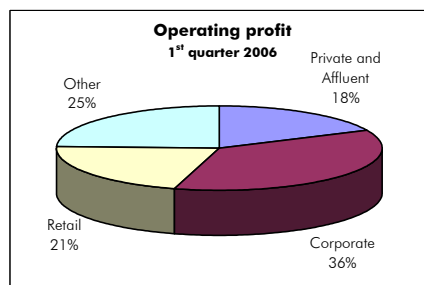
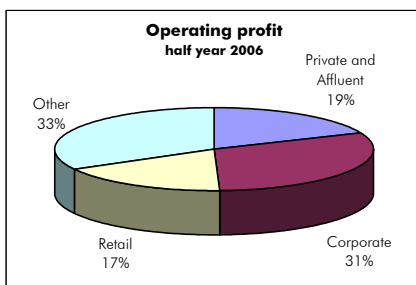
customers and 56.1 per cent of securities and fair value liabilities;

- the **Corporate segment** accounts for 21.2 per cent of the Bank's total net interest income at euros 70 million; here, too, growth was constant throughout the period. The net result of financial activities amounted to euros 56.1 million, whilst operating costs relating to the segment totalled euros 14.4 million; both figures represent improvements on those recorded for 2005. Operating profit for the period was euros 41.6 million, a figure which continues to make up a significant part – around 46 per cent - of the aggregate total and which continues to grow in comparison to 2005 (31/12/05: euros 73.3 million). The cost/income ratio for the segment was 20.6 per cent, down in comparison to 31/12/05 (22.6 per cent). Lending rose to euros 5,454 million, 6.8 per cent higher than year-end 2005 and a figure that accounts for 45.6 per cent of the Bank's lending balances (31/12/05: 45.3 per cent);
- the **Retail** segment closed the first half of the year with gross operating income of euros 120.7 million, 36.6 per cent of the Bank's total. The net result of financial activities relating to the segment totalled

euros 105.6 million (34.3 per cent of the total). Operating costs - euros 82.2 million – confirm a fall already in place in the first quarter of the year. Operating profit amounted to euros 23.3 million, 17.4 per cent of the Bank's operating profit. The segment's cost/income ratio of 68.1 per cent was slightly up over the first quarter figure, but noticeably lower than the figure recorded at the end of 2005 (81.9 per cent).

During the second quarter, there were rises both in lending to customers (euros 4,541 million; 31/3/06: + 6.8 per cent) and amounts owed (euros 2,291 million; 31/3/06: +0.5 per cent). The overall value of securities in circulation and liabilities recognised at fair value, however, dropped from euros 899 to euros 860 million (-4.4 per cent). As a share of the Bank's total aggregates at 30/6/06, retail segment-related lending accounts for 37.9 per cent, amounts due to customers, 28.9 per cent, and securities and other fair value liabilities, 16 per cent.

The remaining segment – **Other** – produced net interest income of euros 70 million, 21.3 per cent.



SECTOR OF ACTIVITY	(% of total)				
	Private and Affluent	Corporate	Retail	Other	TOTAL
Gross operating income					
Half year 2006	20.9	21.2	36.6	21.3	100.0
1 st quarter 2006	21.6	22.5	38.6	17.3	100.0
2005	18.8	21.6	37.9	21.6	100.0
Net result of financial activities ⁽¹⁾					
Half year 2006	22.4	18.2	34.3	25.1	100.0
1 st quarter 2006	22.8	19.7	36.2	21.2	100.0
2005	20.3	17.7	36.2	25.8	100.0
Operating costs					
Half year 2006	25.3	8.3	47.4	18.9	100.0
1 st quarter 2006	26.1	8.3	46.7	19.0	100.0
2005	23.4	7.9	49.9	18.9	100.0
Operating profit (loss)					
Half year 2006	18.5	31.0	17.4	33.1	100.0
1 st quarter 2006	18.1	36.3	21.1	24.5	100.0
2005	13.9	37.8	8.4	40.0	100.0
Due from customers					
30/06/2006	3.8	45.6	37.9	12.7	100.0
31/03/2006	3.7	46.8	37.0	12.6	100.0
31/12/2005	3.5	45.3	38.2	13.0	100.0
Due to customers					
30/06/2006	37.0	11.7	28.9	22.4	100.0
31/03/2006	37.3	12.0	29.1	21.7	100.0
31/12/2005	37.7	9.9	29.7	22.8	100.0
Securities outstanding and financial liabilities recognised at fair value					
30/06/2006	56.1	1.0	16.0	26.9	100.0
31/03/2006	66.4	1.2	18.4	14.0	100.0
31/12/2005	61.0	1.1	17.0	20.9	100.0

(1) Includes profits (losses) on sale of investments

A.5 Regulatory capital

PATRIMONIO DI VIGILANZA E COEFFICIENTI DI SOLVIBILITA'

