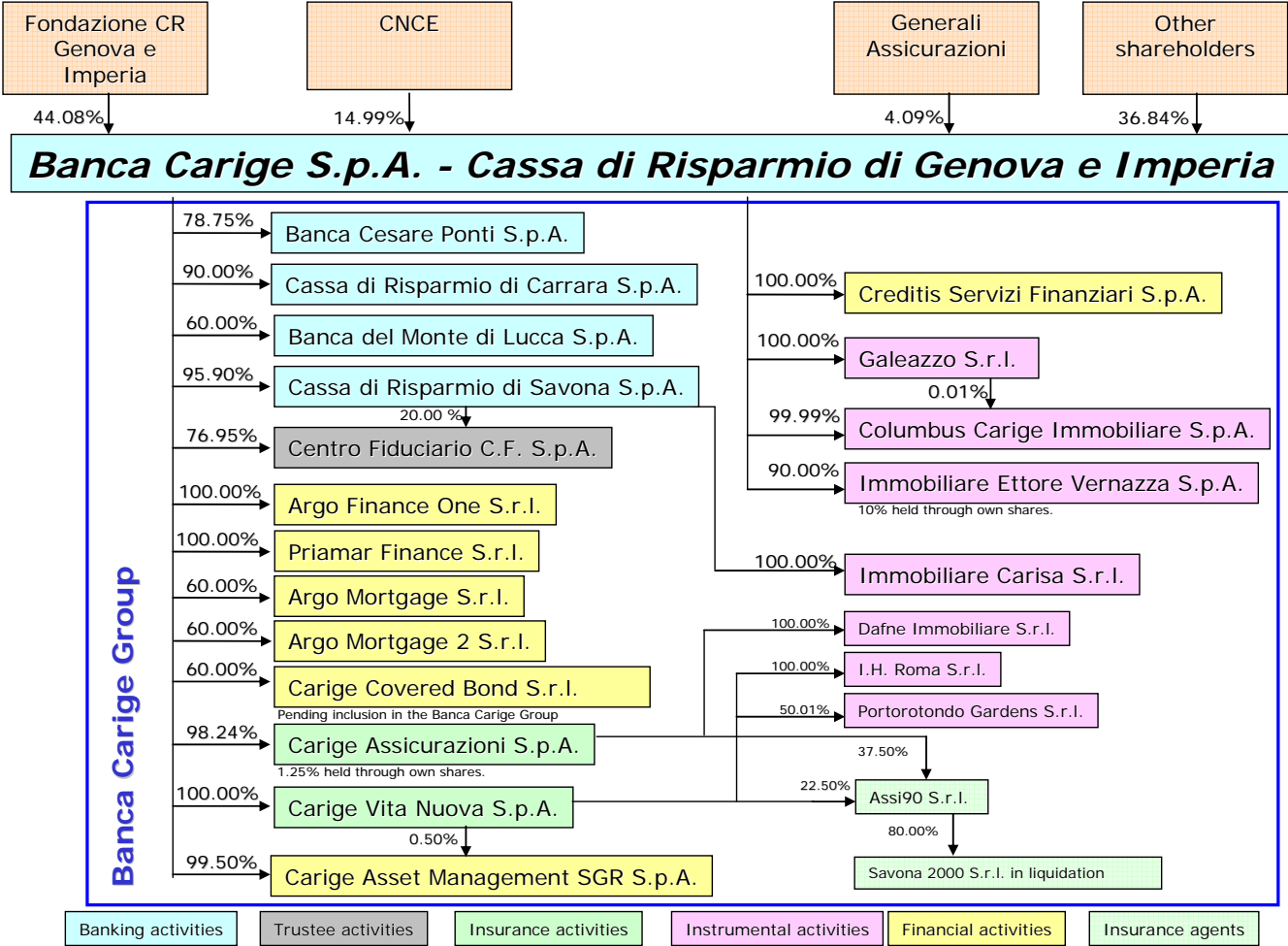


INTERIM REPORT ON OPERATIONS

THIRD QUARTER OF 2008

THE BANCA CARIGE GROUP



BANCA CARIGE GROUP

INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2008

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CONSOLIDATED FINANCIAL HIGHLIGHTS

	Situation as at				Change %	
	30/9/2008	30/6/2008	31/12/2007	30/9/2007	9/08 12/07	9/08 9/07
BALANCE SHEET (1)						
Total assets	30,328,603	30,636,241	27,463,676	26,506,255	10.4	14.4
Funding	21,562,315	21,640,715	19,773,044	19,191,788	9.0	12.4
- Direct Deposits (a)	20,475,929	20,042,020	17,386,168	16,792,002	17.8	21.9
* Amounts owed to customers	10,766,712	11,060,836	9,571,945	9,036,660	12.5	19.1
* Securities in issue	9,142,064	8,468,366	7,281,050	7,211,768	25.6	26.8
* Liabilities at fair value	567,153	512,818	533,173	543,574	6.4	4.3
- Amounts owed to banks	1,086,386	1,598,695	2,386,876	2,399,786	(54.5)	(54.7)
- Indirect deposits (b) (2)	21,905,132	22,168,928	20,235,447	20,409,720	8.3	7.3
- Assets under management (2)	10,947,485	11,165,189	10,330,790	10,310,987	6.0	6.2
- Assets in custody	10,957,647	11,003,739	9,904,657	10,098,733	10.6	8.5
Financial Intermediation Activities (FIA) (a+b)	42,381,061	42,210,948	37,621,615	37,201,722	12.7	13.9
Investments (3)	26,251,790	26,366,953	24,288,649	23,800,315	8.1	10.3
- Loans to customers (3)	19,558,913	19,361,980	17,478,165	16,879,765	11.9	15.9
- Loans to banks (3)	1,258,780	1,809,792	1,511,092	1,449,097	(16.7)	(13.1)
- Securities portfolio (3)	5,434,097	5,195,181	5,299,392	5,471,453	2.5	(0.7)
Capital and reserves	3,487,217	3,545,494	2,622,990	2,652,415	32.9	31.5
INCOME STATEMENT (1)						
Gross operating income	760,521	484,339	968,403	708,918		7.3
Net income from financial and insurance management	658,995	419,025	875,618	650,331		1.3
Operating costs	426,527	278,352	515,318	364,874		16.9
Profit for the period	163,048	110,972	204,813	161,420		1.0
RESOURCES (4)						
Number of branches	603	603	522	517	15.5	16.6
Insurance agencies	375	375	376	381	(0.3)	(1.6)
Number of bank employees	5,264	5,261	4,706	4,676	11.9	12.6
Number of bank and insurance employees	5,635	5,626	5,069	5,036	11.2	11.9
FINANCIAL RATIOS						
Operating costs / Gross operating income (5)	56.08%	57.47%	53.21%	51.47%		
ROE	4.68%	3.13%	7.81%	6.09%		
ROE (6)	5.75%	3.83%	10.28%	8.01%		
ROAE (7)	5.34%	3.60%	7.91%	6.20%		
ROAE (6) (7)	6.75%	4.54%	10.42%	8.17%		
Earnings per share (in €)						
- basic	0.094	0.065	0.145	0.114		
- diluted	0.094	0.065	0.145	0.113		
RISK ASSETS AND REGULATORY RATIOS (8)						
Total Risk-Weighted Assets (1)	18,315,138	18,336,613	17,976,625	17,227,688	1.9	6.3
Tier 1 capital / RWA	8.17%	8.16%	7.81%	8.14%		
Regulatory capital including Tier 3 capital/Total weighted assets	10.10%	10.22%	9.19%	9.60%		

(1) Figures in thousands of €

(2) The figure as at 30/6/2008 has been modified in relation to the final valorisation of the quantities belonging to the branches acquired from the Intesa Sanpaolo Group from 10/3/2008.

(3) Before value adjustments and, in relation to loans to customers and to banks, net of debt securities classified as L&R and included in the securities portfolio.

(4) Data of the end of period.

(5) This indicator was calculated before allocations to provisions for risks and charges; figure as at 30/9/2007 differs from the one recorded in the 2007 third quarterly report, which was net of those allocations.

(6) Net of the AFS reserve established against the revaluation of the equity investment in the Bank of Italy.

(7) Net profit on average shareholders' equity (Return On Average Equity).

(8) Amounts as at 30/9/2008 incorporate the estimates following securities reclassification carried out in compliance with IAS 39/IFRS 7, approved by the European Commission on 15/10/2008. Amounts as at 30/9/2008 and 30/9/2007 were estimated on management data as they are not the official figures to be disclosed to the Bank of Italy. Amounts as at 30/6/2008 and as at 31/12/2007 are official and reported to the Bank of Italy. They differ from the management data shown in the half-year report as at 30/6/2008 and in the 2007 financial statements. Capital ratios are calculated on the basis of supervisory regulations in force from time to time.

MANAGEMENT OF THE PARENT BANK

BOARD OF DIRECTORS

CHAIRMAN
Giovanni Berneschi*

DEPUTY CHAIRMAN
Alessandro Scajola *

DIRECTORS

Andrea Baldini *
Giorgio Binda
Jean-Jacques Bonnaud
Luca Bonsignore
Cesare Castelbarco Albani
Remo Angelo Checconi *
Maurizio Fazzari
Luigi Gastaldi
Pietro Isnardi
Ferdinando Menconi
Nicolas Mérindol
Paolo Cesare Odone *
Renata Oliveri *
Jean-Marie Paintendre
Vincenzo Roppo *
Francesco Taranto

GENERAL MANAGEMENT

GENERAL MANAGER
Alfredo Sanguinetto

DEPUTY GENERAL
MANAGER (COMMERCIAL)
Carlo Arzani (1)

DEPUTY GENERAL
MANAGER
(ADMINISTRATION)
Giacomo Ottonello

DEPUTY GENERAL MANAGER
(CREDIT AND WEALTH
MANAGEMENT)
Mario Cavanna

DEPUTY GENERAL MANAGER
(GOVERNANCE
AND
CONTROL)
Ennio La Monica (2)

BOARD OF STATUTORY AUDITORS

CHAIRMAN
Andrea Traverso

STANDING AUDITORS
Massimo Scotton
Antonio Semeria

SUBSTITUTE AUDITORS
Adriano Lunardi
Luigi Sardano

AUDIT
FIRM
Deloitte &
Touche SpA

**Member of the Executive Committee*

The Board of Directors was appointed by the Ordinary Shareholders' Meeting of 20/4/2006 for the financial years 2006-2007-2008. The Ordinary Shareholders' Meeting of 27/4/2007 appointed Mr. Luigi Gastaldi – already co-opted by the Board of Directors on 11/12/2006 – and Mr. Cesare Castelbarco Albani, to replace the outgoing Mr. Raffaele Lauro and Mr. Flavio Repetto, as members of the Board of Directors, with the same expiry of term in office as the other Board members.

The Executive Committee was appointed by the Board of Directors on 8/5/2006 with a duration of term until 31/10/2007, extended until 31/12/2007 by resolution of the Board of Directors of 12/10/2007, and then confirmed up to the expiry of term in office of the current Board of Directors, by resolution of the Board of Directors on 17/12/2007.

The Board of Statutory Auditors was appointed by the Ordinary Shareholders' Meeting of 29/4/2008 for the financial years 2008-2009-2010.

The mandate to the Audit Firm was granted by the ordinary Shareholders' Meeting of 20/4/2006 for financial years 2006-2007-2008-2009-2010-2011.

The current organisational structure was approved by the Board of Directors on 22/1/2007, effective from 1/5/2007.

The Extraordinary Shareholders' Meeting of 27/4/2007, in accordance with the provisions under art. 154 bis, paragraph 1 of Legislative Decree 58/1998 (Consolidated Law on Finance), amended Banca Carige's Articles of Association which, under art. 31, established the function of Manager responsible for preparing the company's financial reports, setting forth the requirements of professionalism, in addition to the appointment methods.

On 14/5/2007, in accordance with the new statutory provisions, the Board of Directors appointed Deputy General Manager Governance and Control, Mr. Ennio La Monica, as the Manager responsible for preparing the company's financial reports, verifying his requirements of integrity and experience.

(1) With the role of Substitute Deputy General Manager.

(2) Manager responsible for preparing the company's financial reports, pursuant to Art. 154 bis of the Consolidated Law on Finance.

AREA AND METHODS OF CONSOLIDATION

1. EQUITY INVESTMENTS IN WHOLLY-CONTROLLED SUBSIDIARIES AND SUBSIDIARIES SUBJECT TO JOINT CONTROL

Based on the IAS/IFRS standards, the area of consolidation includes all subsidiaries, whether held directly or indirectly: therefore, even companies not classified as credit, financial or instrumental institutions have been consolidated on a line-by-line basis.

The concept of control applied is that set out in IAS 27.

In the first nine months of 2008, the perimeter of the consolidation area remained unchanged with respect to that determined for preparation of the financial statements as at 31 December 2007. It should be noted that the equity investment held in Banca Cesare Ponti SpA increased from 60.94% to 78.75%, from 60% to 100% in Priamar Finance Srl, and from 76.94% to 76.95% in Centro Fiduciario SpA, whilst in Portorotondo Gardens it fell from 100% to 50.01%.

Equity investments in exclusive subsidiaries

Name of the companies	Head offices	Type of relationship (1)	Shareholding relationship		Availability of votes (2) (3)	
			Holding company	% Shareholding	Actual %	Potential %
A. Companies						
A.1 Consolidated line-by-line						
Banking group						
1. Banca CARIGE SpA	Genoa					
2. Cassa di Risparmio di Savona SpA (5)	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 (5)	Milan	1	A1.1	78.75	78.75	21.25
6. Carige Asset Management Sgr SpA	Genoa	1	A1.1	99.50		
			A1.18	0.50		
7. Creditis Servizi Finanziari SpA	Genoa	1	A1.1	100.00		
8. Centro Fiduciario SpA	Genoa	1	A1.1	76.95		
			A1.2	20.00		
9. Argo Finance One Srl	Genoa	1	A1.1	100.00		
10. Priamar Finance Srl	Genoa	1	A1.1	100.00		
11. Argo Mortgage Srl	Genoa	1	A1.1	60.00		
12. Argo Mortgage 2 Srl	Genoa	1	A1.1	60.00		
13. Columbus Carige Immobiliare SpA	Genoa	1	A1.1	99.99		
			A1.14	0.01		
14. Galeazzo Srl	Genoa	1	A1.1	100.00		
15. Immobiliare Vernazza Srl (4)	Genoa	1	A1.1	90.00	100.00	
16. Immobiliare CARISA Srl	Savona	1	A1.2	100.00		
Insurance companies						
17. Carige Assicurazioni SpA (4)	Milan	1	A1.1	98.24	99.51	
18. Carige Vita Nuova SpA	Genoa	1	A1.1	100.00		
Other companies						
19. Dafne Immobiliare Srl	Milan	1	A1.17	100.00		
20. Portorotondo Gardens Srl	Milan	1	A1.18	50.01		
21. I.H. Roma Srl	Verona	1	A1.18	100.00		
22. Assi 90 Srl	Genoa	1	A1.17	37.50		
			A1.18	22.50		

Key

(1) Type of relationship:

- 1 = majority of voting rights at ordinary shareholders' meeting
- 2 = dominant influence at ordinary shareholders' meeting
- 3 = agreements with other shareholders
- 4 = other forms of control
- 5 = single management pursuant to article 26, paragraph 1 of Legislative Decree 87/92
- 6 = single management pursuant to article 26, paragraph 2 of Legislative Decree 87/92
- 7 = joint control

(2) Availability of voting rights at ordinary shareholders' meeting, distinguishing between actual and potential

(3) Figure entered only if different from the equity investment share

(4) The percentage of actual availability of votes differs from the equity investment share as it is calculated on the capital excluding own shares.

(5) Potential votes derived from the sale of put options.

With regards to operations, the subsidiaries can be divided into banking (Banca Carige Spa, Cassa di Risparmio di Savona SpA, Cassa di Risparmio di Carrara SpA, Banca del Monte di Lucca SpA, Banca Cesare Ponti SpA), asset management (Carige Asset Management SGR SpA), financial (Creditis Servizi Finanziari SpA), trust companies (Centro Fiduciario SpA), special purpose vehicles for securitisation transactions (Argo Finance One Srl, Priamar Finance Srl, Argo Mortgage Srl, Argo Mortgage 2 Srl), insurance (Carige Vita Nuova Spa, Carige assicurazioni SpA) real estate (Immobiliare Ettore Vernazza Srl, Galeazzo Srl, Columbus Carige Immobiliare SpA, Immobiliare Carisa Srl, Portorotondo Gardens Srl, Dafne Immobiliare Srl and I.H. Roma Srl) and insurance agencies (Assi 90 Srl).

This consolidated interim report on operations has been prepared using:

- draft financial statements of the Parent Bank and the other consolidated companies as at 30/9/2008, approved by their respective Boards of Directors and prepared according to the approved IAS/IFRS in force;
- reporting packages prepared by those companies that did not adopt the IAS/IFRS

and approved by the respective Boards of Directors.

Minor subsidiaries outside of the area of consolidation were recorded at cost, in accordance with the general framework principles. All of the companies belonging to the banking group, insurance companies and three real estate companies classified as "Other companies" were considered to be significant subsidiaries. Solely with regard to the other companies, those with balance sheet totals of less than € 10 million, and provided that the total of the companies excluded does not exceed € 50 million, were classified as minor subsidiaries, in accordance with the provisions on consolidated supervisory reporting established by the Bank of Italy in circular no. 115 of 7 August 1990.