	30/6/06 (4) IAS	30/6/06 (5) IAS pro forma (1)	31/3/06 Lgs.D. 87/92	31/3/06 IAS	31/12/05 Lgs.D. 87/92	31/12/05 IAS	30/6/05 Lgs.D. 87/92	30/6/05 IAS
Regulatory Capital								
Tier 1 capital	1,166,990	1,331,484	1,237,692	1,048,024	1,215,784	1,026,117	1,206,192	992,777
Tier 2 capital	799,731	635,237	478,178	647,265	500,048	669,135	502,977	503,833
Deductions (2)	-364,190	-364,190	-362,890	-362,890	-362,740	-362,740	-231,249	-231,249
Total capital	1,602,531	1,602,531	1,352,980	1,332,399	1,353,092	1,332,512	1,477,920	1,265,361
Weighted Assets								
Credit risks	11,795,767	11,795,767	11,228,935	11,602,098	11,181,089	11,566,001	10,198,907	10,583,819
Market risks	1,383,899	1,383,899	1,383,899	1,383,899	1,346,792	1,346,792	1,139,893	1,139,893
Other prudential requirements	593,331	593,331	593,331	284,759	618,399	309,829	618,399	309,829
Total weighted assets	13,772,997	13,772,997	13,206,165	13,270,756	13,146,280	13,222,622	11,957,199	12,033,541
Subordinated loans covering market risks (Tier 3)	79,961	79,961	79,961	79,961	79,961	79,961	79,961	79,961
Solvency ratios (%)								
Tier 1/weighted assets for credit risk	9.89%	11.29%	11.02%	9.03%	10.87%	8.87%	11.83%	9.38%
Total capital/weighted assets for credit risk	13.59%	13.59%	12.05%	11.48%	12.10%	11.52%	14.49%	11.96%
Tier 1 capital/ Total weighted assets (3)	8.47%	9.67%	9.37%	7.90%	9.25%	7.76%	10.09%	8.25%
Total capital/total weighted assets (2) (3)	12.22%	12.22%	10.85%	10.64%	10.90%	10.68%	13.03%	11.18%

(1) Taking into account the benefits deriving from utilisation of provisions foreseen by article 7, paragraph 6, Law 38/2005.

(2) The provisions contained in Directive 2002/B7/EC regarding the deduction from regulatory capital of equity holdings in insurance companies, as communicated by the Bank of Italy in its letter no. 1161199 of 1/12/2005 came into effect from 31/12/05, with the subsequent reduction from regulatory capital of the holding in the insurance subsidiary Carige Vita Nuova of € 131.3 million. The holding in Carige Assicurazioni and the company's subordinated loan issue had already been deducted from Parent Company and Group regulatory capital following a Bank of Italy inspection (Bank of Italy letter no. 1799 of 24/2/2003). In addition, following Bank of Italy letter no 1161199 referred to above, Banca Carige's holding in the Bank of Italy was deducted from regulatory capital in accordance with the latter's indications.

(3) Total weighted assets include credit and market risks.

(4) Supplementary capital includes a lower Tier 2 subordinated issue (€ 399.2 million; the advanced reimbursement of which is expected in September 2006). Furthermore, the computation of regulatory capital has yet to take into account the paid-up share capital increase performed in July 2006. In the light of both elements, as at 30/6/06 estimated values for Tier 1 and regulatory capital are, respectively, € 1,382.2 million and € 1,733.6 million. Tier 1 capital ratio is 10.04 per cent and Total Capital Ratio is 13.17 per cent.

(5) Supplementary capital includes a lower Tier 2 subordinated issue of € 399.2 million, the advanced reimbursement of which is expected in September 2006. Furthermore, the computation of regulatory capital has yet to take into account the paid-up share capital increase performed in July 2006. In the light of both elements, as at 30/6/06 estimated values for Tier 1 and regulatory capital are, respectively, € 1,547.0 million and € 1,733.6million. Tier 1 capital ratio is 11.23 per cent and Total Capital Ratio is 13.17 per cent.

A.6 Transactions with related parties

Relations between Banca Carige and its subsidiaries and other related parties are conducted as part of the Bank's normal activities and are regulated according to market conditions.

Relations with subsidiaries refer to the Parent Company, Banca Carige.

RELATIONS WITH SUBSIDIARIES AND ASSOCIATES *(thousands of euros)*

	30/6/06					
	Activities	Liabilities	Guarantees & commitments	Dividends	Other revenues	Charges
SUBSIDIARIES	328,596	1,003,126	3,189	26,061	47,943	36,295
Cassa di Risparmio di Carrara SpA	41,806	48,851	-	5,092	2,553	2,616
Cassa di Risparmio di Savona SpA	74,684	46,113	-	9,479	12,838	10,450
Banca del Monte di Lucca SpA	97,569	28,528	-	2,106	5,054	2,106
Banca Cesare Ponti SpA	10,249	3,556	-	611	887	653
Carige Asset Management Sgr SpA	8,647	6,799	-	2,587	15,692	813
Centro Fiduciario SpA	680	205	-	88	252	189
Argo Finance One Srl	22	11	-	-	5	-
Argo Mortgage Srl	19	11	-	-	5	-
Argo Mortgage 2 Srl	34,536	738,214	-	-	5,219	17,061
Priamar Finance Srl	19	10	-	-	5	-
Galeazzo Srl	4	2,962	-	-	4	40
Columbus Carige Immobiliare SpA	11,143	46	-	-	330	1,113
Immobiliare Ettore Vernazza SpA	727	12	-	985	23	-
Carige Vita Nuova SpA	320	32,778	-	1,780	1,541	341
Carige Assicurazioni SpA	48,100	91,844	3,189	3,333	1,729	902
Assi 90 Srl	-	2,565	-	-	1,805	8
AG Srl	71	289	-	-	-	1
Savona 2000 Srl	-	-	-	-	-	-
Dafne Immobiliare Srl	-	46	-	-	-	1
Portorotondo Gardens Srl	-	286	-	-	1	1
ASSOCIATES AND COMPANIES OVER WHICH THE BANK HAS A SIGNIFICANT INFLUENCE	143,939	6,349	25	4,255	1,976	54
Frankfurter Bankgesellschaft AG	139,505	170	-	-	1,804	2
Autostrada dei Fiori SpA	4,434	200	-	4,255	169	10
Assimilano Srl	-	1,256	-	-	1	6
Assicentro Recina Servizi Srl	-	4,068	-	-	1	35
Consorzio per il Giurista d'Impresa Srl	-	40	-	-	-	-
B.D.A. SpA	-	330	25	-	1	1
U.C. Sport e Sicurezza Srl	-	217	-	-	-	-
ATOMA SRL	-	68	-	-	-	-
TOTAL	472,535	1,009,475	3,214	30,316	49,919	36,349