It should be highlighted that the equity investment held in Carige Covered Bond Srl (formerly Holborn finance Srl) increased from 5% to 60% in September. At the present time, it was decided not to include the company in the area of consolidation given that it is still not operational and that the Bank of Italy has still not communicated its registration to the Carige banking group.

Equity investments in subsidiary companies excluded from the line-by-line consolidation

Name of the companies	Head offices	Shareholding relationship		Availability of votes	
		Holding company	% Shareholding	Actual %	Potential %
1. Savona 2000 Srl in liquidation	Savona	Assi 90 Srl	80.00		
2. Carige Covered Bond Srl	Genoa	Banca Carige SpA	60.00		

Companies for which shares with voting rights have been received as a form of credit guarantee rather than as a means of exercising control over the companies under review were also excluded from the area of consolidation.

2. OTHER INFORMATION

Associates that are entities in which the Group has significant influence were valued according to the equity method.

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

Name of the companies	Head offices	Shareholding relationship		Availability of votes	
		Holding company	% Shareholding	Actual %	Potential %
A. Companies consolidated with the equity method					
1. Autostrada dei Fiori SpA	Savona	Banca Carige SpA	16.62		
		Cassa di Risparmio di Savona SpA	4.00		
2. Assicentro Recina Servizi Srl	Rome	Assi 90 Srl	25.00		

Companies in which the Group exerts a significant influence that are not considered to be significant have been valued at cost, in

accordance with the general principles set out in the framework.

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

Name of the companies	Head offices	Shareholding relationship		Availability of votes	
		Holding company	% Shareholding	Actual %	Potential %
1. Assimilano Srl	Milan	Assi 90 Srl	45.00		
2. U.C. Sport e Sicurezza Srl	Milan	Carige Ass.ni SpA	25.00		
		Carige V. N. SpA	25.00		
3. Nuova Erzelli Srl	Genoa	Banca Carige SpA	40.00		
4. Consorzio per il Giurista di Impresa Scrl	Genoa	Banca Carige SpA	50.00		
5. World Trade Center Genoa SpA in liquidation	Genoa	Banca Carige SpA	20.32		

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2008

BALANCE SHEET

ASSETS (figures in thousands of €)

	30/9/08	30/6/08	31/12/07	30/09/07	Change %	
					09/08 12/07	09/08 09/07
10 - CASH AND CASH EQUIVALENTS	220,058	237,032	243,720	172,061	(9.7)	27.9
20 - FINANCIAL ASSETS HELD FOR TRADING	1,524,600	2,004,438	2,306,484	2,678,513	(33.9)	(43.1)
30 - FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	687,644	707,016	716,367	708,629	(4.0)	(3.0)
40 - AVAILABLE-FOR-SALE FINANCIAL ASSETS	2,652,616	2,563,939	2,385,535	2,239,779	11.2	18.4
50 - FINANCIAL ASSETS HELD TO MATURITY	99,509	2,380	2,458	2,533	...	...
60 - LOANS TO BANKS	1,536,157	1,809,145	1,510,445	1,448,450	1.7	6.1
70 - LOANS TO CUSTOMERS	19,311,234	18,870,084	17,017,381	16,424,373	13.5	17.6
80 - HEDGING DERIVATIVES	22,665	42,652	23,936	20,293	(5.3)	11.7
100 - EQUITY INVESTMENTS	56,680	56,674	56,256	59,493	0.8	(4.7)
110 - TECHNICAL RESERVES CHARGED ON REINSURERS	159,497	159,256	160,533	159,880	(0.6)	(0.2)
120 - TANGIBLE ASSETS	1,130,080	1,126,466	1,194,747	1,178,993	(5.4)	(4.1)
130 - INTANGIBLE ASSETS	1,582,025	1,579,555	708,280	698,199	...	...
including:						
- goodwill	1,524,106	1,527,530	659,972	659,850	...	...
140 - TAX ASSETS	313,496	309,388	259,698	260,907	20.7	20.2
a) current	91,639	104,915	83,533	69,824	9.7	31.2
b) advanced	221,857	204,473	176,165	191,083	25.9	16.1
160 - OTHER ASSETS	1,032,342	1,168,216	877,836	454,152	17.6	...
TOTAL ASSETS	30,328,603	30,636,241	27,463,676	26,506,255	10.4	14.4

LIABILITIES (figures in thousands of €)

	30/9/08	30/6/08	31/12/07	30/09/07	Change %	
					09/08 12/07	09/08 09/07
10 - AMOUNTS OWED TO BANKS	1,086,386	1,598,695	2,386,876	2,399,786	(54.5)	(54.7)
20 - AMOUNTS OWED TO CUSTOMERS	10,766,712	11,060,836	9,571,945	9,036,660	12.5	19.1
30 - SECURITIES IN ISSUE	9,142,064	8,468,366	7,281,050	7,211,768	25.6	26.8
40 - FINANCIAL LIABILITIES FROM TRADING	77,683	126,978	127,539	145,974	(39.1)	(46.8)
50 - FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	1,270,743	1,244,197	1,290,689	1,309,489	(1.5)	(3.0)
60 - HEDGING DERIVATIVES	25,541	40,331	20,163	25,567	26.7	(0.1)
80 - TAX LIABILITIES	308,041	263,654	265,449	345,894	16.0	(10.9)
(a) current	81,069	51,566	38,572	79,767	...	1.6
(b) deferred	226,972	212,088	226,877	266,127	0.0	(14.7)
100 - OTHER LIABILITIES	1,351,101	1,533,044	1,228,704	828,333	10.0	63.1
110 - STAFF TERMINATION INDEMNITY	96,835	97,157	92,871	92,109	4.3	5.1
120 - PROVISIONS FOR RISKS AND CHARGES:	366,735	391,265	380,078	366,688	(3.5)	0.0
a) pensions and similar obligations	322,248	322,292	322,955	320,676	(0.2)	0.5
b) other provisions	44,487	68,973	57,123	46,012	(22.1)	(3.3)
130 - TECHNICAL RESERVES	2,139,553	2,110,108	1,955,936	1,900,956	9.4	12.6
140 - VALUATION RESERVES	523,019	581,593	660,973	691,936	(20.9)	(24.4)
160 - CAPITAL INSTRUMENTS	1,264	1,265	1,219	1,463	3.7	(13.6)
170 - RESERVES	159,579	159,314	109,652	108,109	45.5	47.6
180 - ADDITIONAL PAID-IN CAPITAL	1,013,376	1,013,349	461,064	460,916	...	...
190 - CAPITAL	1,789,979	1,789,973	1,390,082	1,389,991	28.8	28.8
210 - MINORITY INTERESTS (+/-)	46,944	45,144	34,573	29,196	35.8	60.8
220 - PROFIT (LOSS) FOR THE PERIOD (+/-)	163,048	110,972	204,813	161,420	(20.4)	1.0
TOTAL LIABILITIES	30,328,603	30,636,241	27,463,676	26,506,255	10.4	14.4

INCOME STATEMENT

INCOME STATEMENT (figures in thousands of €)

	30/9/08	30/6/08	31/12/07	30/09/07	Change % 9/08 9/07
10 - INTEREST INCOME AND SIMILAR REVENUES	1,087,723	703,081	1,249,351	899,516	20.9
20 - INTEREST EXPENSES AND SIMILAR CHARGES	(500,837)	(320,354)	(590,469)	(419,995)	19.2
30 · NET INTEREST INCOME	586,886	382,727	658,882	479,521	22.4
40 - COMMISSION INCOME	213,106	140,977	288,578	213,974	(0.4)
50 - COMMISSION EXPENSES	(28,724)	(18,376)	(38,396)	(27,585)	4.1
60 · NET COMMISSIONS	184,382	122,601	250,182	186,389	(1.1)
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	12,445	11,885	24,036	12,089	2.9
80 - NET INCOME FROM TRADING ACTIVITIES	(54,924)	(46,165)	(20,478)	5,375	...
90 - NET INCOME FROM HEDGING ACTIVITIES	382	(173)	(49)	395	(3.3)
100 - PROFIT (LOSS) ON DISPOSAL OR REPURCHASE OF:	15,879	13,343	55,847	23,757	(33.2)
a) loans	2,425	1,971	5,005	1,351	79.5
b) available-for-sale financial assets	10,266	8,976	48,444	21,073	(51.3)
d) financial liabilities	3,188	2,396	2,398	1,333	...
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	15,471	121	(17)	1,392	...
120 · GROSS OPERATING INCOME	760,521	484,339	968,403	708,918	7.3
130 - NET VALUE ADJUSTMENT ON:	(80,294)	(53,261)	(82,448)	(52,955)	51.6
a) loans	(75,336)	(51,033)	(75,152)	(54,334)	38.7
b) available-for-sale financial assets	(4,205)	(1,684)	(7,212)	-	...
d) other financial assets	(753)	(544)	(84)	1,379	...
140 · NET INCOME FROM FINANCIAL MANAGEMENT	680,227	431,078	885,955	655,963	3.7
150 - NET PREMIUMS	626,910	414,864	684,094	493,545	27.0
160 - BALANCE OF OTHER EXPENSES/REVENUES FROM INSURANCE MANAGEMENT	(648,142)	(426,917)	(694,431)	(499,177)	29.8
170 · NET INCOME FROM FINANCIAL AND INSURANCE MANAGEMENT	658,995	419,025	875,618	650,331	1.3
180 - ADMINISTRATIVE COSTS:	(450,142)	(293,612)	(541,024)	(387,067)	16.3
a) staff costs	(265,976)	(176,621)	(326,644)	(225,775)	17.8
b) other administrative costs	(184,166)	(116,991)	(214,380)	(161,292)	14.2
190 - NET PROVISIONS FOR RISKS AND CHARGES	3,322	390	(3,105)	(1,724)	...
200 - DEPRECIATION OF TANGIBLE ASSETS	(14,904)	(9,634)	(19,068)	(13,432)	11.0
210 - AMORTIZATION OF INTANGIBLE ASSETS	(12,209)	(7,608)	(14,061)	(9,318)	31.0
220 - OTHER OPERATING EXPENSES AND REVENUES	47,406	32,112	61,940	46,667	1.6
230 · OPERATING COSTS	(426,527)	(278,352)	(515,318)	(364,874)	16.9
240 - PROFIT (LOSS) FROM EQUITY INVESTMENTS	2,686	2,686	8,413	4,578	(41.3)
270 - PROFIT (LOSS) FROM DISPOSAL OF INVESTMENTS	22	(3)	875	1,206	(98.2)
280 · OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	235,176	143,356	369,588	291,241	(19.3)
290 - INCOME TAXES FOR THE PERIOD	(67,060)	(29,289)	(157,283)	(124,823)	(46.3)
300 · PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	168,116	114,067	212,305	166,418	1.0
320 · PROFIT (LOSS) FOR THE PERIOD	168,116	114,067	212,305	166,418	1.0
330 - MINORITY INTERESTS	5,068	3,095	7,492	4,998	1.4
340 · PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT BANK	163,048	110,972	204,813	161,420	1.0

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Balance as at 31/12/2007 - group		Change in opening balances	Balance as at 1/1/2008 - group		Allocation of profits/losses previous year			Changes in the year										Shareholders' equity as at 30/9/2008 - group		Shareholders' equity as at 30/9/2008 - minority interests	
	Balance as at 31/12/2007 - group	minority interests		Balance as at 1/1/2008 - group	minority interests	Reserves - group	Reserves - minority interests	Dividends and other allocations	Changes in reserves - group	Changes in reserves - minority interests	Transactions on shareholders' equity						Profit (Loss) for the period as at 30/9/2008 - group	Profit (Loss) for the period as at 30/9/2008 - minority interests	Shareholders' equity as at 30/9/2008 - group	Shareholders' equity as at 30/9/2008 - minority interests		
											New shares issued - group	New shares issued - minority interests	Own shares purchased - group	Own shares purchased - minority interests	Extraordinary distribution of dividends	Changes in capital instruments					Own shares derivatives	Stock options
Capital:	1,390,082	10,364	-	1,390,082	10,364				(7)	399,897	1,248									1,789,979	11,605	
a) ordinary shares	1,214,734	10,364		1,214,734	10,364				(7)	399,978	1,248									1,614,712	11,605	
b) other shares	175,348			175,348						(81)										175,267	-	
Additional paid-in capital	461,064	5,169		461,064	5,169				(30)	552,312										1,013,376	5,139	
Reserves:	109,652	7,679	-	109,652	7,679	58,105	394	(8,117)	14,674	(61)	(1,248)									159,579	21,499	
a) profits	80,661	6,431	-	80,661	6,431	58,105	394	(8,117)	14,674											130,649	21,499	
b) other	28,991	1,248		28,991	1,248					(61)	(1,248)									28,930	-	
Valuation reserves:	660,973	3,886	-	660,973	3,886			(137,589)	(236)	(365)										523,019	3,650	
a) available for sale	624,512	375	-	624,512	375			(132,378)	(247)											492,134	128	
b) hedging of cash flows	9,530	(94)	-	9,530	(94)			(5,211)	11											4,319	(83)	
d) special revaluation laws	26,931	3,605		26,931	3,605					(365)										26,566	3,605	
Capital instruments	1,219		-	1,219						45										1,264	-	
Own shares	-	(17)		-	(17)															-	(17)	
Profit (Loss) for the period	204,813	7,492		204,813	7,492	(58,105)	(7,492)	(146,708)												163,048	5,068	
Shareholders' equity	2,827,803	34,573	-	2,827,803	34,573		(7,098)	(146,708)	(145,706)	14,401	951,828									163,048	5,068	
																				3,650,265	46,944	

(figures in thousands of €)

	Balance as at 31/12/2006- group	Balance as at 31/12/2006- minority interests	Change in opening balances	Balance as at 1/1/2007 - group	Balance as at 1/1/2007 - minority interests	Allocation of profits/losses previous year			Changes in the year										Shareholders' equity as at 31/12/2007 - group	Shareholders' equity as at 31/12/2007 - minority interests
						Reserves - group	Reserves - minority interests	Dividends and other allocations	Changes in reserves - group	Changes in reserves - minority interests	Transactions on shareholders' equity						Profit (Loss) for the period as at 31/12/2007 - group	Profit (Loss) for the period as at 31/12/2007 - minority interests		
											New shares issued - group	New shares issued - minority interests	Own shares purchased - group	Own shares purchased - minority interests	Extraordinary distribution of dividends	Changes in capital instruments					Own shares derivatives	Stock options
Capital:	1,374,459	10,234	-	1,374,459	10,234				130	15,623									1,390,082	10,364
a) ordinary shares	1,199,111	10,234		1,199,111	10,234				130	15,623									1,214,734	10,364
b) other shares	175,348			175,348						-									175,348	
Additional paid-in capital	438,103	4,059		438,103	4,059				(40)	22,961	1,150								461,064	5,169
Reserves:	77,778	5,916	-	77,778	5,916	30,146	153	-	1,667	362	61	1,248	-	-	-	-	-	-	109,652	7,679
a) profits	48,848	5,916	-	48,848	5,916	30,146	153	-	1,667	362									80,661	6,431
b) other	28,930	-		28,930						61	1,248								28,991	1,248
Valuation reserves:	658,249	4,113	-	658,249	4,113				4,665	(227)	(1,941)								660,973	3,886
a) available for sale	630,179	624	-	630,179	624				(5,667)	(249)									624,512	375
b) hedging of cash flows	(802)	(116)	-	(802)	(116)														9,530	(94)
d) special revaluation laws	28,872	3,605		28,872	3,605														26,931	3,605
Capital instruments	5,228		-	5,228							(4,009)								1,219	
Own shares	-	(17)		-	(17)														-	(17)
Profit (Loss) for the period	137,872	5,070		137,872	5,070	(30,146)	(5,070)	(107,726)											204,813	7,492
Shareholders' equity	2,691,689	29,375	-	2,691,689	29,375	-	(4,917)	(107,726)	6,332	225	32,695	2,398	-	-	-	-	-	-	2,827,803	34,573

(figures in thousands of €)

	Balance as at 31/12/2006 - group		Change in opening balances	Balance as at 1/1/2007 - group		Allocation of profits/losses previous year			Changes in the year								Shareholders' equity as at 30/09/2007 - group	Shareholders' equity as at 30/09/2007 - minority interests	
	Balance as at 31/12/2006 - group	minority interests		Balance as at 1/1/2007 - group	minority interests	Reserves - group	Reserves - minority interests	Dividends and other allocations	Changes in reserves - group	Changes in reserves - minority interests	Transactions on shareholders' equity					Profit (Loss) for the period as at 30/09/2007 - group			Profit (Loss) for the period as at 30/09/2007 - minority interests
											New shares issued - group	New shares issued - minority interests	Own shares purchased - group	Own shares purchased - minority interests	Extraordinary distribution of dividends					Changes in capital instruments	Own shares derivatives	Stock options
Capital:	1,374,459	10,234	-	1,374,459	10,234				(8)	15,532								1,389,991	10,226
a) ordinary shares	1,199,111	10,234		1,199,111	10,234				(8)	15,532								1,214,643	10,226
b) other shares	175,348			175,348														175,348	
Additional paid-in capital	438,103	4,059		438,103	4,059				(30)	22,813								460,916	4,029
Reserves:	77,778	5,916	-	77,778	5,916	30,146	153	-	185	2								108,109	6,071
a) profits	48,848	5,916	-	48,848	5,916	30,146	153	-	185	2								79,179	6,071
b) other	28,930			28,930														28,930	
Valuation reserves:	658,249	4,113	-	658,249	4,113			35,617	(224)	(1,930)								691,936	3,889
a) available for sale	630,179	624	-	630,179	624			28,373	(247)									658,552	377
b) hedging of cash flows	(802)	(116)	-	(802)	(116)			7,244	23									6,442	(93)
d) special revaluation laws	28,872	3,605		28,872	3,605					(1,930)								26,942	3,605
Capital instruments	5,228		-	5,228						(3,765)								1,463	
Own shares	-	(17)		-	(17)														(17)
period	137,872	5,070		137,872	5,070	(30,146)	(5,070)	(107,726)										161,420	4,998
Shareholders' equity	2,691,689	29,375	-	2,691,689	29,375			35,802	(260)	32,650								2,813,835	29,196

(figures in thousands of €)

CASH FLOW STATEMENT

Direct method

Amount (in thousands of €)

A. OPERATING ACTIVITIES	30/9/08	30/6/08	31/12/07	30/09/07
1. Management	698,890	440,096	527,448	387,776
- interest income received (+)	1,129,376	699,709	1,222,593	826,165
- interest expenses paid (-)	(470,014)	(315,453)	(567,999)	(404,698)
- dividends and similar revenues (+)	12,445	11,885	24,036	11,564
- net commissions (+/-)	184,382	122,601	250,182	186,389
- staff costs (-)	(226,096)	(148,264)	(288,415)	(205,101)
- net premiums collected	638,797	420,194	682,781	486,629
- other insurance revenues and expenses (+/-)	(396,818)	(237,368)	(489,885)	(342,253)
- other costs (-)	(302,887)	(198,728)	(407,251)	(276,870)
- other revenues (+)	179,160	128,517	255,925	213,642
- taxes and duties (-)	(49,455)	(42,997)	(154,519)	(107,691)
2. Liquidity generated/absorbed by financial assets	(2,286,016)	(2,420,909)	(2,135,200)	(1,209,419)
- financial assets held for trading	62,435	251,623	517,424	143,451
- financial assets designated at fair value	28,723	9,351	(43,861)	(34,317)
- available-for-sale financial assets	(330,155)	(256,256)	(458,152)	(314,692)
- loans to customers	(2,053,724)	(1,813,444)	(1,430,011)	(776,114)
- loans to banks: at sight	176,886	(211,258)	138,183	60,938
- loans to banks: other loans	58,264	(84,118)	(544,318)	(400,257)
- other assets	(228,445)	(316,807)	(314,465)	111,572
3. Cash generated/absorbed by financial liabilities	1,682,677	2,077,442	1,784,914	904,729
- amounts owed to banks: at sight	(62,328)	(23,333)	(32,802)	(34,615)
- amounts owed to banks: other	(1,234,610)	(759,231)	511,644	528,476
- amounts owed to customers	1,202,512	1,497,605	209,387	(329,037)
- securities in issue	1,844,804	1,168,650	894,032	835,186
- financial liabilities from trading	(46,795)	(4,332)	(4,830)	11,691
- financial liabilities designated at fair value	(12,020)	(35,806)	26,078	37,802
- other liabilities	(8,886)	233,889	181,405	(144,774)
Net liquidity generated/absorbed by operating activities	95,551	96,629	177,162	83,086
B. INVESTING ACTIVITIES				
1. Liquidity generated by	17,560	17,515	22,508	18,975
- equity investment disposals	15,324	15,324	13,512	13,509
- dividends received on equity investments	1,887	1,887	4,622	1,343
- disposal/reimbursement of financial assets held to maturity	99	79	156	95
- tangible asset disposals	250	225	4,218	4,028
- intangible asset disposals	-	-	-	-
- subsidiary and business unit disposals	-	-	-	-
2. Liquidity absorbed by	(932,753)	(916,792)	(65,222)	(36,958)
- equity investment acquisitions	(15,727)	(15,721)	(2,209)	(2,218)
- acquisitions of financial assets held to maturity	(1)	(1)	-	-
- tangible asset acquisitions	(48,539)	(39,655)	(32,790)	(17,122)
- intangible asset acquisitions	(22,312)	(11,817)	(30,223)	(17,618)
- business unit acquisitions	(846,174)	(849,598)	-	-
Net liquidity generated/absorbed by investing activities	(915,193)	(899,277)	(42,714)	(17,983)
C. FUNDING ACTIVITIES				
- own share issues/acquisitions	398,852	398,851	1,248	-
- additional paid-in capital	550,934	550,915	1,066	-
- capital instrument issues/acquisitions	-	-	-	-
- dividend distribution and others	(153,806)	(153,806)	(112,637)	(112,637)
Net liquidity generated/absorbed by funding activities	795,980	795,960	(110,323)	(112,637)
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	(23,662)	(6,688)	24,125	(47,534)

KEY:

(+) generated

(-) absorbed

RECONCILIATION

Balance sheet items	Amount (in thousands of €)			
	30/9/08	30/6/08	31/12/07	30/09/07
Cash and cash equivalents at the beginning of the period	243,720	243,720	219,595	219,595
Total net liquidity generated/absorbed during the period	(23,662)	(6,688)	24,125	(47,534)
Cash and cash equivalents: effect of exchange rate differences	-	-	-	-
Cash and cash equivalents at period end	220,058	237,032	243,720	172,061

ACCOUNTING POLICIES

The Interim Report on Operations of the Banca Carige Group for the third quarter of 2008 was drawn up in accordance with IAS 34 (Interim financial statements). The international accounting principles IAS/IFRS and the related interpretations (SIC/IFRIC), officially approved by the European Union on the date of approval of this Interim report, were applied for the valuation and measurement of the accounting balances, and the directions referred to in the Bank of Italy Circular no. 262 dated 22 December 2005 (financial statements for banks: schemes and rules for the preparation) were also complied with.

As regards the phases of classification, recording, valuation and cancellation of asset and liability captions involved in preparing this Report, as with the methods of entering costs and revenues, the same accounting principles used in preparation of the financial statements as at 31/12/2007 were applied, with the exception of what is detailed below.

On 13 October 2008, the International Accounting Standard Board (IASB) approved changes to IAS 39 "Financial instruments: Recording and measurement" and IFRS 7 "Financial instruments: additional information". The European Commission adopted these changes with Regulation (EC) no. 1004/2008 of 15 October 2008, published in the Official Gazette of the European Union on 16 October. The changes to IAS 39 and IFRS 7 authorise:

- the reclassification, in unusual circumstances, of certain financial instruments from the "held for trading" (HFT) category. The current financial crisis is considered to be one of the unusual circumstances that can justify the companies' use of this facility;

- the reclassification of financial instruments with "loan and receivable" (L&R) characteristics that are no longer held for sale in the short-term and that the company has the intention and the capacity to hold for a foreseeable period of time or until expiry, from the "held for trading" (HFT) and "available for sale" (AFS) categories to the "loans and receivables" (L&R) category.

Details of the reclassifications performed and the relative effects on the income statement and balance sheet are described in the securities portfolio section, in the paragraph "Income from intermediation activities".

This Interim Report on Operations, not audited, should be read and analysed together with the financial statements for year ended as at 31/12/2007.

THE ACQUISITION OF NO. 79 BRANCHES FROM INTESA SANPAOLO GROUP

With regards to Banca Carige's acquisition of business units relating to 79 branches from Intesa Sanpaolo Group, effective from 10 March, the following should be noted:

- the price initially acknowledged was €995.6 million;
- this price was reduced, as contractually agreed, based on the Direct and Indirect Deposits of the acquired business units on the effective date, by €159 million bringing the final price paid to €836.6 million;
- the acquisition was accounted for in accordance with the provisions of IFRS 3 – Business combinations and so:
 - acquisition of the business units was recorded on the date in which control over acquired assets was obtained;
 - cost of the transaction was determined as the sum of: the fair value, at acquisition date, of the acquired assets and liabilities and any ancillary charges directly attributable to the acquisition,

such as the external costs incurred in completion of the transaction, including, for example, fees paid to auditors, experts, legal counsels as well as advisory fees incurred;

- goodwill was recorded in line with the provisions of IFRS 3, para. 62, for

€853.3 million, of which €16.7 million relates to additional expenses entered directly.

**BANCA CARIGE GROUP INTERIM REPORT ON OPERATIONS
OF THE THIRD QUARTER 2008**

THE REAL AND MONETARY SITUATION

The crisis in the international financial system, triggered in the Autumn of 2007 by the burst in the speculative bubble on real estate assets, which heightened in 2008 due to the crisis in confidence in interbank markets, insufficient capitalisation of the banking system, and fears over the security of deposits, is spreading to the real economy, with significant impacts on the demand for consumer goods and for credit.

Losses and yield volatility, in particular of bank securities, recorded between September and October 2008, led the Central Banks to cut interest rates considerably and the Governments of the major industrialised nations to adopt measures aimed at the recapitalisation of banks and insurance of risks relative to debts issued.

Weak demand in industrialised nations led to a considerable reduction in the prices of raw materials: the price of oil, in particular, fell significantly compared to its highest price at the start of July, by \$145.6 a barrel, to \$ 97.8 a barrel at the end of September (Brent index), reaching \$ 63.95 a barrel at the end of October 2008. Also, growth in consumer prices slowed from the beginning of the summer.

In the **United States**, following the bankruptcy of Lehman Brothers Holdings Inc. in September, the fourth largest investment bank in the USA, in order to avoid further defaults in the financial system, the Government nationalised Fannie Mae and Freddie Mac, the two companies that manage roughly half of the mortgages in circulation in the United States, and AIG, the biggest insurance company in the world. Subsequently, the Paulson plan was approved, providing for a \$ 700 billion bailout to help stabilise the financial system. The fall in domestic demand, conditioned by the negative cycle in residential investments, the loss in purchasing power tied to high levels of inflation (roughly +5.5% in August, with a strong contribution from food and energy) and more restrictive conditions in the credit market were met with expansive actions in terms of budgetary policy, that contributed to the sustaining of household expenditure, leading to moderate GDP growth for the period in question. Indicators of the climate of business confidence worsened in September for the manufacturing sector and improved for the non-manufacturing sector, while Indicators of the

climate of consumer confidence improved (Conference Board Index, +2.2%; University of Michigan index, +11.6%). Employment fell (-0.2% on a trend basis in August) in all business sectors, with the unemployment rate reaching 6.1%.

Tensions in financial markets in industrialised nations and the slump in demand also had repercussions for **emerging countries**, who felt a slowdown in their rate of growth. In many countries however, including China, the change in monetary policy from restrictive to expansive, and the substantial economic resources helped to sustain domestic demand.

The American banking crisis also spread to the European banking system, where a lack of confidence between counterparties led to a paralysis of the money market. **Countries in the Euro area** agreed to support the recapitalisation of banks, and provide guarantees on customer deposits and on new bank bond issues. The European Commission modified accounting principles IAS 39 and IFRS 7, in order to minimise the effects of volatility on the portfolios held by financial institutions. The economy of the European Union countries (EMU) recorded negative changes in GDP in the period in question (estimate for the third quarter, -0.2% on average). The business confidence index as at September had worsened while the consumer confidence index had improved slightly, even if on negative values. The rate of growth in employment slowed, with an unemployment rate of 7.5% in August, while the Eurostat index of consumer prices recorded an annual increase of 3.7%, down compared with the +3.8% in the previous month.

In implementation of measures agreed at European level, in **Italy** too, measures were put in place to ensure stability of the banking system, favouring liquidity, loan capacity and bank solvency. In particular, the Government was authorised, among other things, to guarantee or subscribe increases in the capital of banks, to guarantee loans and to integrate deposit guarantee systems for a period of 36 months. As regards the real economy, worsening of the economic cycle was more marked compared to that at European level (Prometeia and FMI estimates of GDP growth in Italy in 2008, -0.2% and -0.1% respectively); this negative performance mainly concerned domestic demand, consumption and investment in construction in particular. Foreign trade slowed down, especially with EU countries, which recorded a lower rate of growth in exports in the January-August period com-

pared with the previous year (+4.7% compared with the first eight months of 2007). The trade balance was negative for € 7.3 billion, due entirely to the deficit with extra-EU countries. Industrial production fell by 1.9% in the first eight months of 2008, in comparison with the corresponding period in 2007, despite the positive contribution from the energy sector (+2.5%); the most considerable drops involved durable consumer goods (-3.1%) and intermediate goods (-3%). The business confidence index worsened, while the consumer confidence index improved, although remaining negative. On the inflation front, the consumer prices index as at September, recorded a 3.7% increase on a trend basis, slowing down compared with a peak of 4% in July; the change in the prices of financial services was negative on a trend basis (-0.6%).

The total requirements of public finance in the first nine months of 2008 amounted to roughly € 39.4 billion, approximately € 9.8 billion more than the same period in 2007, due mainly to acceleration in tax refunds and advances to Regions for the settlement of previous health debts, in accordance with the 2008 Finance Law.

With regard to **monetary policy**, the ECB, after increasing the reference rate by a quarter of one point to 4.25% in July to counteract inflationary tensions, reversed the strategy in October, and in conjunction with the Federal Reserve and the Bank of England, cut the refinancing rate by one point between October and November, bringing it to 3.25%. Rates in the money market in the third quarter of the year showed a decrease: in September, the Euribor rate stood at around 5% (3 months) and 5.2% (6 months) and the Rendistato (yield on government securities) fell from 5.016% in June to 4.666% in September.

On the **exchange rate market**, the Euro depreciated against the dollar, falling to a listing of 1.409 at the end of September (1.575 at 30 June 2008), and dropped further in October, reaching 1.2726 on 31 October 2008.

As regards banking intermediation, as at September, **deposits** showed annual growth of 10.3%, up in comparison with the previous months; the small growth in deposits (+3.3% on a trend basis) was confirmed, against a steady performance of bonds (+19.7%).

Loans maintained an expansive trend, even though slowing down (+6.6% on a trend basis as at September 2008). This trend was sustained by the protracted maturity component (+7.4%), while the short-term segment slowed down (+5.3%). In particular, as at August the trend in

loans to businesses fell slightly, although maintaining steady figures, (+10.1%); those to families, already more contained, slowed further (+1.7%). Net bad loans continued to exhibit a downward trend (-3.8% on a trend basis as at July), with a bad loan/lending ratio of 1.05% (1.17% in July 2007).

Bank interest rates increased slightly, with an essentially stable spread. The average rates on loans to families and non financial companies as at September stood at 6.47%, 16 bp more compared to June; the corresponding rate on deposits was recorded at 2.33%, 15 bp above the June figure. On an annual basis, spreads increased slightly, following an increase in the mark up against a moderate fall in the mark down.

STRATEGY

The Carige Group's mission is reiterated in the 2008-2010 Strategic Plan, in its desire to assert itself as a national financial conglomerate, deep-seated in individual local markets, distinguished by its proximity to its customers and able to differentiate itself through the quality of the service offered, its integrated multiple channels and the qualification of its resources and structures.

The strategic objective is to create value for shareholders and other stakeholders in the long term by following these strategies:

- an increased level of productivity, efficiency and profitability;
- a growth in traded volumes, associated with keeping an adequate level of capitalisation;
- risk protection and management.

The guidelines followed for these strategies are as follows:

- the growth in traded volumes per employee, with particular focus, in Liguria, on cross-selling, up-selling and retention, and in the External Network, on an increase in market shares;
- the integration of former Intesa Sanpaolo ("ISP") branches from an organisational standpoint, and greater penetration in terms of traded volumes, especially where the Group has a more significant presence;
- increase in the profitability of the different business areas, with a view to full integration of banking and insurance business;

- maintenance of an adequate qualitative/quantitative level of human resources, development of expertise and talent management;
- innovation of management processes, with the goal of both reducing administrative costs and optimising staff costs, and improving the quality of services offered;
- checking of the economic impact of risk, through the integrated management of the

risk management activities of the Group's banks and insurance companies and constant attention on the maintenance of adequate levels of capital and liquidity balance and on improvement of credit quality.

The strategy followed by the Group and the results delivered were assessed favourably in the period by international rating agencies that expressed the following opinions:

BANCA CARIGE RATINGS

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

(1) Bank Financial Strength Ratings.

(2) BFS ratings express the intrinsic strength and solidity of a bank, as well as its financial reliability given the bank's assets. Ratings range from A to E.

(3) Support ratings indicate the likelihood of the Government or other public entity, or shareholders, stepping in to support the bank in the event of crisis. Ratings range from 1 to 5.

SIGNIFICANT EVENTS DURING THE QUARTER

The Antitrust Authority, at the end of an investigation conducted against many banks, with its measure dated 7 August inflicted also on Banca Carige a monetary administrative sanction of € 420 thousand, on the grounds of an unfair commercial practice, under the Legislative Decree no. 206/2005 (the so-called "Codice del Consumo" - the Italian consumer protections code-), implemented by the Bank with reference to the so-called "mortgage portability". In this regard, the Board of Directors, in the belief that it has always operated in compliance with the regulatory framework, granted the Chairman and General Manager with the mandate to adopt the initiatives deemed appropriate to protect its interests.