As at 30th June 2006 relations with other related parties were as follows:

Transaction type	Balance
Cash credits	22,575
Liabilities	5,595
Guarantees and commitments	6,857
TOTAL	35,027

(thousands of euros)

Related parties are defined as follows:

- "A member of the key management personnel of the entity or its parent". Key management includes the Directors, Statutory Auditors, Managing Director or General Manager, Deputy General Managers and Senior executives;
- "Close members of a family of an individual referred to in a)". Such family members are those who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include the individual's

- domestic partner and children or children of the individual's domestic partner,
- "An entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in a) or b)".

CARIGE GROUP BANKING SUBSIDIARIES

Total financial assets (direct or customer deposits plus indirect deposits) intermediated by **Cassa di Risparmio di Savona (C.R. Savona)** rose by 0.6 per cent over 31st December 2005 and by 3.3 per cent over 30th June 2005 to euros 2,643.3 million.

Direct deposit balances amounted to euros 1,053.2 million, an increase of 0.9 per cent in comparison to 31/12/05 and one of 2.7 per cent over twelve months. There was an increase in the short-term component over six and twelve months of, respectively, 1.5 and 4.7 per cent. The bank's indirect deposits totalled euros 1,590.1 million, a rise of 0.4 per cent over December 2005 (June 2005: +3.7 per cent).

Within this aggregate, wealth management balances dropped over the first six months of the year (-5.9 per cent), but rose in comparison to June 2005 (+0.5 per cent). There were increases of both six and twelve months in the value of assets under custody (31/12/05: +8.4 per cent; 30/6/05: +7.4 per cent).

Total lending to customers amounted to euros 905.6 million, an increase of 8.5 per cent and 11.4 per cent over six and twelve months, respectively. There were rises in both the short-term and medium/long-terms components over six and twelve months: the former was up by 9.5 and 0.8 per cent, whilst the latter rose by 8.3 and 15.4 per cent. C.R. Savona's bad

loans/lending ratio was unchanged in comparison to December 2005 at 2 per cent. The bank's securities portfolio amounted to euros 383.2 million, down 2.2 per cent in comparison to the value recorded at December 2005 and 5.1 per cent lower than at June 2005.

With regards to the income statement, net profit rose 0.8 per cent over twelve months to euros 6.2 million.

Net interest income rose 4.6 per cent to euros 16.7 million due to the combined effects of financial asset volumes intermediated, particularly loans, and widening interest rate margins.

Net commission income slipped 0.5 per cent to euros 10.6 million and the net trading result closed the period up from euros 1.8 to euros 2 million.

Gross operating income therefore rose to euros 30.5 million (+1.2 per cent).

Impairment loss on loans and advances fell by 88.1 per cent to euros 0.2 million.

Operating costs rose by 6.6 per cent to euros 19.4 million, principally as a result of higher administrative charges (+28 per cent). Total operating income before tax amounted to euros 10.9 million, an increase of 6.6 per cent over June 2005's figure of euros 10.3 million. After tax (euros 4.7 million; +0.6 per cent than the previous interim figure), net profit at 30th June 2006 totalled euros 6.2 million, 0.8 per cent higher than the previous half-year result.

CASSA DI RISPARMIO DI SAVONA (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
BALANCE SHEET						
Total assets	1,432,297	1,429,631	1,356,360	1,396,153	5.6%	2.6%
Direct deposits (A)	1,053,158	1,034,044	1,043,649	1,025,933	0.9%	2.7%
Indirect deposits (B)	1,590,096	1,592,323	1,583,836	1,533,581	0.4%	3.7%
- Assets under management	830,826	861,566	883,080	826,706	-5.9%	0.5%
- Assets in custody	759,270	730,757	700,756	706,875	8.4%	7.4%
Total Financial Intermediation Activities (TFIA) (a+b)	2,643,254	2,626,367	2,627,485	2,559,514	0.6%	3.3%
Loans and advances to customers (1)	905,589	876,572	834,288	812,746	8.5%	11.4%
Financial assets	383,193	384,658	391,760	403,925	-2.2%	-5.1%
Capital and reserves	169,678	178,905	168,856	169,203	0.5%	0.3%
INCOME STATEMENT						
Gross operating income	30,519	15,430	58,811	30,168		1.2%
Net result from financial management	30,313	14,769	56,247	28,440		6.6%
Operating income from ordinary activities before taxation	10,935	4,974	18,454	10,268		6.5%
Net income	6,235	2,619	10,430	6,183		0.8%
RESOURCES						
Number of branches	48	47	47	46	2.1%	4.3%
Number of employees	411	415	425	434	-3.3%	-5.3%

(1) Excluding value adjustments.