In August, the banks of the Group adopted the convention entered into on 19 June between the Italian Banking Association (ABI - Associazione Bancaria Italiana) and the Ministry of Economy and Finance for the re-negotiation of floating rate mortgages entered into prior to 29 May 2008 aimed at the purchase, building and renovation of the prime residence. The adoption was also extended to the mortgages subject to securitisations.

On 29 August, the Board of Directors of the Parent Bank resolved to start a program of issue of covered bank bonds for a maximum amount of € 5 billion to be implemented over a 5 year period, authorising the issue of the first tranche for a maximum amount of € 1.5 billion, with the prior disposal of the appropriate assets.

On 22 September, the Board of Directors of the Parent Bank resolved to approve the eventual issue of Tier 1 capital instruments up to a maximum amount of € 350 million.

On 30 September, subject to further authorisations by the competent Authorities, the acquisition of another 3 branches of the UniCredit Group for a total price of roughly € 1 million was laid out. Overall investment for the purchase of a total of 41 branches from the UniCredit Group will amount to approximately € 140.5 million.

At the end of October, following changes to accounting principles IAS39 and IFRS7 approved by the European Commission on 15 October 2008, the portfolios of the Banks and insurance companies of the Group were partly reclassified as a result of specific resolutions of their respective Boards of Directors. In this regard, specific reference should be made to the section dedicated to the portfolio of securities in the paragraph "Net income from intermediation activities."

ECONOMIC RESULTS

The first nine months of 2008 closed with a net profit of € 163 million, compared with € 161.4 million in the same period in 2007. The positive contribution of the branches purchased from the Intesa Sanpaolo Group amounted to € 18.2 million (equal to 11.2% of net profit for the period).

The financial year was characterised by positive development in credit intermediation activities, especially in bond funding components (+27.8% on an annual basis), bankassurance products (+54.9%) and loans to customers (+15.9%) which allowed a significant expansion in the net interest income (+22.4%) and the maintenance of net commissions (-1.1%).

The crisis in the financial markets had an impact on the financial year, which worsened considerably in the third quarter, that led to a negative result from financial operations, partially minimised by the reclassification of part of the portfolio owned, made possible due to the aforementioned changes to IAS 39 and IFRS 7. This reclassification brought a benefit on the income

statement of roughly € 63 million (approximately € 43 million net of taxes).

With regards to 30 September, the new valuation criteria of the so-called "shadow accounting" were used, relative to the separate management of life insurance policies. In particular, a model developed in collaboration with a leading consultancy firm was used which, in compliance with the limits set by IFRS 4 regarding reserve adequacy tests, relative to the liquidation of liabilities, estimated the realisation of potential net capital gains or losses over the course of several years, compared to the preceding hypothesis of full realisation at the date of close of the Report reference period; application of this model led to a positive economic effect of roughly € 13 million gross and € 9 million net.

The lower tax impact of roughly € 30 million contributed positively to the income statement, mainly linked to the redemption of off-balance sheet differences, in accordance with the terms of Law 244/2007 (2008 Finance Law), partially absorbed by the effects of tax reform for banks (so called "Manovra d'estate") and integration, at an ordinary rate, of substitute tax paid in 2004 for redemption of fixed assets and calculated at a reduced rate, which the European Commission subsequently qualified as "Government assistance".

INCOME STATEMENT (figures in thousands of €)

	30/9/08	30/6/08	31/12/07	30/9/07	Change 30/9/08-30/9/07	
					absolute	%
10 - INTEREST INCOME AND SIMILAR REVENUES	1,087,723	703,081	1,249,351	899,516	188,207	20.9
20 - INTEREST EXPENSES AND SIMILAR CHARGES	-500,837	-320,354	-590,469	-419,995	-80,842	19.2
30 - NET INTEREST INCOME	586,886	382,727	658,882	479,521	107,365	22.4
40 - COMMISSION INCOME	213,106	140,977	288,578	213,974	-868	-0.4
50 - COMMISSION EXPENSES	-28,724	-18,376	-38,396	-27,585	-1,139	4.1
60 - NET COMMISSIONS	184,382	122,601	250,182	186,389	-2,007	-1.1
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	12,445	11,885	24,036	12,089	356	2.9
80 - NET INCOME FROM TRADING ACTIVITIES	-54,924	-46,165	-20,478	5,375	-60,299	...
90 - NET INCOME FROM HEDGING ACTIVITIES	382	-173	-49	395	-13	-3.3
100 - PROFIT (LOSS) ON DISPOSAL OR REPURCHASE OF:	15,879	13,343	55,847	23,757	-7,878	-33.2
a) loans	2,425	1,971	5,005	1,351	1,074	79.5
b) available-for-sale financial assets	10,266	8,976	48,444	21,073	-10,807	-51.3
d) financial liabilities	3,188	2,396	2,398	1,333	1,855	...
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	15,471	121	-17	1,392	14,079	...
120 - GROSS OPERATING INCOME	760,521	484,339	968,403	708,918	51,603	7.3
130 - NET VALUE ADJUSTMENT ON:	-80,294	-53,261	-82,448	-52,955	-27,339	51.6
a) loans	-75,336	-51,033	-75,152	-54,334	-21,002	38.7
b) available-for-sale financial assets	-4,205	-1,684	-7,212	-	-4,205	...
d) other financial assets	-753	-544	-84	1,379	-2,132	...
140 - NET INCOME FROM FINANCIAL MANAGEMENT	680,227	431,078	885,955	655,963	24,264	3.7
150 - NET PREMIUMS	626,910	414,864	684,094	493,545	133,365	27.0
160 - BALANCE OF OTHER EXPENSES/REVENUES FROM INSURANCE MANAGEMENT	-648,142	-426,917	-694,431	-499,177	-148,965	29.8
170 - NET INCOME FROM FINANCIAL AND INSURANCE MANAGEMENT	658,995	419,025	875,618	650,331	8,664	1.3
180 - ADMINISTRATIVE COSTS:	-450,142	-293,612	-541,024	-387,067	-63,075	16.3
a) staff costs	-265,976	-176,621	-326,644	-225,775	-40,201	17.8
b) other administrative costs	-184,166	-116,991	-214,380	-161,292	-22,874	14.2
190 - NET PROVISIONS FOR RISKS AND CHARGES	3,322	390	-3,105	-1,724	5,046	...
200 - DEPRECIATION OF TANGIBLE ASSETS	-14,904	-9,634	-19,068	-13,432	-1,472	11.0
210 - AMORTIZATION OF INTANGIBLE ASSETS	-12,209	-7,608	-14,061	-9,318	-2,891	31.0
220 - OTHER OPERATING EXPENSES AND REVENUES	47,406	32,112	61,940	46,667	739	1.6
230 - OPERATING COSTS	-426,527	-278,352	-515,318	-364,874	-61,653	16.9
240 - PROFIT (LOSS) FROM EQUITY INVESTMENTS	2,686	2,686	8,413	4,578	-1,892	-41.3
270 - PROFIT (LOSS) FROM DISPOSAL OF INVESTMENTS	22	-3	875	1,206	-1,184	-98.2
280 - OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	235,176	143,356	369,588	291,241	-56,065	-19.3
290 - INCOME TAXES FOR THE PERIOD	-67,060	-29,289	-157,283	-124,823	57,763	-46.3
300 - PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	168,116	114,067	212,305	166,418	1,698	1.0
320 - PROFIT (LOSS) FOR THE PERIOD	168,116	114,067	212,305	166,418	1,698	1.0
330 - MINORITY INTERESTS	5,068	3,095	7,492	4,998	70	1.4
340 - PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT BANK	163,048	110,972	204,813	161,420	1,628	1.0

INCOME STATEMENT - QUARTERLY RESULTS (figures in thousands of €)

	30/9/08	30/9/07	CHANGE	3rd quarter 2008	3rd quarter 2007	CHANGE	1 st half 2008
10 - INTEREST INCOME AND SIMILAR REVENUES	1,087,723	899,516	188,207	384,642	317,017	67,625	703,081
20 - INTEREST EXPENSES AND SIMILAR CHARGES	-500,837	-419,995	-80,842	-180,483	-153,076	-27,407	-320,354
30 - NET INTEREST INCOME	586,886	479,521	107,365	204,159	163,941	40,218	382,727
40 - COMMISSION INCOME	213,106	213,974	-868	72,129	67,076	5,053	140,977
50 - COMMISSION EXPENSES	-28,724	-27,585	-1,139	-10,348	-8,876	-1,472	-18,376
60 - NET COMMISSIONS	184,382	186,389	-2,007	61,781	58,200	3,581	122,601
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	12,445	12,089	356	560	1,468	-908	11,885
80 - NET INCOME FROM TRADING ACTIVITIES	-54,924	5,375	-60,299	-8,759	-10,638	1,879	-46,165
90 - NET INCOME FROM HEDGING ACTIVITIES	382	395	-13	555	852	-297	-173
100 - PROFIT (LOSS) ON DISPOSAL OR REPURCHASE OF:							
a) loans	15,879	23,757	-7,878	2,536	13,308	-10,772	13,343
b) available for sale financial assets	2,425	1,351	1,074	454	223	231	1,971
c) financial assets held to maturity	10,266	21,073	-10,807	1,290	12,305	-11,015	8,976
d) financial liabilities	-	-	-	-	-	-	-
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	3,188	1,333	1,855	792	780	12	2,396
120 - GROSS OPERATING INCOME	760,521	708,918	51,603	276,182	229,241	46,941	484,339
130 - NET VALUE ADJUSTMENT ON:							
a) loans	-80,294	-52,955	-27,339	-27,033	-13,057	-13,976	-53,261
b) available-for-sale financial assets	-75,336	-54,334	-21,002	-24,303	-13,109	-11,194	-51,033
c) other financial assets	-4,205	-	-4,205	-2,521	-	-2,521	-1,684
d) other financial assets	-753	1,379	-2,132	-209	52	-261	-544
140 - NET INCOME FROM FINANCIAL MANAGEMENT	680,227	655,963	24,264	249,149	216,184	32,965	431,078
150 - NET PREMIUMS	626,910	493,545	133,365	212,046	166,594	45,452	414,864
160 - BALANCE OF OTHER EXPENSES/REVENUES FROM INSURANCE MANAGEMENT	-648,142	-499,177	-148,965	-221,225	-169,815	-51,410	-426,917
170 - NET INCOME FROM FINANCIAL AND INSURANCE MANAGEMENT	658,995	650,331	8,664	239,970	212,963	27,007	419,025
180 - ADMINISTRATIVE COSTS:							
a) staff costs	-450,142	-387,067	-63,075	-156,530	-112,582	-43,948	-293,612
b) other administrative costs	-265,976	-225,775	-40,201	-89,355	-56,566	-32,789	-176,621
c) other administrative costs	-184,166	-161,292	-22,874	-67,175	-56,016	-11,159	-116,991
190 - NET PROVISIONS FOR RISKS AND CHARGES	3,322	-1,724	5,046	2,932	-2,216	5,148	390
200 - DEPRECIATION OF TANGIBLE ASSETS	-14,904	-13,432	-1,472	-5,270	-4,545	-725	-9,634
210 - AMORTIZATION OF INTANGIBLE ASSETS	-12,209	-9,318	-2,891	-4,601	-3,501	-1,100	-7,608
220 - OTHER OPERATING EXPENSES AND REVENUES	47,406	46,667	739	15,294	16,619	-1,325	32,112
230 - OPERATING COSTS	-426,527	-364,874	-61,653	-148,175	-106,225	-41,950	-278,352
240 - PROFIT (LOSS) FROM EQUITY INVESTMENTS	2,686	4,578	-1,892	-	2,555	-2,555	2,686
270 - PROFIT (LOSS) FROM DISPOSAL OF INVESTMENTS	22	1,206	-1,184	25	355	-330	-3
280 - OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	235,176	291,241	-56,065	91,820	109,648	-17,828	143,356
290 - INCOME TAXES FOR THE PERIOD	-67,060	-124,823	57,763	-37,771	-46,854	9,083	-29,289
300 - PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	168,116	166,418	1,698	54,049	62,794	-8,745	114,067
320 - PROFIT (LOSS) FOR THE PERIOD	168,116	166,418	1,698	54,049	62,794	-8,745	114,067
330 - MINORITY INTERESTS	5,068	4,998	70	1,973	1,893	80	3,095
340 - PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT BANK	163,048	161,420	1,628	52,076	60,901	-8,825	110,972

The **net interest income** stood at € 586.9 million, an increase of 22.4% compared with the first nine months of 2007; interest income was recorded at € 1,087.7 million (+20.9%)

and interest expense at € 500.8 million (+19.2%).

INTEREST INCOME (figures in thousands of €)

	30/9/08	30/6/08	2007	30/09/07	Change 30/9/08-30/9/07	
					absolute	%
Financial assets held for trading	42,727	30,820	126,170	94,201	- 51,474	-54.6
Available-for-sale financial assets	67,192	44,196	62,428	32,173	35,019	...
Financial assets held to maturity	2,213	76	133	99	2,114	...
Loans to banks	46,969	25,573	55,906	40,313	6,656	16.5
Loans to customers	908,319	590,434	991,734	723,335	184,984	25.6
Financial assets sold and not cancelled	18,705	11,037	11,489	8,097	10,608	...
Other activities	1,598	945	1,491	1,298	300	23.1
TOTAL INTEREST INCOME	1,087,723	703,081	1,249,351	899,516	188,207	20.9

INTEREST EXPENSES (figures in thousands of €)

	30/9/08	30/6/08	2007	30/09/07	Change 30/9/08-30/9/07	
					absolute	%
Amounts owed to banks	53,582	45,211	88,532	64,162	- 10,580	-16.5
Amounts owed to customers	125,164	83,825	127,879	89,869	35,295	39.3
Securities in issue	268,316	165,611	283,994	203,496	64,820	31.9
Financial liabilities designated at fair value	11,719	7,507	16,732	12,901	- 1,182	-9.2
Financial liabilities corresponding to assets sold and not cancelled	22,423	7,757	14,453	8,983	13,440	...
Other liabilities	3,068	119	488	423	2,645	...
Hedging derivatives	16,565	10,324	58,391	40,161	- 23,596	-58.8
TOTAL INTEREST EXPENSES	500,837	320,354	590,469	419,995	80,842	19.2

Net commissions, at € 184.4 million, fell by 1.1%, due mainly to intermediation management and consultancy services.

COMMISSION INCOME (figures in thousands of €)

	30/9/08	30/6/08	2007	30/09/07	Change 30/9/08-30/9/07	
					absolute	%
Guarantees issued	7,286	4,818	10,109	7,097	189	2.7
Management, dealing and consultancy services:	72,360	49,360	107,958	81,435	- 9,075	-11.1
1. Financial instruments trading	146	136	1,265	1,131	- 985	-87.1
2. Currency trading	2,567	1,690	3,225	2,414	153	6.3
3. Asset management	35,614	24,882	57,506	42,396	- 6,782	-16.0
4. Securities custody and administration	2,226	1,732	2,518	2,074	152	7.3
5. Custodian bank	2,893	2,018	4,464	3,381	- 488	-14.4
6. Placement of securities	10,721	7,128	16,027	12,538	- 1,817	-14.5
7. Collection of orders	6,947	4,754	10,366	8,293	- 1,346	-16.2
9. Distribution of third-party services	11,246	7,020	12,587	9,208	2,038	22.1
- asset management	45	4	40	37	8	21.6
- insurance products	1,488	675	277	292	1,196	...
- other products	9,713	6,341	12,270	8,879	834	9.4
Collection and payment services	45,953	29,222	58,680	42,670	3,283	7.7
Servicing for securitizations	768	590	1,663	959	- 191	-19.9
Factoring services	875	575	1,348	1,001	- 126	-12.6
Other services	85,864	56,412	108,820	80,812	5,052	6.3
TOTAL COMMISSION INCOME	213,106	140,977	288,578	213,974	- 868	-0.4

COMMISSION EXPENSES (figures in thousands of €)

	30/9/08	30/6/08	2007	30/09/07	Change 30/9/08-30/9/07	
					absolute	%
Guarantees received	619	267	487	349	270	77.4
Management and dealing services:	2,229	1,597	3,716	3,008	- 779	-25.9
1. Financial instruments trading	358	225	713	619	- 261	-42.2
3. Asset management	-	-	29	-	-	...
4. Securities custody and administration	1,582	1,178	2,304	1,900	- 318	-16.7
5. Financial instruments placement	103	68	189	98	5	5.1
6. Door-to-door sale of securities, financial products and services	186	126	481	391	- 205	-52.4
Collection and payment services	15,805	9,938	20,054	14,609	1,196	8.2
Other services	10,071	6,574	14,139	9,619	452	4.7
TOTAL COMMISSION EXPENSES	28,724	18,376	38,396	27,585	1,139	4.1

Dividends and similar revenues amounted to € 12.4 million, against € 12.1 million in September 2007.

Net income from other financial items was negative for € 23.2 million, compared with a profit of € 30.9 million in September 2007. The worsening in **net income from trading activities** reflects the tensions in financial mar-

kets which arose last year, and which worsened in the third quarter of 2008.

NET INCOME FROM TRADING ACTIVITIES (figures in thousands of €)

	30/9/08	30/6/08	2007	30/09/07	Change 30/9/08-30/9/07	
					absolute	%
Debt securities	-54,579	-49,931	-48,629	-57,476	2,897	- 5.0
Equities & collective investment schemes	-10,649	-6,180	10,012	14,688	-25,337	...
Total equities, debt securities & collective investment schemes	-65,228	-56,111	-38,617	-42,788	-22,440	52.4
Financial derivatives	6,911	14,155	-2,551	27,882	-20,971	- 75.2
Credit derivatives	7,990	1,652	1,534	2,007	5,983	...
Currency differences	-7,890	-2,503	12,182	15,762	-23,652	...
Other financial assets/liabilities from trading	3,293	-3,358	6,974	2,512	781	31.1
NET INCOME FROM TRADING ACTIVITIES	-54,924	-46,165	-20,478	5,375	-60,299	...

The gross operating income totalled € 760.5 million, up compared with the € 708.9 million in September 2007 (+7.3%).

Net value adjustments due to impairment of loans and other financial items amounted to € 80.3 million, 51.6% higher than the figure in September 2007. This growth was partially offset by a write-back on provisions for risks and charges of € 3.8 million, linked to the

definition of a bankruptcy revocation.

Adjustments on loans to customers totalled € 75.3 million (+38.4%) and those on financial assets available for sale amounted to € 4.2 million (nil value in the first nine months of 2007).

Despite the contribution from insurance operations, negative for € 21.2 million, **net income from financial and insurance management** increased by 1.3% to € 659 million.

NET ADJUSTMENTS TO LOANS AND OTHER FINANCIAL ITEMS DUE TO IMPAIRMENT

(figures in thousands of €)

	30/9/08	30/6/08	2007	30/09/07	Change 30/9/08-30/9/07	
					absolute	%
Loans to banks	-	-	- 195	- 84	84	- 100.0
Loans to customers	75,336	51,033	75,347	54,418	20,918	38.4
Credit commitments (other financial transactions)	753	544	84	- 1,379	2,132	...
Available-for-sale financial assets	4,205	1,684	7,212	-	4,205	...
NET ADJUSTMENTS TO LOANS AND OTHER FINANCIAL ITEMS	80,294	53,261	82,448	52,955	27,339	51.6

Operating costs amounted to € 426.5 million, an increase of 16.9% compared with the first nine months of 2007.

In particular, **administrative costs** totalled € 450.1 million, an increase of 16.3% due to the growth in the **staff costs**, (+17.8% to € 266 million) and **other administrative costs** (+14.2% to € 184.2 million). The increase in staff costs, aside from acquisition, effective from 10 March 2008, of the former Intesa Sanpaolo branches, is due mainly to the loss of an extraordinary benefit of roughly € 23.9 million, connected with the discounting of staff termina-

tion indemnity carried out in September 2007 in accordance with the terms of the 2007 Finance Law.

The caption **net allocations to provisions for risks and charges** showed a recovery of € 3.3 million against allocations totalling € 1.7 million in September 2007.

Net adjustments on tangible and intangible assets amounted to € 14.9 million and € 12.2 million respectively, both increasing in comparison with September 2007 (+11% and 31% respectively).

OPERATING COSTS (figures in thousands of €)

	30/9/08	30/6/08	2007	30/09/07	Change 30/9/2008-30/9/2007	
					absolute	%
Staff costs	265,976	176,621	326,644	225,775	40,201	17.8
Other administrative costs	184,166	116,991	214,380	161,292	22,874	14.2
- general costs	148,217	93,090	166,865	125,831	22,386	17.8
- indirect taxes	35,949	23,901	47,515	35,461	488	1.4
Net provisions for risks and charges	- 3,322	- 390	3,105	1,724	- 5,046	...
Amortization and depreciation on:	27,113	17,242	33,129	22,750	4,363	19.2
- intangible fixed assets	12,209	7,608	14,061	9,318	2,891	31.0
- tangible fixed assets	14,904	9,634	19,068	13,432	1,472	11.0
Other operating expenses and revenues	- 47,406	- 32,112	- 61,940	- 46,667	- 739	1.6
TOTAL OPERATING COSTS	426,527	278,352	515,318	364,874	61,653	16.9

Other net operating revenues increased by 1.6% to € 47.4 million. Within these, lease income and rent rose by 1.5% to € 14.1 million.

OTHER OPERATING REVENUES AND EXPENSES (figures in thousands of €)

	30/9/08	30/6/08	2007	30/09/07	Change 30/9/2008-30/9/2007	
					absolute	%
Lease income and rent	14,124	9,482	18,472	13,919	205	1.5
Charges to third parties:	32,790	21,751	41,604	31,414	1,376	4.4
recovery of taxes	31,680	21,019	40,058	30,254	1,426	4.7
customer insurance premiums	1,110	732	1,546	1,160	- 50	- 4.3
Other revenues	16,259	11,575	29,127	13,328	2,931	22.0
Total other revenues	63,173	42,808	89,203	58,661	4,512	7.7
Operating costs on financial leases	- 1,748	- 1,079	- 5,154	- 1,335	- 413	30.9
Ordinary maintenance costs on investment property	- 2,951	- 1,924	- 3,071	- 2,301	- 650	28.2
Expenses for improvement of third parties' assets	- 894	- 597	- 1,163	- 805	- 89	11.1
Other expenses	- 10,174	- 7,096	- 17,875	- 7,553	- 2,621	34.7
Total other expenses	- 15,767	- 10,696	- 27,263	- 11,994	- 3,773	31.5
TOTAL NET REVENUES	47,406	32,112	61,940	46,667	739	1.6

Also taking into account profits from equity investments of € 2.7 million and the profits from the disposal of investments amounting to € 22 thousand, **operating profit from ordinary activities before taxes** totals € 235.2 million (-19.3% against September 2007).

Provisions for income taxes totalled € 67.1 million, compared with the € 124.8 million in September 2007, thanks mainly to the aforementioned non-recurrent positive effects of roughly € 30 million. Taking into consideration also profit attributable to minority interests of € 5.1 million (+1.4% compared to September 2007), **net profit** amounts to € 163 million compared to the € 161.4 million in September 2007 (+1%).

OWN SHARES, CASH FLOW STATEMENT AND SHAREHOLDERS' EQUITY

At the end of the first nine months of 2008, and similar to the situation in December and September 2007, Banca Carige held an essentially insignificant number of own shares (less than € 500).

During the first nine months, operating assets generated liquidity amounting to € 95.6 million. In particular, management generated a positive flow for € 698.9 million, financial activities absorbed liquidity totalling € 2,286 million, and financial liabilities generated liquidity amounting to € 1,682.7 million. Liquidity absorbed by investment activities amounted to € 915.2 million, and that generated by funding activity totalled € 796 million. In the nine months of 2008 net liquidity of € 23.7 million was absorbed.

The net consolidated shareholders' equity pertaining to the Parent company and the net consolidated profit are obtained from the net share-

holders' equity and profit for the year of Banca Carige through the following changes:

RECONCILIATION STATEMENT OF BANCA CARIGE SHAREHOLDERS' EQUITY AND INCOME AND CONSOLIDATED FIGURES

	Shareholders' equity (1)	Income statement (1)
Balance as at 30/9/2008 - Banca Carige	3,815,079	190,976
Variations on book value	-52,712	23,034
Value adjustments to allocated gains	-6,907	-678
Share options survey - subsidiaries	-12,051	-626
Amortised goodwill (previous accounting periods)	-43,485	-
Dividends distributed by subsidiaries and written off	-46,310	-46,310
Dividends distributed by associated companies and written off	-1,616	-1,616
Other	-1,733	-1,732
Consolidated balance as at 30/9/2008	3,650,265	163,048

(1) figures in thousands of €

NET INCOME FROM INTERMEDIATION ACTIVITIES

Total **Financial Intermediation Activities on behalf of the customers (FIA)** – direct and indirect deposits – amounts to € 42,381.1 million, up by 12.7% and 13.9%, compared with December 2007 and on a YoY basis respectively (+0.3% and +1.4%, respectively, net of the contribution from the business unit purchased from Intesa Sanpaolo Group).

Direct deposits amounted to € 20,475.9 million, an increase of 17.8% from the beginning of the year and 21.9% compared to September

2007 (+7.5% and +11.3% respectively, net of the former ISP branches); **indirect deposits** rose by 8.3% and 7.3% respectively in nine and twelve months, to € 21,905.1 million (-5.9% and -6.7% net of the contribution of former ISP branches).

Indirect deposits represent 51.7% of total FIA and are composed of assets under management, for 50%, and assets in custody, for the remaining 50%.

Client portfolios are marginally exposed with regards to the main international financial groups, so as indicated according to the terms of Circular no. 1023182 of the Bank of Italy dated 26/9/2008.

FINANCIAL INTERMEDIATION ACTIVITIES (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/9/07	9/08 12/07	9/08 9/07
Total (A+B)	42,381,061	42,210,948	37,621,615	37,201,723	12.7	13.9
Direct deposits (A)	20,475,929	20,042,020	17,386,168	16,792,002	17.8	21.9
% on Total	48.3%	47.5%	46.2%	45.1%		
Indirect deposits (B)	21,905,132	22,168,928	20,235,447	20,409,721	8.3	7.3
% on Total	51.7%	52.5%	53.8%	54.9%		
- Assets under management (1)	10,947,485	11,165,189	10,330,790	10,310,987	6.0	6.2
% on Total	25.8%	26.5%	27.5%	27.7%		
% on Indirect deposits	50.0%	50.4%	51.1%	50.5%		
- Assets in custody	10,957,647	11,003,739	9,904,657	10,098,734	10.6	8.5
% on Total	25.9%	26.1%	26.3%	27.1%		
% on Indirect deposits	50.0%	49.6%	48.9%	49.5%		

1) The figure as at 30/6/2008 has been modified in order to include some changes relative to the business unit recently acquired and communicated after the half-year end.

Total funding, which includes direct deposits from customers (€ 20,475.9 million) and banks (€ 1,086.4 million), amounts to €21,562.3 million, up by 9% from the beginning of the year, and by 12.4% on a YoY basis.

Direct deposits increased by 17.8% from the beginning of the year and 21.9% in twelve months; this trend was driven by growth of both **amounts owed to customers** amounting to € 10,766.7 million (+12.5% in nine months and +19.1% in twelve months), and **securities in issue**, totalling € 9,142.1 million (+25.6% and +26.8% respectively from December and September 2007) and constituted almost entirely of bonds. In particular, this growth is mainly due to more transactions with the customer and, to a lesser extent, the issue of two Lower Tier 2 and Lower Tier 3 subordinated loans in June, for € 100 million each, carried out through private placements and institutional investors.

Short-term deposits (€ 10,918 million), which represent 53.3% of the total, are up by 12.3% from the beginning of the year and by 18.9% against September 2007, whereas the medium/long-term component (€ 9,557.9 million) is up by 24.7% compared with the end of 2007 and by 25.6% on a YoY basis.

Liabilities at fair value (€ 567.2 million, +6.4% compared with December, and +4.3% compared to September 2007) are mainly comprised of structured bonds, placed through Poste Italiane; they do not include the liabilities at fair value of Carige Vita Nuova insurance products where the investment risk rests on the insured.

Amounts owed to banks totalled € 1,086.4 million, with a decrease of 54.5% in the first nine months, and of 54.7% on a YoY basis.

FUNDING (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/09/07	9/08 12/07	9/08 9/07
Total (A+B)	21,562,315	21,640,715	19,773,044	19,191,788	9.0	12.4
Direct deposits (A)	20,475,929	20,042,020	17,386,168	16,792,002	17.8	21.9
Amounts owed to customers	10,766,712	11,060,836	9,571,945	9,036,660	12.5	19.1
current accounts and free deposits	9,894,488	10,253,929	9,029,849	8,501,706	9.6	16.4
repurchase agreements	575,429	534,803	359,827	371,701	59.9	54.8
term deposits	42,019	16,787	17,396	14,337	...	...
loans	130,391	101,934	3,660	3,745	...	...
funds managed on behalf of third parties	144	145	189	219	-23.8	-34.2
commitments to repurchase own equity						
instruments	24,921	24,715	34,894	36,898	-28.6	-32.5
other deposits	99,320	128,523	126,130	108,054	-21.3	-8.1
Securities in issue	9,142,064	8,468,366	7,281,050	7,211,768	25.6	26.8
bonds	8,932,739	8,254,071	7,067,795	6,992,157	26.4	27.8
other securities	209,325	214,295	213,255	219,611	-1.8	-4.7
Liabilities at fair value (1)	567,153	512,818	533,173	543,574	6.4	4.3
bonds	567,153	512,818	533,173	543,574	6.4	4.3
short term	10,918,033	11,214,110	9,721,232	9,184,185	12.3	18.9
% on Total	53.3	56.0	55.9	54.7		
medium-long term	9,557,896	8,827,910	7,664,936	7,607,817	24.7	25.6
% on Total	46.7	44.0	44.1	45.3		
Amounts owed to banks (B)	1,086,386	1,598,695	2,386,876	2,399,786	-54.5	-54.7
Deposits of central banks	59,521	-	-	-	...	...
Current accounts and free deposits	81,926	68,869	60,312	20,827	35.8	...
Term deposits	590,709	1,136,643	1,923,472	2,005,793	-69.3	-70.5
Repurchase agreements	65,414	107,655	107,859	72,292	-39.4	-9.5
Loans	288,814	285,525	295,231	300,868	-2.2	-4.0
Other	2	3	2	6	-	-66.7

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

Liguria's contribution to direct deposits fell to 57.2% (64% in December and 63.7% in September 2007), mainly due to the acquisition of former ISP branches, all located outside Liguria. Lombardy and Tuscany, both with a share of

8.8%, are now the regions ranked second in terms of share of the total, followed by Lazio (6.8%) and the Veneto (6.3%).

DIRECT DEPOSITS (1) - GEOGRAPHICAL DISTRIBUTION (2) (figures in thousands of €)

	Situation as at					
	30/9/08		31/12/07		30/9/07	
		%		%		%
Liguria	9,725,901	57.2%	8,970,529	64.0%	8,532,015	63.7%
Lombardy	1,491,253	8.8%	838,590	6.0%	797,880	6.0%
Tuscany	1,500,935	8.8%	1,323,383	9.4%	1,317,844	9.8%
Latium	1,150,521	6.8%	969,292	7.0%	935,692	6.9%
Veneto	1,079,596	6.3%	155,392	1.1%	139,056	1.0%
Piedmont	643,633	3.8%	476,691	3.4%	427,727	3.2%
Sicily	620,870	3.6%	567,966	4.1%	550,131	4.1%
Emilia Romagna	231,288	1.4%	237,443	1.7%	208,252	1.6%
Apulia	236,569	1.4%	217,202	1.5%	209,458	1.6%
Sardinia	152,681	0.9%	130,781	0.9%	141,624	1.1%
Marches	90,978	0.5%	76,971	0.5%	77,343	0.6%
Valle d'Aosta	37,304	0.2%	0	0.0%	0	0.0%
Umbria	21,759	0.1%	22,626	0.2%	22,905	0.2%
Total Italy	16,983,288	99.8%	13,986,866	99.8%	13,359,927	99.8%
Abroad	28,095	0.2%	28,902	0.2%	27,300	0.2%
Total Italy + Abroad	17,011,383	100.0%	14,015,768	100.0%	13,387,227	100.0%
Other captions (3)	3,464,546		3,370,400		3,404,775	
Total direct deposits	20,475,929		17,386,168		16,792,002	

(1) Captions 20, 30 and 50 of Liabilities and Shareholders' equity. Carige Vita Nuova liabilities, designated at fair value and relating to products for which investment risk is borne by the insured, are not included in this table.

(2) Figures per branch province.

(3) Bonds issued under the EMTN programme, bonds issued and placed through the BancoPosta network, and other bonds issued by the SPV relating to the securitization of loans.

Of the amounts owed to customers, 63.6% refers to families with € 6,848 million (63% in December and 60.9% in September 2007) and 22.3% refers to non-financial businesses and personal businesses with € 2,396 million (22.7% in December and 24.8% in September

2007). Public administrations intermediate € 627.8 million (5.8% of the total), private social bodies and non-classified entities € 473.2 million (4.4% of the total) and financial companies € 363.8 million (3.4% of the total).

DIRECT DEPOSITS (1) - DISTRIBUTION BY BUSINESS SEGMENT (figures in millions of €)

	30/9/08		31/12/07		30/9/07	
		%		%		%
Amounts owed to customers	10,766,712		9,571,945		9,036,660	
Public Administration	627,763	5.8%	562,972	5.9%	539,988	6.0%
Financial businesses	363,798	3.4%	307,719	3.2%	273,544	3.0%
Non-financial businesses and personal businesses	2,396,047	22.3%	2,179,454	22.7%	2,245,142	24.8%
Private social bodies	473,213	4.4%	418,066	4.4%	422,306	4.8%
Families	6,848,000	63.6%	6,028,872	63.0%	5,507,124	60.9%
Total residents	10,708,821	99.5%	9,497,083	99.2%	8,988,104	99.5%
Non residents	57,891	0.5%	74,862	0.8%	48,556	0.5%
Total	10,766,712	100.0%	9,571,945	100.0%	9,036,660	100.0%
Debt securities in issue	9,142,064		7,281,050		7,211,768	
Liabilities at fair value	567,153		533,173		543,574	
TOTAL DIRECT DEPOSITS	20,475,929		17,386,168		16,792,002	

(1) Captions 20, 30 and 50 of Liabilities and Shareholders' equity. Carige Vita Nuova liabilities, designated at fair value and relating to products for which investment risk is borne by the insured, are not included in this table.