Banca del Monte di Lucca (BML) recorded a strong increase in volumes intermediated, which pushed interim net profit up by 65 per cent. Direct and indirect deposits - euros 838.8 million - rose by 7.3 per cent over the previous half year figure and by 4 per cent in comparison to the end of 2005.

Within the aggregate, direct deposit balances significantly both over twelve and six months (+9.3 per cent and +7.8 per cent, respectively) to euros 542.4 million, whilst indirect deposits - euros 296.4 million - saw a 3.8 per cent increase in annual terms, but down 2.3 per cent over year-end 2005 due to wealth management related results.

Loans and advances to customers increased by 19.2 per cent over the previous half year figure at 30/6/05 and by 7.1 per cent over 31/12/05 to euros 568.9 million. Medium/long-term lending accounts for 70.1 per cent of the aggregate total, up both over 30/6/05 (+26.5 per cent) and 31/12/05 (+11.7 per cent); short-term credits recorded a 3.8 per cent rise over twelve months, but a 3.3 per cent drop over six.

The value of financial assets dropped by 1.6 per cent over twelve months and by 1 per cent over

six to euros 90.3 million. The aggregate is made up almost in its entirety by held for trading securities.

Net profit at 30th June 2006 totalled euros 3.1 million, 67 per cent higher than the previous interim result of euros 1.8 million, thanks to increases in net interest income and falls in credit impairment charges.

Net interest income rose by 22.6 per cent to euros 9.5 million thanks to increases in amounts handled.

Net commission income increased 13.3 per cent to euros 3.8 million; net trading and hedging income rose from euros 0.3 million in June 2005 to euros 0.6 million in June 2006.

Consequently, gross operating income rose to euros 14.1 million (+19.3 per cent).

After deducting impairment loss on loans and advances and other credit risk provisions of euros 1.2 million and operating costs euros 7.6 million (+6.5 per cent), pre-tax profit amounted to euros 5.5 million (30th June 2005: euros 3.5million). After tax of euros 2.4 million, net profit for the half year was euros 3.1 million, 67 per cent higher than the previous interim result.

BANCA DEL MONTE DI LUCCA (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
BALANCE SHEET						
Total assets	731,650	712,626	663,595	630,577	10.3%	16.0%
Direct deposits (A)	542,416	508,088	503,176	496,211	7.8%	9.3%
Indirect deposits (B)	296,394	308,430	303,469	285,450	-2.3%	3.8%
- Assets under management	127,641	140,020	140,876	119,178	-9.4%	7.1%
- Assets in custody	168,753	168,410	162,593	166,272	3.8%	1.5%
Total Financial Intermediation Activities (TFIA) (a+b)	838,810	816,518	806,645	781,661	4.0%	7.3%
Loans and advances to customers (1)	568,881	553,488	531,185	477,402	7.1%	19.2%
Financial assets	90,258	89,928	89,345	91,734	1.0%	-1.6%
Capital and reserves	32,786	36,713	32,463	27,393	1.0%	19.7%
INCOME STATEMENT						
Gross operating income	14,094	7,006	25,266	11,816		19.3%
Net result from financial management	13,112	6,589	22,585	10,654		23.1%
Operating income from ordinary activities before taxation	5,482	2,752	7,410	3,495		56.9%
Net income	3,082	1,514	4,174	1,845		67.0%
RESOURCES						
Number of branches	21	20	20	19	5.0%	10.5%
Number of employees	153	153	152	151	0.7%	1.3%

(1) Excluding value adjustments.

Cassa di Risparmio di Carrara (C.R. Carrara) recorded an increase in its intermediation volumes of 0.8 per cent in comparison to June 2005 to euros 1,499.7 million, whilst there was little change over six months.

Customer deposits slipped 2.6 per cent over June 2005 and by 0.7 per cent over December 2005 to euros 818.2 million, whilst turning to

indirect deposits there was an increase over the same periods of 5.3 per cent and 0.8 per cent to euros 681.5 million. Within indirect deposits, asset under management balances rose on annual terms by 7.6 per cent, yet recording a fall of 3.1 per cent over December 2005's figure. The value of assets in custody rose both over twelve and six months by 2.9 per cent and 5.3 per cent, respectively.

Loans and advances to customers rose 7.8 per cent in comparison to 31/6/05 and by 2.5 per cent in comparison to 31/12/05 to euros 819.4 million; medium/long-terms loans increased by 3.2 and 3.5 per cent over twelve and six months, whilst short-terms credits increased by 17.3 per cent in comparison to June 2005, with little significant change in comparison to December 2005.