Indirect deposits totalled € 21,905.1 million, up both compared with the beginning of

the year (+8.3%), as well as over the twelve month period (+7.3%).

Assets under management, equal to € 10,947.5 million, are up by 6% in the nine month period and by 6.2% in the twelve month period. Within this figure, mutual funds amount to € 5,377.4 million (-2.3% and -3.1% against the nine and twelve month periods respectively), asset management amounts to € 3,120.4 million (-2.6% and -1.8%) while bancassurance products totalled € 2,449.6 million (+50.9% and +54.9%).

Assets in custody totalled € 10,957.6 million, up by 10.6% in the nine month period and by 8.5% in the twelve month period. Government bonds, equal to € 5,927.4 million, increased by 13.4% and by 9.1% against 31 December and 30 September 2007 respectively, as did the other components of the total, which registered a more moderate increase (+7.5% and +7.8% in the nine and twelve month periods), totalling € 5,030.2 million.

INDIRECT DEPOSITS (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/9/07	9/08 12/07	9/08 9/07
Total (A+B)	21,905,132	22,168,928	20,235,447	20,409,721	8.3	7.3
Assets under management (A)	10,947,485	11,165,189	10,330,790	10,310,987	6.0	6.2
Mutual funds and unit trusts	5,377,421	5,761,599	5,502,503	5,551,062	-2.3	-3.1
Assets management	3,120,437	3,045,238	3,204,655	3,178,175	-2.6	-1.8
including: Securities management	2,346,085	2,346,085	2,442,493	2,410,863	-3.9	-2.7
Mutual funds management	833,386	833,386	762,162	767,312	9.3	8.6
Bancassurance products (1)	2,449,627	2,358,352	1,623,632	1,581,750	50.9	54.9
Assets in custody (B)	10,957,647	11,003,739	9,904,657	10,098,734	10.6	8.5
Government securities	5,927,440	5,878,095	5,227,211	5,431,246	13.4	9.1
Other	5,030,207	5,125,644	4,677,446	4,667,488	7.5	7.8

(1) The figure as at 30/6/2008 has been modified in relation to the final valorisation of the quantities belonging to the branches acquired from Gruppo Intesa Sanpaolo from 10/3/2008.

Within bancassurance products, in the first nine months of 2008 premiums on life insurance products were issued totalling € 370 million, an increase of 69.4% compared with the same period of 2007: traditional policies grew from € 71.5 million to € 214.3 million, and premiums collected on Unit/index linked policies also increased, to € 155.7 million (+6%).

Non-life insurance (€ 3.4 million) fell by 7.9% in relation to the decrease in elementary segments (-15.3%), not compensated by the increase in the less substantial car segment (+26.6%).

BANCASSURANCE (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/9/07	9/08 9/07	
Total premiums collected	373,408	215,823	327,381	222,049	68.2	
Life, of which:	370,023	213,454	322,374	218,373	69.4	
. Unit/Index-linked policies	155,725	77,404	219,064	146,842	6.0	
. Traditional policies	214,298	136,050	103,310	71,531	...	
Non life, of which:	3,385	2,369	5,007	3,676	-7.9	
. Car insurance	818	572	943	646	26.6	
. Non car insurance	2,567	1,797	4,064	3,030	-15.3	

Within indirect deposits, Liguria's contribution decreased to 64.8% (74.8% in December and 74.9% in September 2007), mainly in favour of

Lombardy (11.3%; 6.6% in December and in September 2007) and the Veneto (6.2%; 0.7% in December and 0.8% in September 2007).

INDIRECT DEPOSITS - GEOGRAPHICAL DISTRIBUTION (1) (figures in thousands of €)

	30/9/08		Situation as at 31/12/07		30/9/07	
		%		%		%
Liguria	14,202,661	64.8%	15,128,568	74.8%	15,257,848	74.9%
Lombardy	2,465,878	11.3%	1,325,788	6.6%	1,354,507	6.6%
Veneto	1,356,951	6.2%	147,582	0.7%	154,385	0.8%
Tuscany	1,288,639	5.9%	1,192,242	5.9%	1,172,462	5.7%
Piedmont	847,955	3.9%	589,083	2.9%	598,951	2.9%
Latium	645,692	2.9%	752,767	3.7%	757,222	3.7%
Sicily	419,836	1.9%	484,375	2.4%	487,030	2.4%
Emilia Romagna	277,758	1.3%	281,102	1.4%	287,952	1.4%
Apulia	120,939	0.6%	144,869	0.7%	143,240	0.7%
Valle d'Aosta	92,038	0.4%	0	0.0%	0	0.0%
Sardinia	85,336	0.4%	61,927	0.3%	69,221	0.3%
Marches	71,856	0.3%	93,721	0.5%	93,143	0.5%
Umbria	24,360	0.1%	26,523	0.1%	26,560	0.1%
Total Italy	21,899,899	100.0%	20,228,547	100.0%	20,402,521	100.0%
Abroad	5,233	0.0%	6,900	0.0%	7,200	0.0%
Total indirect deposits	21,905,132	100.0%	20,235,447	100.0%	20,409,721	100.0%

(1) Figures per branch province.

The main portion of indirect deposits is concentrated in the family segment, with 78.3% (79.2% at the end of the year and 79.4% in September

2007). Financial companies represent 13.8% of the total (13.4% in December and 12.9% in June 2007).

INDIRECT DEPOSITS - DISTRIBUTION BY BUSINESS SEGMENT (figures in thousands of €)

	30/9/08		31/12/07		30/9/07	
		%		%		%
Public Administration	146,509	0.7%	107,895	0.5%	156,503	0.8%
Financial businesses	3,023,430	13.8%	2,718,196	13.4%	2,631,972	12.9%
Non-financial businesses and personal businesses	1,301,627	5.9%	1,168,498	5.8%	1,181,403	5.8%
Private social bodies	177,334	0.8%	140,795	0.7%	150,249	0.7%
Families	17,138,006	78.3%	16,019,666	79.2%	16,207,568	79.4%
Total residents	21,786,906	99.5%	20,155,050	99.6%	20,327,695	99.6%
Non residents	118,226	0.5%	80,397	0.4%	82,026	0.4%
Total	21,905,132	100.0%	20,235,447	100.0%	20,409,721	100.0%

Loans to customers, net of value adjustments of € 508 million, totalled € 19,050.9 million, an increase of 11.9% compared with the end of 2007 (+16% in twelve months); before value adjustments these amounted to € 19,558.9 million (€ 18,199.2 million excluding the contribution of ISP branches), an increase of 11.9% and 15.9% in the nine and twelve month periods (+4.1% and +7.8% respectively, net of the contribution from former ISP branches).

More specifically, mortgages, amounting to € 10,684.4 million, represent the largest caption, increasing from 16% and 18% respectively against December and September 2007. Current accounts, amounting to € 2,716.9 million, grew by 10.5% over December and 15.1% over September 2007. In particular, consumer credit also rose, reaching € 515.9 million (+21.7% in nine months and +23.9% from September

2007), as did leasing at € 830.5 million (-0.2% and +2.4% over the nine and twelve month periods respectively) and factoring equal to € 117.6 million (+6.5% over December and +1.8% against September 2007).

As regards maturities, short term lending, equal to € 4,616.2 million, is up by 4.3% in the nine month period and by 12.4% against September 2007; the medium-long term component, equal to € 14,280 million, is up by 14.9% in nine months and by 17.7% in the twelve month period.

Bad loans amounted to € 662.7 million (+6.8% and +4.1% in the nine and twelve month periods), equal to 3.4% of total lending, down compared with the 3.6% of December and 3.8% of September 2007.

Loans to banks, net of value adjustments of € 647 thousand amounted to € 1,258.1 mil-

lion, a decrease of 16.7% in nine months and 13.1% in twelve months; they are made up almost entirely of short-term loans.

The **net interbank position** (difference between loans to banks and amounts owed to banks) shows a positive balance of € 171.7 mil-

lion, exhibiting an opposing trend compared with 2007 (net debit balance of € 876.4 million in December and € 951.3 million in June 2007) mainly due to the shift in funding towards deposits represented by securities.

LOANS (1) (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/09/07	9/08 12/07	9/08 9/07
Total (A+B)	20,309,061	20,679,229	18,527,826	17,872,823	9.6	13.6
Loans to customers (A)	19,050,928	18,870,084	17,017,381	16,424,373	11.9	16.0
-Nominal value (2)	19,558,913	19,361,980	17,478,165	16,879,765	11.9	15.9
<i>current accounts</i>	2,716,858	2,775,421	2,459,166	2,360,797	10.5	15.1
<i>lending repurchase agreements</i>	-	-	148,548	-	...	...
<i>mortgage loans</i>	10,684,367	10,392,359	9,206,960	9,051,543	16.0	18.0
<i>credit cards, personal loans and salary-backed loans</i>	515,926	516,899	424,069	416,422	21.7	23.9
<i>leasing</i>	830,481	830,996	831,811	810,881	-0.2	2.4
<i>factoring</i>	117,648	128,005	110,505	115,556	6.5	1.8
<i>other loans (3)</i>	3,400,681	3,466,308	3,210,298	3,028,476	5.9	12.3
<i>impaired assets</i>	1,292,952	1,251,992	1,086,808	1,096,090	19.0	18.0
-short term	4,616,193	4,727,622	4,427,351	4,106,286	4.3	12.4
% on nominal value	23.6	24.4	25.3	24.3		
-medium/long term	14,279,995	14,007,281	12,430,100	12,136,577	14.9	17.7
% on nominal value	73.0	72.4	71.1	71.9		
- Bad loans	662,725	627,077	620,714	636,902	6.8	4.1
% on nominal value	3.4	3.2	3.6	3.8		
-Value adjustments (-)	507,985	491,896	460,784	455,392	10.2	11.5
Loans to banks (B)	1,258,133	1,809,145	1,510,445	1,448,450	-16.7	-13.1
-nominal value (2)	1,258,780	1,809,792	1,511,092	1,449,097	-16.7	-13.1
<i>compulsory reserves</i>	147,671	241,676	179,522	199,644	-17.7	-26.0
<i>other loans to central banks</i>	28	10	17	11	64.7	...
<i>current accounts and free deposits</i>	339,049	356,278	113,092	203,148	...	66.9
<i>term deposits</i>	150,922	612,455	591,344	606,457	-74.5	-75.1
<i>repurchase agreements</i>	509,670	487,629	321,814	331,331	58.4	53.8
<i>loans</i>	95,376	95,773	288,424	91,870	-66.9	3.8
<i>impaired assets</i>	16,064	15,971	16,879	16,636	-4.8	-3.4
-short term	1,230,183	1,751,812	1,423,288	1,361,076	-13.6	-9.6
% on nominal value	97.7	96.8	94.2	93.9		
-medium/long term	28,597	57,980	87,804	71,658	-67.4	-60.1
% on nominal value	2.3	3.2	5.8	4.9		
- Bad loans	-	-	-	16,363	...	-100.0
% on nominal value	-	-	-	1.1		
-Value adjustments (-)	647	647	647	647	-	-

(1) Net of debt securities reclassified as L&R.

(2) Before value adjustments.

(3) Balance as at 30/9/08 and 30/6/08 includes nominal 110.9 and 109.8 million respectively relating to the reclassification of the ongoing leasing transactions and to assets pending financial lease previously recorded in Caption 110 - Tangible assets. This reclassification is due to the recent explanations provided by the Bank of Italy on this matter.

As regards the geographical breakdown, Liguria accounts for 47.4% of loans to customers, down against the 50.4% registered in December and 51.1% in September 2007. Lombardy is the second region, with a share of 14.6% (15.1% in December and 14.4% in September 2007),

Tuscany is third with a share of 8.9% (9.5% and 9.4% in December and September 2007 respectively). Also, with regard to lending, the acquisition of former ISP branches Liguria caused a significant decrease in the share of Liguria.

TOTAL LOANS TO CUSTOMERS (1) - GEOGRAPHICAL DISTRIBUTION (2) (figures in thousands of €)

	Situation as at					
	30/9/08		31/12/07		30/9/07	
		%		%		%
Liguria	9,275,247	47.4%	8,811,884	50.4%	8,617,404	51.1%
Lombardy	2,860,286	14.6%	2,642,911	15.1%	2,426,754	14.4%
Tuscany	1,740,079	8.9%	1,662,060	9.5%	1,581,097	9.4%
Piedmont	1,367,476	7.1%	1,150,129	6.6%	1,125,393	6.7%
Veneto	1,126,574	5.8%	288,124	1.6%	286,559	1.7%
Emilia Romagna	1,054,680	5.4%	1,000,384	5.7%	957,279	5.7%
Latium	808,426	4.1%	795,631	4.6%	761,647	4.5%
Sicily	396,022	2.0%	360,416	2.1%	354,880	2.1%
Apulia	243,356	1.2%	228,686	1.3%	220,693	1.2%
Sardinia	232,105	1.2%	213,976	1.2%	212,975	1.3%
Marches	154,631	0.8%	155,679	0.9%	152,660	0.9%
Umbria	80,379	0.4%	79,245	0.5%	82,727	0.5%
Valle d'Aosta	20,502	0.1%	0	0.0%	0	0.0%
Total Italy	19,359,763	99.0%	17,389,125	99.5%	16,780,068	99.5%
Abroad	199,150	1.0%	89,040	0.5%	99,697	0.5%
Total loans to customers	19,558,913	100.0%	17,478,165	100.0%	16,879,765	100.0%

(1) Net of debt securities classified as L&R.

(2) Figures per branch province.

With reference to the breakdown by business segment, non-financial businesses and personal businesses represent 58.7% of loans to customers, totalling € 11,474.8 million (57.3% in December and 56.8% in September 2007); the share represented by families dropped to 32.2%

from 32.8% in December and 33% in September, totalling € 6,299 million. The share of public administrations remained essentially unchanged, recorded at 5% (4.9% at the end of the year and 5.1% in September 2007).

LOANS TO CUSTOMERS (1) - DISTRIBUTION BY BUSINESS SEGMENT (figures in thousands of €)

	30/9/08		31/12/07		30/9/07	
		%		%		%
Public Administration	982,387	5.0%	852,637	4.9%	856,613	5.1%
Financial businesses	554,478	2.8%	584,954	3.3%	661,944	3.9%
Non-financial businesses and personal businesses	11,474,821	58.7%	10,011,256	57.3%	9,597,761	56.8%
Sales-related services	3,353,441	17.1%	2,902,295	16.6%	2,560,741	15.2%
Building and public works	2,089,833	10.7%	1,808,074	10.3%	1,741,777	10.3%
Wholesale & retail trade, salvage and repairs	1,941,398	9.9%	1,777,111	10.2%	1,826,044	10.8%
Hotel and catering services	642,744	3.3%	557,272	3.2%	539,121	3.2%
Metal products	325,675	1.7%	293,014	1.7%	277,652	1.6%
Other	3,121,730	16.0%	2,673,490	15.3%	2,652,426	15.7%
Private social bodies	110,280	0.6%	102,492	0.6%	98,658	0.6%
Families	6,299,041	32.2%	5,727,375	32.8%	5,570,617	33.0%
Total residents	19,421,007	99.3%	17,278,714	98.9%	16,785,593	99.4%
Non residents	137,906	0.7%	199,451	1.1%	94,172	0.6%
Total	19,558,913	100.0%	17,478,165	100.0%	16,879,765	100.0%

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

Impaired loans amounted to € 1,332.7 million, an increase of 18.1% from the beginning of the year and 17.3% in the twelve month period. The corresponding value adjustments totalled € 427.5 million, with an increase of 8.9% in the nine months and of 8.5% from the end of September 2007, with a level of loan hedging of 32.1%.

Such value adjustments are composed almost entirely of cash exposures against clients.

Performing loans amount to € 19,508.7 million and were written down by 0.4% for € 87.1 million.

The **impaired cash loans**, highlight the following:

- **bad loans** are equal to € 662.7 million, up by +6.8% from the beginning of the year, and by +1.4% over the twelve month period; they were written down by 55.1% (55.6% in December and 53.7% in September).

ber 2007). The bad loans/lending ratio, with reference to customers, is equal to 3.4%;

- **watchlist loans** amount to € 297.9 million, up by +33.3% from the beginning of the year and by +40.9% in the twelve month period. They were written down by 12.4% (12.1% in December and 10.8% in September 2007);
- **rescheduled loans** amount to € 19.5 million, down against December (-13.6%) and up compared with September 2007 (+11.3 million). They were written down by 4.4% (4.6% in December and 5.3% in September 2007);
- **past due loans** amount to € 328.8 mil-

lion, up both in the nine month period (+38.8%) as well as against September 2007 (+37.1%). They were written down by 5.6% (6% and 6.4% in December and September 2007, respectively).