The value of the company's financial assets fell 20.2 per cent to euros 119.9 million in comparison to June 2005, but rose slightly over December 2005 (+1.6 per cent). The portfolio is made up substantially by held for trading securities (approximately: 90%).

Moving to the income statement, net profit rose 40.8 per cent in comparison to the previous interim figure to euros 4.9 million thanks to higher interest earnings and proceeds from the sale of a non-instrumental holding.

Net interest income rose 40.8 per cent to euros 4.9 million, with net interest income on customer loans rising by 12.1 per cent thanks to a widening of interest rate differentials between

interest income and interest charges. A fall in securities trading however meant that interest income on held for trading bonds and interest charges on derivatives both fell over twelve months, respectively, from euros 6.9 million in June 2005 to euros 0.2 million and from euros 5.9 million to euros 33,000.

Net commission income rose 4.9 per cent to euros 7.3 million.

Gross operating income ended the period up 9.5 per cent over June 2005 at euros 25.6 million.

The balance between provisions for credit impairment and writebacks was negative at euros 438,000 (30/6/05: euros -930,000). Operating costs rose by 5.2 per cent to euros 16.9 million.

Operating income for the year amounted to euros 8.3 million (30/6/05: euros 6.4 million). After taxes of euros 3.4million, net profit for the half year ending 30th June 2006 was euros 4.9 million, 40.8 per cent higher than the previous half-year result.

CASSA DI RISPARMIO DI CARRARA *(thousands of euros)*

	30/06/06	31/03/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
BALANCE SHEET						
Total assets	1,088,530	1,041,262	1,026,294	1,269,048	6.1%	-14.2%
Direct deposits (A)	818,199	809,828	824,042	839,634	-0.7%	-2.6%
Indirect deposits (B)	681,494	684,773	675,814	647,486	0.8%	5.3%
- Assets under management	348,793	355,435	359,906	324,083	-3.1%	7.6%
- Assets in custody	332,701	329,338	315,908	323,403	5.3%	2.9%
Total Financial Intermediation Activities (TFIA) (a+b)	1,499,693	1,494,601	1,499,856	1,487,120	0.0%	0.8%
Loans and advances to customers (1)	819,372	790,770	799,010	759,738	2.5%	7.8%
Financial assets	119,922	118,752	118,066	150,202	1.6%	-20.2%
Capital and reserves	94,264	99,192	92,663	92,919	1.7%	1.4%
INCOME STATEMENT						
Gross operating income	25,608	12,186	46,915	23,395		9.5%
Net result from financial management	25,170	13,082	43,175	22,465		12.0%
Operating income from ordinary activities before taxation	8,293	5,289	11,751	6,416		29.3%
Net income	4,893	2,929	6,453	3,476		40.8%
RESOURCES						
Number of branches	33	33	33	33	0.0%	0.0%
Number of employees	347	349	353	360	-1.7%	-3.6%

(1) Excluding value adjustments.

Banca Cesare Ponti SpA recorded rises in volumes intermediated both over twelve (+6.6 per cent) and six months (+1.5 per cent).

Customer deposit balances rose 9.2 per cent over twelve months to euros 269.5 million (31/12/05: +2.6 per cent). Indirect deposits reached euros 735.2 million at 30/6/06 (30/6/05: 5.7 per cent; 31/12/05: +1.2 per cent) with a fall in assets under management (30/6/05: -2.6 per cent; 31/12/05: -7.1 per

cent) and a rise in assets in custody (30/6/05: +10.5 per cent; 31/12/05: +6 per cent).

Lending to customers amounted to euros 169.3 million, 3.9 per cent down on June 2005 and 4.6 per cent down December 2005's figure, following falls of 24 and 25 per cent over twelve and six months in short-term lending; medium/long-term lending, however, rose over the same periods by 18.9 and 11 per cent.

Financial assets rose to euros 81.5 million (30/6/05: euros 71.5 million; 31/12/05: euros

73.1 million). At 30th June 2006, held for trading securities accounted for euros 79.6 million.

Net profit for the period ending 30/6/06 was euros 50,000, 94.7 per cent lower than the previous interim result due to a trading result negatively impacted by net writedowns of euros 0.7 million.

Net interest income amounted to euros 3.2 million at 30/6/06, down 4.3 per cent over June 2005, principally following reductions in interest-rate margins and short-term lending.

Net commission income rose 4.4 per cent over twelve months to euros 3.1 million.

Gross operating income fell by 25.4 per cent in annual terms to euros 6 million.

The balance between provisions for and writebacks to credit losses was positive at euros 0.4 million (June 2005: euros 104,000).

Operating costs fell 10.3 per cent to euros 6 million. The caption is made up by administrative charges of euros 6.2 million, of which staff costs account for euros 3.6 million (-13.1 per cent), and other administrative expenses of euros 2.7 million (+12.1 per cent). Pre-tax profit amounted to euros 0.5 million (30/6/05: euros 1.5 million). After tax (euros 0.4 million), net profit at 30th June 2006 amounted to euros 50,000.

BANCA CESARE PONTI (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/6/05	Change %	
					6/06 12/05	6/06 6/05
BALANCE SHEET						
Total assets	315,384	299,595	308,385	305,602	2.3%	3.2%
Direct deposits (A)	269,485	255,763	262,653	246,705	2.6%	9.2%
Indirect deposits (B)	735,154	749,336	726,775	695,702	1.2%	5.7%
- Assets under management	249,448	280,657	268,431	255,988	-7.1%	-2.6%
- Assets in custody	485,706	468,679	458,344	439,714	6.0%	10.5%
Total Financial Intermediation Activities (TFIA) (a+b)	1,004,639	1,005,099	989,428	942,407	1.5%	6.6%
Loans and advances to customers (1)	169,309	169,130	177,508	176,188	-4.6%	-3.9%
Financial assets	81,530	82,769	73,133	71,468	11.5%	14.1%
Capital and reserves	21,350	22,390	21,149	21,149	1.0%	1.0%
INCOME STATEMENT						
Gross operating income	5,997	3,302	15,469	8,041		-25.4%
Net result from financial management	6,437	3,641	14,553	8,145		-21.0%
Operating income from ordinary activities before taxation	461	497	2,138	1,498		-69.2%
Net income	50	207	1,242	947		-94.7%
RESOURCES						
Number of branches	4	4	4	4	0.0%	0.0%
Number of employees	103	105	109	112	-5.5%	-8.0%

(1) Excluding value adjustments.

INSURANCE SUBSIDIARIES

The figures relating to the Banca Carige Group's two insurance subsidiaries Carige Assicurazioni and Carige Vita Nuova have been prepared in accordance with the Italian Civil Code and specific accounting requirements for the insurance sector (Legislative decree 175/95, Legislative decree 173/97, ISVAP ruling 735/97). These results differ from those stated elsewhere in this Consolidated Report ("Insurance Business" and "Explanatory Notes"), which were prepared on the basis of each company's reporting packages in accordance with rulings by the Bank of Italy (no. 262 of 22nd December 2005) and the Italian insurance industry watchdog ISVAP (no. 2404 of 22nd

December 2005), in addition to indications provided by the parent company, Banca Carige. Total shareholder's equity as at 30th June 2006 of the Group's non life insurance provider **Carige Assicurazioni** amounted to euros 176.4 million. Technical reserves net of reinsurance rose during the period by 11.4 per cent to euros 176.4 million, whilst investments remained unchanged over December 2005 at euros 664.3 million.

Net profit for the period more than doubled in comparison to the previous half-year result to euros 2.8 million (June 2005: euros 1.3 million). In detail, higher charges relating to claims (+14.3 per cent to euros 171.1 million) and management (+7.1 per cent to euros 60.8 million) were more than offset by increases in net premiums (+9 per cent to euros 238 million) and reduced technical charges which, excluding

reinsurance, dropped 61.9 per cent to euros 8.1 million.

Earnings and costs on investments rose, respectively, by 12 per cent to euros 14 million and by 32.7 per cent to euros 11.9 million. The result from ordinary activities totalled euros 4.9 million (30/6/05: euros 1.3 million), whilst the extraordinary result, benefiting from a change in accounting criteria applied to indirect taxes and

carried out also by the Parent Company, fell 91 per cent to euros 101,000.

Gross premiums rose 6.2 per cent to euros 280.7 million, with a rise of 9 per cent to euros 238 million net of reinsurance.

Total claims settled amounted to euros 171.1 million (+14.3 per cent) and management costs totalled euros 60.8 million (+7.1 per cent).

CARIGE ASSICURAZIONI (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Gross premiums	280,654	119,038	530,754	264,294		6.2%
Premiums payable excluding reinsurance	237,984	110,433	451,367	218,241		9.0%
Claims incurred excluding reinsurance	171,118	76,964	312,034	149,659		14.3%
Related costs	60,817	28,263	114,726	56,795		7.1%
Profit/loss from technical account	6,027	2,277	6,774	896		...
Net profit	2,845	1,344	3,939	1,259		...
Investments	664,308	646,142	651,287	657,811	2.0%	1.0%
Technical reserves excluding reinsurance	677,022	630,831	634,389	607,933	6.7%	11.4%
Shareholders' equity	176,401	176,401	175,812	175,812	0.3%	0.3%
Insurance offices	388	391	395	399	-1.8%	-2.8%
Staff	289	305	313	320	-7.7%	-9.7%

Total shareholders' equity at 30th December 2005 for the Group's life insurer **Carige Vita Nuova** amounted to euros 50.4 million. Investments and technical reserves net of reinsurance both increased, respectively, by 4.5 per cent (to euros 1,461.3 million) and 6.8 per cent (to euros 1,383 million).

The company closed the first six months of the year with a net profit of euros 1 million, lower than the previous half year result of euros 1.6 million. The technical account result was euros 0.9 million in comparison to euros 1.8 million in June 2005.

Gross premiums rose by 58.3 per cent to euros 165 million; excluding reinsurance the increase is of 58.4 per cent to euros 157.7 million. This positive result is however in part countered by rises in claims incurred and settled during the year (excluding reinsurance), which increased by 36.3 per cent to euros 56.7 million, and in management costs, which were 32 per cent higher than the previous interim figure at euros 9.2 million.