Impaired credit commitments amounted to € 23.7 million, down compared with € 24.6 million in December (-3.7%) and are essentially in line with the September 2007 figure. The related write-downs represent 25.1% of the total. Overall, value adjustments on cash and endorsement loans amounted to € 520.6 million, € 508.6 million of which refer to cash loans and € 12 million to endorsement loans.

CREDIT QUALITY (1) (figures in thousands of €)

	30/9/08				30/6/08			
	Gross exposure (a)	Value adjustments (b)	Net exposure (a)-(b)	% b/a	Gross exposure (a)	Value adjustments (b)	Net exposure (a)-(b)	% b/a
Cash loans								
Bad loans	662,725	365,410	297,315	55.1	627,077	341,646	285,431	54.5
- customers	662,725	365,410	297,315	55.1	627,077	341,646	285,431	54.5
Watchlist loans	297,929	36,807	261,122	12.4	310,864	45,365	265,499	14.6
- banks	46	40	6	87.0	41	40	1	97.6
- customers	297,883	36,767	261,116	12.3	310,823	45,325	265,498	14.6
Rescheduled loans	19,550	864	18,686	4.4	19,336	880	18,456	4.6
- banks	15,778	607	15,171	3.8	15,693	607	15,086	3.9
- customers	3,772	257	3,515	6.8	3,643	273	3,370	7.5
Past due loans	328,812	18,497	310,315	5.6	310,686	17,975	292,711	5.8
- banks	240	-	240	-	237	-	237	-
- customers	328,572	18,497	310,075	5.6	310,449	17,975	292,474	5.8
Performing loans	19,508,677	87,054	19,421,623	0.4	19,903,809	86,677	19,817,132	0.4
- banks	1,242,716	-	1,242,716	-	1,793,821	-	1,793,821	-
- customers (2)	18,265,961	87,054	18,178,907	0.5	18,109,988	86,677	18,023,311	0.5
Total cash loans	20,817,693	508,632	20,309,061	2.4	21,171,772	492,543	20,679,229	2.3
- banks	1,258,780	647	1,258,133	0.1	1,809,792	647	1,809,145	0.0
- customers	19,558,913	507,985	19,050,928	2.6	19,361,980	491,896	18,870,084	2.5
Credit commitments								
Impaired	23,694	5,946	17,748	25.1	22,710	5,080	17,630	22.4
- customers	23,694	5,946	17,748	25.1	22,710	5,080	17,630	22.4
Other loans	1,595,968	6,022	1,589,946	0.4	1,672,418	6,745	1,665,673	0.4
- banks	69,870	-	69,870	-	67,994	-	67,994	-
- customers	1,526,098	6,022	1,520,076	0.4	1,604,424	6,745	1,597,679	0.4
Total credit commitments	1,619,662	11,968	1,607,694	0.7	1,695,128	11,825	1,683,303	0.7
- banks	69,870	-	69,870	-	67,994	-	67,994	-
- customers	1,549,792	11,968	1,537,824	0.8	1,627,134	11,825	1,615,309	0.7
Total	22,437,355	520,600	21,916,755	2.3	22,866,900	504,368	22,362,532	2.2
- banks	1,328,650	647	1,328,003	0.0	1,877,786	647	1,877,139	0.0
- customers	21,108,705	519,953	20,588,752	2.5	20,989,114	503,721	20,485,393	2.4

	31/12/07				30/09/07			
	Gross exposure (a)	Value adjustments (b)	Net exposure (a)-(b)	% b/a	Gross exposure (a)	Value adjustments (b)	Net exposure (a)-(b)	% b/a
Cash loans								
Bad loans	620,714	345,365	275,349	55.6	653,265	351,012	302,253	53.7
- banks	-	-	-	...	16,363	607	15,756	3.7
- customers	620,714	345,365	275,349	55.6	636,902	350,405	286,497	55.0
Watchlist loans	223,443	26,988	196,455	12.1	211,420	22,744	188,676	10.8
- banks	43	40	3	93.0	45	40	5	88.9
- customers	223,400	26,948	196,452	12.1	211,375	22,704	188,671	10.7
Rescheduled loans	22,625	1,051	21,574	4.6	8,273	437	7,836	5.3
- banks	16,605	607	15,998	3.7	-	-	-	...
- customers	6,020	444	5,576	7.4	8,273	437	7,836	5.3
Past due loans	236,905	14,273	222,632	6.0	239,768	15,274	224,494	6.4
- banks	231	-	231	-	228	-	228	-
- customers	236,674	14,273	222,401	6.0	239,540	15,274	224,266	6.4
Performing loans	17,885,570	73,754	17,811,816	0.4	17,216,136	66,572	17,149,564	0.4
- banks	1,494,213	-	1,494,213	-	1,432,461	-	1,432,461	-
- customers	16,391,357	73,754	16,317,603	0.4	15,783,675	66,572	15,717,103	0.4
Total cash loans	18,989,257	461,431	18,527,826	2.4	18,328,862	456,039	17,872,823	2.5
- banks	1,511,092	647	1,510,445	0.0	1,449,097	647	1,448,450	0.0
- customers	17,478,165	460,784	17,017,381	2.6	16,879,765	455,392	16,424,373	2.7
Credit commitments								
Impaired	24,615	5,068	19,547	20.6	23,693	4,746	18,947	20.0
- customers	24,615	5,068	19,547	20.6	23,693	4,746	18,947	20.0
Other loans	1,531,507	5,864	1,525,643	0.4	1,535,986	4,723	1,531,263	0.3
- banks	23,421	-	23,421	-	15,381	-	15,381	-
- customers	1,508,086	5,864	1,502,222	0.4	1,520,605	4,723	1,515,882	0.3
Total credit commitments	1,556,122	10,932	1,545,190	0.7	1,559,679	9,469	1,550,210	0.6
- banks	23,421	-	23,421	-	15,381	-	15,381	-
- customers	1,532,701	10,932	1,521,769	0.7	1,544,298	9,469	1,534,829	0.6
Total	20,545,379	472,363	20,073,016	2.3	19,888,541	465,508	19,423,033	2.3
- banks	1,534,513	647	1,533,866	0.0	1,464,478	647	1,463,831	0.0
- customers	19,010,866	471,716	18,539,150	2.5	18,424,063	464,861	17,959,202	2.5

(1) Net of debt securities classified as L&R.

(2) Balance as at 30/9/08 and 30/6/08 includes nominal 110.9 and 109.8 million respectively relating to the reclassification of the ongoing leasing transactions and to assets pending financial lease previously recorded in Caption 110 - Tangible assets. This reclassification is due to the recent explanations provided by the Bank of Italy on this matter.

The portion of bad loans relating to Liguria totalled 50.9%. Lombardy is the second region

with a share of 17%, followed by Piedmont and Tuscany with 10.5% and 5.1% respectively.

BAD LOANS TO CUSTOMERS (1) - GEOGRAPHICAL DISTRIBUTION (2) (figures in thousands of €)

	Situation as at					
	30/9/08		31/12/07		30/9/07	
		%		%		%
Liguria	337,962	50.9%	318,259	51.3%	336,160	52.8%
Lombardy	112,394	17.0%	99,385	16.0%	97,370	15.3%
Piedmont	69,296	10.5%	56,152	9.0%	55,597	8.7%
Tuscany	33,801	5.1%	51,740	8.3%	50,532	7.9%
Emilia Romagna	33,235	5.0%	24,967	4.0%	26,714	4.2%
Latium	25,863	3.9%	21,606	3.5%	20,269	3.2%
Sicily	15,937	2.4%	13,478	2.2%	13,013	2.0%
Veneto	5,647	0.9%	9,677	1.6%	10,308	1.6%
Apulia	10,599	1.5%	8,507	1.4%	8,553	1.3%
Marches	7,184	1.1%	6,808	1.1%	8,092	1.3%
Sardinia	5,647	0.9%	5,380	0.9%	5,241	0.8%
Umbria	4,003	0.6%	3,513	0.5%	3,813	0.7%
Valle d'Aosta	9	0.0%	0	0.0%	0	0.0%
Total Italy	661,577	99.8%	619,472	99.8%	635,662	99.8%
Abroad	1,148	0.2%	1,242	0.2%	1,240	0.2%
Total	662,725	100.0%	620,714	100.0%	636,902	100.0%

(1) Before value adjustments.

(2) Figures per branch province.

The bad loans/lending ratio stood at 3.4%, down in the nine and twelve month periods; Piedmont registered the highest ratio (5.1%), an increase compared to 4.9% in December and September 2007. The ratio in Liguria was recorded at 3.6%, stable in comparison to De-

cember and down compared to 3.9% in September 2007, whilst in Lombardy it was recorded at 3.9% (3.8% in December and 4% in September 2007).

BAD LOANS/LENDING RATIO (1) - GEOGRAPHICAL DISTRIBUTION (2) (percentage values)

	30/9/08	31/12/07	30/9/07
Piedmont	5.1%	4.9%	4.9%
Umbria	5.0%	4.4%	4.6%
Marches	4.6%	4.4%	5.3%
Apulia	4.4%	3.7%	3.9%
Sicily	4.0%	3.7%	3.7%
Lombardy	3.9%	3.8%	4.0%
Liguria	3.6%	3.6%	3.9%
Emilia Romagna	3.2%	2.5%	2.8%
Latium	3.2%	2.7%	2.7%
Sardinia	2.4%	2.5%	2.5%
Tuscany	1.9%	3.1%	3.2%
Veneto	0.5%	3.4%	3.6%
Valle d'Aosta	0.0%	-	-
Total Italy	3.4%	3.6%	3.8%
Abroad	0.6%	1.4%	1.2%
Total	3.4%	3.6%	3.8%

(1) Before value adjustments. Lending is net of debt securities classified as L&R.

(2) Figures per branch province.

The breakdown by business segment shows a concentration of bad loans in non-financial businesses and personal businesses (€ 489.5

million) with a share of 73.9% (76.2% in December and 77% in September 2007); families accounted for a further 23.4% (21.1% in De-

ember and 20.4% in September 2007). The segment with the highest share of bad loans is the building and public works segment (€ 107.9

million, 16.3%), followed by the wholesale and retail trade segment (€ 93 million, 14%).

BAD LOANS (1) - DISTRIBUTION BY BUSINESS SEGMENT *(figures in thousands of €)*

	30/9/08		31/12/07		30/9/07	
		%		%		%
Public Administration	-	-	-	-	-	-
Financial businesses	12,389	1.9%	11,490	1.9%	11,406	1.8%
Non-financial businesses and personal businesses	489,477	73.9%	472,678	76.2%	490,771	77.0%
<i>Building and public works</i>	107,916	16.3%	105,637	17.0%	114,276	17.9%
<i>Wholesale & retail trade, salvage and repairs</i>	92,983	14.0%	80,465	13.0%	80,453	12.6%
<i>Sales-related services</i>	66,061	10.0%	60,026	9.7%	62,993	9.9%
<i>Shipping and air transport</i>	60,701	9.2%	77,540	12.5%	83,670	13.1%
<i>Metal products</i>	18,813	2.8%	16,607	2.7%	16,327	2.6%
<i>Other</i>	143,002	21.6%	132,402	21.3%	133,052	20.9%
Private social bodies	1,749	0.2%	1,304	0.2%	1,414	0.2%
Families	155,166	23.4%	131,449	21.1%	129,527	20.4%
Total residents	658,781	99.4%	616,921	99.4%	633,118	99.4%
Non residents	3,944	0.6%	3,793	0.6%	3,784	0.6%
Total	662,725	100.0%	620,714	100.0%	636,902	100.0%

(1) Inclusive of expected losses.

The bad loans/lending ratio stood at 2.5% for families (against 2.3% in December and September 2007) and 4.3% for non-financial businesses and personal businesses (4.7% and 5.1% in December and September 2007 respectively). The breakdown by business segment of the bad loans/lending ratio is characterised by the

steady decrease registered in the Building and Public Work segment, down to 5.2% from 6.6% in September 2007, and from the 5.8% registered in December 2007.

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

(Percentage values)

	Situation as at		
	30/9/08	31/12/07	30/9/07
Public Administration	-	-	-
Financial businesses	2.2%	2.0%	1.7%
Non-financial businesses and personal businesses	4.3%	4.7%	5.1%
- of which (2):			
<i>Sales-related services</i>	2.0%	2.1%	2.5%
<i>Building and public works</i>	5.2%	5.8%	6.6%
<i>Wholesale & retail trade, salvage and repairs</i>	4.8%	4.5%	4.4%
<i>Hotel and catering services</i>	2.7%	2.9%	3.0%
<i>Metal products</i>	5.8%	5.7%	5.9%
Private social bodies	1.6%	1.3%	1.4%
Families	2.5%	2.3%	2.3%
Total residents	3.4%	3.6%	3.8%
Rest of the world	2.9%	1.9%	4.0%
Total	3.4%	3.6%	3.8%

(1) Inclusive of expected losses. Lending is net of debt securities classified as L&R.

(2) Only main business segments in terms of overall credit exposure shown.

The **Securities portfolio** amounted to € 5,434.1 million, an increase of 2.5% in nine months and down by 0.7% in twelve months. Securities held for trading (€ 1,457.9 million) account for 26.8% of the total and are down by 33.8% in the nine months and by 42.2% in the twelve months; securities available for sale (€

2,652.6 million) account for 48.8% of the total, up by 11.2% from the beginning of the year and by 18.4% on a YoY basis.

Debt securities, equal to € 4,027 million, increased by 12% in the nine month period and by 12.3% on a YoY basis; equities, equal to €

967.7 million, are down by 6.5% against December and by 8% against September 2007. Equities available for sale include the equity investment in the Bank of Italy, accounted for at € 696.7 million; this figure results from a valuation at fair value - using shareholders' equity as the most reliable proxy of fair value – performed on the basis of the balance sheet data of the Bank of Italy as at 31 December 2007 ap-

proved, in line with the accounting principle adopted for the preparation of the financial statements of the Bank and of the consolidated financial statements of the Banca Carige Group as at 31 December 2007.

Mutual fund shares amount to € 439.4 million, down by 34.4% and by 47.3% in the nine and twelve month periods respectively.

SECURITIES PORTFOLIO *(figures in thousands of €)*

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/09/07	9/08 12/07	9/08 9/07
Debt securities	4,026,989	3,762,908	3,595,104	3,585,784	12.0	12.3
<i>Held for trading</i>	1,400,956	1,764,561	1,815,270	2,016,873	-22.8	-30.5
<i>Available for sale</i>	1,538,350	1,543,103	1,355,613	1,188,553	13.5	29.4
<i>Fair value</i>	449,844	452,864	421,763	377,825	6.7	19.1
<i>Loans and Receivable</i>	538,330	-	-	-	...	...
<i>Held to maturity</i>	99,509	2,380	2,458	2,533	...	...
Equities	967,676	970,526	1,034,652	1,051,943	-6.5	-8.0
<i>Held for trading</i>	6,592	15,723	24,767	13,828	-73.4	-52.3
<i>Available for sale</i>	961,084	954,803	1,009,885	1,038,115	-4.8	-7.4
Shares in collective investment schemes	439,432	461,747	669,636	833,726	-34.4	-47.3
<i>Held for trading</i>	50,324	144,101	362,849	489,811	-86.1	-89.7
<i>Available for sale</i>	153,182	66,033	20,037	13,111	...	...
<i>Fair value</i>	235,926	251,613	286,750	330,804	-17.7	-28.7
Total	5,434,097	5,195,181	5,299,392	5,471,453	2.5	-0.7
<i>including:</i>						
<i>Held for trading</i>	1,457,872	1,924,385	2,202,886	2,520,512	-33.8	-42.2
<i>Available for sale</i>	2,652,616	2,563,939	2,385,535	2,239,779	11.2	18.4
<i>Loans and Receivable</i>	538,330	-	-	-	...	...
<i>Fair value</i>	685,770	704,477	708,513	708,629	-3.2	-3.2
<i>Held to maturity</i>	99,509	2,380	2,458	2,533	...	...

On 15 October, with regulation no. 4, the European Commission approved the changes to IAS 39, "Financial instruments: Recording and measurement" and IFRS 7 "Financial instruments: additional information". These changes, approved by the IASB on 13 October last year, partially redress the differences existing between the rules of reclassification set forth in IAS 39 and those in American accounting principles (US GAAP).

In addition to the possibility afforded by IAS 39 which was previously in force (reclassification from AFS to HTM and vice versa, under special conditions), these changes allow further reclassifications of financial instruments not represented by derivative contracts as follows:

- in the event of unusual circumstances, from the "held for trading" (HFT) category to the "available for sale" (AFS), "loans and receivables" (L&R) and "held to maturity" (HTM) categories. The current financial crisis is

considered to be one of the unusual circumstances that can justify the companies' use of this facility;

- for instruments with "loan and receivable" (L&R) characteristics that are no longer held for sale in the short-term and that the company has the intention and the capacity to hold for a foreseeable period of time or until expiry, from the "held for trading" (HFT) and "available for sale" (AFS) categories to the "loans and receivables" (L&R) category.

The changes applied to IAS 39 allow these new types of reclassification to be performed, effective from 1 July 2008, valid for this Report.

As at 30 September 2008, reclassification had taken place, from the HFT and AFS categories, of securities for which the heightening of the current financial crisis led the Group to change the initial intention of short-term trading or to main-

tain that the relative fair values were not representative of the intrinsic values of said securities. Overall, the Group reclassified securities for a fair value of € 1,010 million as at the reclassification date, as detailed below.