CARIGE VITA NUOVA SPA (thousands of euros)

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
Gross premiums	165,028	68,017	296,348	104,274		58.3%
Premiums payable excluding reinsurance	157,735	64,848	285,466	99,555		58.4%
Claims incurred excluding reinsurance	56,745	26,191	92,201	41,647		36.3%
Related costs	9,198	4,123	16,094	6,966		32.0%
Profit/loss from technical account	927	1,850	896	1,756		-47.2%
Net profit	1,046	1,396	2,241	1,622		-35.5%
Investments (1)	1,461,322	1,435,787	1,398,464	1,225,436	4.5%	19.2%
Technical reserves excluding reinsurance (1)	1,383,023	1,337,486	1,295,384	1,130,859	6.8%	22.3%
Shareholders' equity	50,425	52,205	49,964	49,964	0.9%	0.9%
Insurance offices	287	291	294	291	-2.4%	-1.4%
Staff	68	52	52	51	30.8%	33.3%

(1) Including those investments, mostly in the form of index and unit linked products, with risk backing provided by insurers and pension funds

FINANCE SUBSIDIARIES

The Carige Group's wealth management company **Carige Asset Management SGR SpA** ("Carige AM"), set up in 2003, manages fifteen fully operational funds (thirteen of which designed for the Group's retail customers, and two reserved for institutional investors), twenty-five management lines (securities and fund management products), three insurance product lines ("Gestilink"), and one relating to the Carige Open Pension Fund scheme.

Total assets under management amounted to at 30/6/06 euros 7.3 billion, down 2 per cent in comparison to 31/12/05 but 2 per cent higher than the previous interim figure. During the first six months of the year, there was growth in

private banking (+4.2 per cent) and fall in mutual funds (-3.3 per cent).

Net profit at 30th June 2006 was 10.8 per cent higher than the same period in 2005 at euros 1.4 million.

Net commission income was around euros 5 million (30/6/05: euros 4.6 million) after commission income of euros 22.9 million minus commission charges of euros 17.9 million. Interest income and the net result of hedging activities totalled euros 0.2 million. Consequently, gross operating income was euros 5.2 million. Operating costs totalled euros 2.9 million and include administrative charges of euros 2.8 million (30/6/05: euros 2.6 million). The company's operating result for the period before tax was euros 2.3 million.

After tax for the period of euros 0.9 million, net profit at 30th June 2006 amounted to euros 1.4 million, 10.8 per cent higher than in June 2005.

CARIGE A.M. SGR

	30/06/06	31/03/06	31/12/05	30/06/05	Change %	
					6/06 12/05	6/06 6/05
INTERMEDIATION (millions of euros)						
Assets under management	7,316,925	7,425,539	7,463,039	7,171,760	-2.0	2.0
- Mutual funds	5,510,595	5,601,545	5,701,022	5,520,100	-3.3	-0.2
- Private banking (securities and fund management)	1,456,976	1,460,000	1,398,000	1,378,460	4.2	5.7
- Insurance products	252,823	271,191	277,619	273,200	-8.9	-7.5
- Pension funds	96,531	92,803	86,398	0	11.7	...
Total assets	18,564	21,175	20,258	16,795	-8.4	10.5
Capital and reserves	5,938	8,557	5,675	5,675	4.6	4.6
INCOME STATEMENT (thousands of euros)						
Net commission income	4,967	2,444	9,641	4,560		8.9
Administrative costs	2,848	1,388	5,051	2,566		11.0
Operating costs	2,307	1,150	4,739	2,072		11.3
Net profit	1,415	704	2,910	1,277		10.8
RESOURCES						
Staff (1)	24	22	23	21	4.3	14.3

(1) Group staff posted to the company.

Argo Finance One Srl, special purpose entity formed as part of the securitisation of bad loans with a book value of euros 227.6 million carried out by Banca Carige at the end of 2000, collected during the first six months of the year euros 9.3 million. Total amounts collected at 30th June 2006 (euros 160.8 million) are in line with best performance indicators fixed at the onset of the transaction and have enabled reimbursement of the entirety of the class A (euros 40 million) and class B (euros 70 million) securities. Class C securities, subscribed entirely by Banca Carige, are currently outstanding and reimbursement began during the year.

The special purpose entity **Priamar Finance Srl**, (securitisation of C.R. Savona's non performing loans at the end of 2002 with a book value of euros 33.7 million) at 30/6/06 had collected a total of euros 15.8 million, euros 1.9 million of which during the first half of 2006.

Argo Mortgage Srl, the SPE formed during the securitisation of mortgage loans performed by Banca Carige at the end of 2001 (total amount securitised: euros 511.5 million), had by June 2006 collected receipts of euros 357.1 million, euros 31.6 million in 2006.

Argo Mortgage 2, the SPE for a further securitisation transaction carried out by Carige relating to mortgage loans outstanding as at 30th June 2004 and valued at euros 864.5 million, had collected a total of euros 235.9 million, euros 64.2 million during 2006.

OTHER SUBSIDIARIES

Galeazzo Srl ended the half year with a net profit of euros 24,000, down 6.1 per cent over the previous half-year result, which benefited from a non-recurring contribution of euros 7,000. The company's ordinary activities consist of the leasing of its own real estate portfolio. Value adjustments to property totalled euros 9,500, in line with the first half of 2005. Tax charges (euros 15,000) recognised in the income statement amounted to euros 12,000 in current and euros 3,000 in deferred taxes.

Columbus Carige Immobiliare Srl, a company operating in the leasing of the Group's real estate portfolio in addition to the purchase and re-sale of property, recorded a net profit for the period of euros 364,000 in comparison to euros 258,000 at 30/6/05. Lease income totalled euros 1.1 million.

Value adjustments to tangible assets amounted to euros 304,000.

With regards to the purchase of property for resale, the company acquired at auction six properties and completed sixteen sale agreements, 11 of which referring to parking places with a positive difference over book value of euros 306,000. The book value of property destined for resale at 30th June 2006 totalled euros 14 million in comparison to euros 13.8 million recorded at 31st December 2005.

Net profit for **Immobiliare Vernazza Srl** at 30th June 2006 rose from euros 496,000 at 30/6/05 to euros 580,000. Rents collected during the period amounted to euros 1.2 million. Value adjustments totalled euros 57,000, similar to the previous interim figure. Tax for the half year amounted to euros 398,000, plus a further euros 100,000 in local property tax (ICI). During the period, the company distributed dividends for the year 2005 totalling euros 985,000.

Immobiliare Carisa Srl recorded a half-year net profit of euros 5,000 (June 2005: euros 13,000). In detail, production values rose 3.5 per cent to euros 104,000 and production costs

totalled euros 43,000 (+6.4 per cent), whilst financial costs increased by 2.4 per cent to euros 45,000. Pre-tax profit was euros 15,000, 1.1 per cent down on the previous half-year result. After tax charges for the period of euros 11,000 (euros 3,000 in June 2005 including deductible tax losses referring to previous periods of euros 27,000), net profit totalled euros 5,000.

The company's net assets amounted to euros 4.4 million.

Centro Fiduciario CF SpA's net profit for the first six months of the year was 31.9 per cent higher than at 30th June 2005 at euros 100,000.

Operating revenues rose 13 per cent to euros 506,000. Related costs totalled euros 354,000 (June 2005: +7.2 per cent).

The net result of the company's ordinary activities was euros 152,000, up 29.1 per cent over the first six months of 2005. Profits arising from the company's financial trading activities rose by 20.7 per cent to euros 26,000. Earnings on financial fixed assets totalled euros 14,000. After tax (euros 77,000), net profit for the period was euros 100,000.

KEY EVENTS AFTER 30TH JUNE 2006

On 10th July 2006, the period established for the exercising of option rights began relating to the share capital increase on the part of Banca Carige via the issue of 76,943,254 shares with a nominal value of euros 1 each and offered to existing shareholders on the basis of 1 new share for every 15 shares and/or bonds issued as part of the Bank's bond issue "Banca Carige 1.50 per cent 2003-2013 subordinated hybrid with reimbursement premium convertible into ordinary shares" at a unit price inclusive of premium of euros 2.80. The transaction was completed on 9th August with the issue fully subscribed.

Parallel to the paid-up capital increase, a scrip issue, deliberated by the Extraordinary Shareholders' Meeting of 25th January 2006, was completed for a nominal value of euros 164,878,401 via the allotment of one new share for every seven held.

Following the share capital increase, the holding on the part of the Cassa di Risparmio di Genova e Imperia Foundation dropped from 43.27 per cent to 40.46 per cent, CNCE's holding rose

from 11.60 per cent to 14.75 per cent, and WestLB's decreased from 5.71 cent to 5.34 per cent.

On 20th July, in accordance with the Executive Committee's resolution of 21st March 2006, Banca Carige sold 120 shares (nominal value of 100 each) in SIIT ScpA (equivalent to 2 per cent of the cooperative's capital) to FILSE SpA, which will subsequently transfer the holding to the University of Genoa.

On 24th July, the Board of Directors of Banca Carige approved the entire subscription of a share capital increase on the part of its life insurance subsidiary Carige Vita Nuova. The subsidiary's equity will be raised from euros 46,280,000 to euros 61,360,000 via the issue of 29,000,000 new shares with a nominal value of euros 0.52 each.

During the same meeting, the Board approved a review of agreements with the banking subsidiary Banca del Monte di Lucca relating to the carrying out of administrative duties and the transfer of personnel.

On 1st August, the Executive Committee resolved the purchase directly and indirectly by means of the Carige Group's banking subsidiaries from ABI of 19,282 shares in SIA SpA with a nominal value of euros 0.52 each along with the possible subsequent purchase from ABI of those

SIA shares not purchased by other partners up to a maximum of 305,027 shares (nominal value: euros 0.52) for an overall investment of euros 2,135,189.

On 28th August, the Parent Company, following the resolution of its Board of Directors of 20th March 2006 and the Bank of Italy's decision of 29th May 2005, acquired control (60 per cent) of the special purpose entity Argo Mortgage 2 via the purchase of 55 per cent of the company's capital from Stichting Faro and a further 5 per cent from Columbus Carige Immobiliare for a total investment of euros 6,000.

FORECASTED RESULTS FOR BANCA CARIGE GROUP AS AT 31ST DECEMBER 2006

As of the date these statements are released it is reasonable to expect that the performance of Banca Carige in the third and fourth quarters will be in line with budget forecasts and better than that recorded in 2005.

Genoa, 11th September 2006

The Board of Directors