Type of instrument	Category of origin	Category of allocation	Fair value on the reclassification date
Shares	HFT	AFS	14.8
Shares in collect. inv. schemes	HFT	AFS	103.1
	HFT	L&R	202.5
	HFT	AFS	265.9
Debt securities	HFT	HTM	91.6
	AFS	L&R	327.1
	AFS	HTM	5.0
Total			1,010.0

Figures in million of €

The positive effects of reclassification on the income statement amounted to roughly € 63 million before taxes (approx. € 43 million net of taxes) and the net effects on Regulatory Capital, based on prices and information available at 30 September 2008, was recorded at roughly € 13 million.

As at 30 September 2008, exposure of the Group to certain instruments that the market-place now considers to be high-risk:

- securities resulting from securitisation transactions (with the exclusion of CDOs – Collateralised Debt Obligations), allocated to both the trading portfolio and to the portfolio of assets available for sale, for a total book value of approximately € 83 million, (1.5% of the securities portfolio). It should be noted that such securitisation transactions do not include any exposure to subprime mortgages, and that 54% of said transactions is comprised of Junior and Mezzanine tranches of the securitisations of mortgages granted by the banks of the Group and originating from proprietary vehicles;
- CDOs portfolio, for a book value of approximately € 18 million (0.3% of the total portfolio), comprised of synthetic securitisations which include CDS (Credit Default Swap) and by securitisations of securitisations with exposures to RMBS (Residential

Mortgage-Backed Securities), CMBS (Commercial Mortgage-Backed Securities), ABS (Asset-Backed Securities) and by subprime positions with a book value of € 2.7 million (less than 1 thousandth of the total portfolio). It should be noted that 96.5% of CDO securities exceed the investment grade and 67.7% of the total (in terms of the book value) have a rating of "AA" or higher;

- securities and derivatives related to leverage finance transactions comprised of funded and unfunded securities. The former have a book value of € 155 million (equal to 2.9% of the total portfolio) and 89% of these (equal to a nominal value of € 138 million) is structured in a protected/guaranteed format, with the hedging of the specific risk or, in any case, with the provision for the repayment at par on maturity. Unfunded securities are subdivided in credit and interest rate instruments; credit instruments have a notional amount of € 20 million and have a negative economic impact, net of value recoveries, of € 2 million. Interest rate structured derivatives, on the other hand, against a notional amount of € 40 million have a negative impact of roughly € 11 million.

It should be noted that the exposures towards Special Purpose Entities (SPE) are limited to special purpose vehicles in the securitisation trans-

actions carried out directly by the Group and included in the consolidation perimeter.

As regards transactions with the Lehman Brothers group, it should be highlighted that, as at 30 September 2008, the Group held securities in portfolio for a nominal amount of € 20 million, partially offset by debt transactions totalling € 7.4 million.

Assets from hedging derivatives amount to € 22.7 million, down compared with the € 23.9 million of December (-5.3%) and the €

20.3 million of September 2007 (+11.7%). The value of the **liabilities from hedging derivatives**, equal to € 25.5 million, increased compared with the € 20.2 million in December (+26.7%) and the € 25.6 million in September 2007 (-0.1%).

Revaluations amounting to € 7 million and write-downs for € 12.1 million were registered on hedging derivative contracts; taking into account the net variation in the underlying assets for € 5.4 million, the net result is positive for € 0.4 million.

ASSETS FROM HEDGING DERIVATIVES BY HEDGE TYPE

(figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/09/07	9/08 12/07	9/08 9/07
Asset hedging derivatives	411	3,120	1,040	495	-60.5	-17.0
Fair value hedging	411	3,120	1,040	495	-60.5	-17.0
<i>interest rates</i>	411	3,120	1,040	495	-60.5	-17.0
Cash flow hedging	-	-	-	-	...	...
General interest rate risk hedging	-	-	-	-	...	...
Liability hedging derivatives	22,254	39,532	22,896	19,798	-2.8	12.4
Fair value hedging	6,913	1,246	3,153	3,027	...	...
<i>interest rates</i>	6,913	1,246	3,153	3,027	...	...
Cash flow hedging	-	-	-	-	...	...
General interest rate risk hedging	15,341	38,286	19,743	16,771	-22.3	-8.5
Total	22,665	42,652	23,936	20,293	-5.3	11.7

LIABILITIES FROM HEDGING DERIVATIVES BY HEDGE TYPE

(figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/09/07	9/08 12/07	9/08 9/07
Asset hedging derivatives	8,962	2,093	6,441	6,704	39.1	33.7
Fair value hedging	8,962	2,093	6,441	6,704	39.1	33.7
<i>interest rates</i>	8,962	2,093	6,441	6,704	39.1	33.7
Cash flow hedging	-	-	-	-	...	...
General interest rate risk hedging	-	-	-	-	...	...
Liability hedging derivatives	16,579	38,238	13,722	18,863	20.8	-12.1
Fair value hedging	12,788	38,237	12,566	16,877	1.8	-24.2
<i>interest rates</i>	12,788	38,237	12,566	16,877	1.8	-24.2
<i>other risks</i>	-	-	-	-	...	...
Cash flow hedging	-	-	-	-	...	...
General interest rate risk hedging	3,791	1	1,156	1,986	...	90.9
Total	25,541	40,331	20,163	25,567	26.7	-0.1

The notional value of derivative contracts amounted to € 5,935.5 million, a decrease compared with the December 2007 figure (-8.1%) and the value for the first nine months of 2007 (-21.9%).

Financial derivatives represent 96.1% of the total.

NOTIONAL VALUES OF DERIVATIVE CONTRACTS *(figures in thousands of €)*

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/09/07	9/08 12/07	9/08 9/07
Financial derivatives	5,704,995	6,145,473	6,277,524	7,445,456	-9.1	-23.4
<i>futures</i>	16,900	-	6,040	-	...	...
<i>forward agreements</i>	607,156	337,853	673,869	810,802	-9.9	-25.1
<i>swap</i>	4,244,613	4,495,991	4,156,220	4,966,134	2.1	-14.5
<i>options purchased</i>	623,160	1,091,948	1,156,791	1,278,969	-46.1	-51.3
<i>others</i>	213,166	219,681	284,604	389,551	-25.1	-45.3
Credit derivatives	230,516	224,574	184,527	158,608	24.9	45.3
<i>tror</i>	6,060	8,487	13,234	13,234	-54.2	-54.2
<i>cds</i>	224,456	216,087	171,293	145,374	31.0	54.4
TOTAL	5,935,511	6,370,047	6,462,051	7,604,064	-8.1	-21.9

Trading derivative contracts totalled € 144.4 million, down compared with December 2007 (-37.5%) and September 2007 (-52.5%).

Revaluations for € 47.7 million, write-downs for € 46.8 million and net trading profits for € 13.9

million were recorded on trading derivative contracts; consequently, the net positive result amounts to € 14.9 million.

TRADING DERIVATIVES *(figures in thousands of €)*

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/09/07	9/08 12/07	9/08 9/07
Positive countervalues	66,728	80,053	103,598	158,001	-35.6	-57.8
Financial derivatives	56,528	76,671	101,744	156,822	-44.4	-64.0
<i>forward agreements</i>	19,641	2,630	3,739	44,991	...	-56.3
<i>swap</i>	12,599	15,461	12,295	14,662	2.5	-14.1
<i>options purchased</i>	24,288	58,580	85,710	97,169	-71.7	-75.0
Credit derivatives	10,200	3,382	1,854	1,179	...	...
<i>tror</i>	-	2	-	35	...	-100.0
<i>cds</i>	10,200	3,380	1,854	1,144	...	...
TOTAL	66,728	80,053	103,598	158,001	-35.6	-57.8
Negative countervalues	77,683	126,978	127,539	145,974	-39.1	-46.8
Financial derivatives	76,376	125,183	126,906	145,469	-39.8	-47.5
<i>forward agreements</i>	9,128	2,585	4,047	6,806	...	34.1
<i>swap</i>	60,901	111,084	112,817	127,635	-46.0	-52.3
<i>issued options</i>	6,347	11,514	10,042	11,028	-36.8	-42.4
Credit derivatives	1,307	1,795	633	505	...	...
<i>tror</i>	9	-	10	-	-10.0	...
<i>cds</i>	1,298	1,795	623	505	...	...
TOTAL	77,683	126,978	127,539	145,974	-39.1	-46.8

Overall, the net result of derivative contracts shows a positive value of € 15.3 million: trading contracts made a positive contribution of € 14.9

million, with hedging contracts contributing € 0.4 million.

NET INCOME ON DERIVATIVE CONTRACTS AS AT 30/9/08

(figures in thousands of €)

	Revaluations	Write-downs	Net profit on trading	Net income
1. Trading contracts	47,732	- 46,767	13,936	14,901
1.1 Financial derivatives	35,637	- 44,861	16,135	6,911
1.2 Credit derivatives	12,095	- 1,906	- 2,199	7,990
	Revaluations	Write-downs	Changes in underlying from hedging	Net income
2. Hedging contracts	7,012	- 12,078	5,448	382
2.1 Asset hedging	1,052	- 6,204	4,857	- 295
2.2 Liability hedging	5,960	- 5,874	591	677
TOTAL	54,744	- 58,845	19,384	15,283

INCOME BY ECONOMIC BUSINESS SEGMENT

The primary business segment reporting section is structured on the basis of the main business segments according to customer segmentation.

In light of the fact that the Group operates in a relatively uniform geographical context, no secondary reporting section by geographical area is presented. All branches are located in Italy, except for Nice, which accounts for a marginal share of the Bank's activities.

The figures for the first nine months of 2007, of 2007 and those related to the first half of 2008 were reclassified in accordance with the current internal customer segmentation criteria, in order to allow a significant time comparison.

The **ordinary customers** segment (Private and Affluent, Corporate and Retail) closed the first nine months of 2008 with the following income statement and balance sheet results:

- the **Private and Affluent** segment registered a gross operating income of € 149.3 million, equal to 20.2% of the total result, up by 10.3% against September 2007 due to the increase in volumes and to the performance of the spreads within deposits. After deduction of operating costs for € 92.2 million (21.6% of the total, +22.7% compared to September 2007), profits from current operations amount to € 57 million, equal to 24.2% of the overall gross result of the Group. These results are reflected in cost/income ratio of 61.7%. With regard to aggregate balance sheet captions, amounts owed to customers amount to € 4,065 mil-

lion, equal to 37.8% of the total of the Group, with growth of 24.2% compared with 30 September 2007. Securities in issue and financial liabilities designated at fair value amount to € 4,579 million, equal to 44% of the total, up by 42.3% compared to September 2007. this segment represents more than 70% of the overall increase of the aggregate. Lending, equal to € 525 million, continues to be marginal compared with the total of the Group, with a share of 2.7%;

- The **Corporate** segment, mostly comprised of small-medium size enterprises, shows a gross operating income of € 150 million (20.3% of the total), +12.3% compared with September 2007 due to the increase in the amount of lending. The net result from financial and insurance operations amount to € 120.8 million (18.3% of the total, +6.7% compared with the first nine months of 2007). Net of operating costs for € 32.1 million (7.5% of the total), profits from ordinary activities totalled € 88.7 million. The cost/income ratio improved when compared with previous years, registered at 21.4%. With reference to the aggregate balance sheet captions, loans to customers amount to € 8,454 million, up by 17.9% compared with 30 September 2007, (43.8% of the total); amounts owed to customers, equal to € 1,120 million (10.4% of the total), registered a decrease of 7.2% compared with September 2007; securities in issue and financial liabilities designated at fair value continue to represent a marginal share compared with the total of the Group (1.2%), despite their significant increase against September 2007, reaching € 121 million;

- the **Retail** segment shows a gross operating income of € 333.4 million (45.1% of the total), up by 15.7% compared with the first nine months of 2007, and a net result from financial and insurance operations of € 287.8 million (43.5% of the total): as regards deposits, these increases are due to the positive effects of volumes and spreads, whilst on the lending side, they are attributable to the trend in volumes. Net of operating costs totalling € 215.2 million (50.5% of the total), profit from ordinary activities amounted to € 72.6 million (30.9% of the Group total). The cost/income ratio, at 64.6% recorded growth of almost 3% compared to September 2007, remaining in line with values recorded at the end of 2007 and in the first half of 2008.

All aggregate balance sheet captions showed an increase against 30 September 2007: loans to customers, equal to € 7,968 million, increased by 19.2%; amounts owed to customers, at € 4,202 million, showed growth of 24.5%; securities in issue and financial liabilities designated at fair value, equal to € 1,355 million, rose by 17.7%. In percentage terms compared with the total for the Group, loans represent 41.3%, amounts owed represent 39% and securities

in issue and financial liabilities designated at fair value account for 13%.

The **Wealth Management** segment closed the first nine months of 2008 with positive results compared to September 2007: the gross operating income, inclusive of the result from insurance operations, is equal to € 20.2 million; operating costs amount to € 11.8 million; profit from ordinary activities amounts to € 6.2 million.

With reference to the aggregate balance sheet captions, loans and amounts due to customers represent only a marginal share of the Group total; securities in issue and financial liabilities designated at fair value amount to € 704 million (-8.1% compared with 30 September 2007), corresponding to 6.8% of the Group total.

The **Other** segment recorded a decrease in the gross operating margin, inclusive of the result from insurance operations, of 34.2% against the first nine months of 2007, mainly due to the worst result attained by the Finance area: profit from ordinary activities is equal to € 10.8 million. As regards the aggregate balance sheet captions, securities in issue and financial liabilities designated at fair value amount to € 3,654 million (35% of the total), +9.6% compared with 30 September 2007.

Business segments

(figures in thousands of €)

	Private and Affluent	Corporate	Retail	Wealth Management	Other	TOTAL
Gross operating income ⁽¹⁾						
9 months 2008	149,345	150,029	333,354	20,216	86,345	739,289
1 st half 2008	100,273	92,466	213,761	2,080	63,706	472,286
year 2007	180,620	181,871	388,607	19,782	187,186	958,066
9 months 2007	135,411	133,630	288,219	14,835	131,191	703,286
Net income from financial and insurance management ⁽²⁾						
9 months 2008	149,177	120,785	287,781	18,079	85,881	661,703
1 st half 2008	100,076	71,471	183,990	1,545	64,626	421,708
year 2007	180,442	156,722	343,873	16,058	187,811	884,906
9 months 2007	135,254	113,155	254,850	14,835	138,021	656,115
Operating costs						
9 months 2008	-92,214	-32,126	-215,225	-11,841	-75,121	-426,527
1 st half 2008	-60,988	-20,773	-137,392	-8,213	-50,986	-278,352
year 2007	-101,352	-41,792	-251,909	-14,819	-105,446	-515,318
9 months 2007	-75,150	-29,960	-177,882	-10,602	-71,280	-364,874
Profit (Loss) from ordinary activities						
9 months 2008	56,963	88,659	72,556	6,238	10,760	235,176
1 st half 2008	39,088	50,698	46,598	-6,668	13,640	143,356
year 2007	79,090	114,930	91,964	1,239	82,365	369,588
9 months 2007	60,104	83,195	76,968	4,233	66,741	291,241
Cost income (%)						
9 months 2008	61.7	21.4	64.6	58.6	87.0	57.7
1 st half 2008	60.8	22.5	64.3	39.4	80.0	58.9
year 2007	56.1	23.0	64.8	74.9	56.3	53.8
9 months 2007	55.5	22.4	61.7	71.5	54.3	51.9
Net interbank						
30/09/2008				95,139	354,632	449,771
30/06/2008				19,669	190,781	210,450
31/12/2007				21,149	-897,580	-876,431
30/09/2007				19,370	-970,706	-951,336
Loans to customers						
30/09/2008	524,505	8,453,700	7,967,544	102,331	2,263,154	19,311,234
30/06/2008	534,894	8,166,932	7,962,014	15,120	2,191,124	18,870,084
31/12/2007	507,711	7,480,292	6,820,091	18,499	2,190,788	17,017,381
30/09/2007	488,627	7,172,946	6,682,073	14,276	2,066,451	16,424,373
Amounts owed to customers						
30/09/2008	4,064,780	1,119,905	4,201,648	205	1,380,174	10,766,712
30/06/2008	4,255,570	1,228,835	4,162,941	822	1,412,668	11,060,836
31/12/2007	3,602,599	1,174,060	3,464,325	1,839	1,329,122	9,571,945
30/09/2007	3,272,512	1,206,837	3,375,902	1,391	1,180,018	9,036,660
Securities in issue and financial liabilities designated at fair value						
30/09/2008	4,579,289	121,462	1,354,503	703,590	3,653,963	10,412,807
30/06/2008	4,081,481	107,628	1,230,894	731,379	3,561,181	9,712,563
31/12/2007	3,284,311	55,053	1,128,429	757,516	3,346,430	8,571,739
30/09/2007	3,217,900	52,651	1,151,240	765,915	3,333,551	8,521,257

(1) Including income from insurance management

(2) Including profits from equity investments and disposal of investments.

Note: the figures of the first nine months of 2007, of 2007 and those related to the first half of 2008 were reclassified in accordance with the current internal customer segmentation criteria, so that a significant time-based comparison is possible.

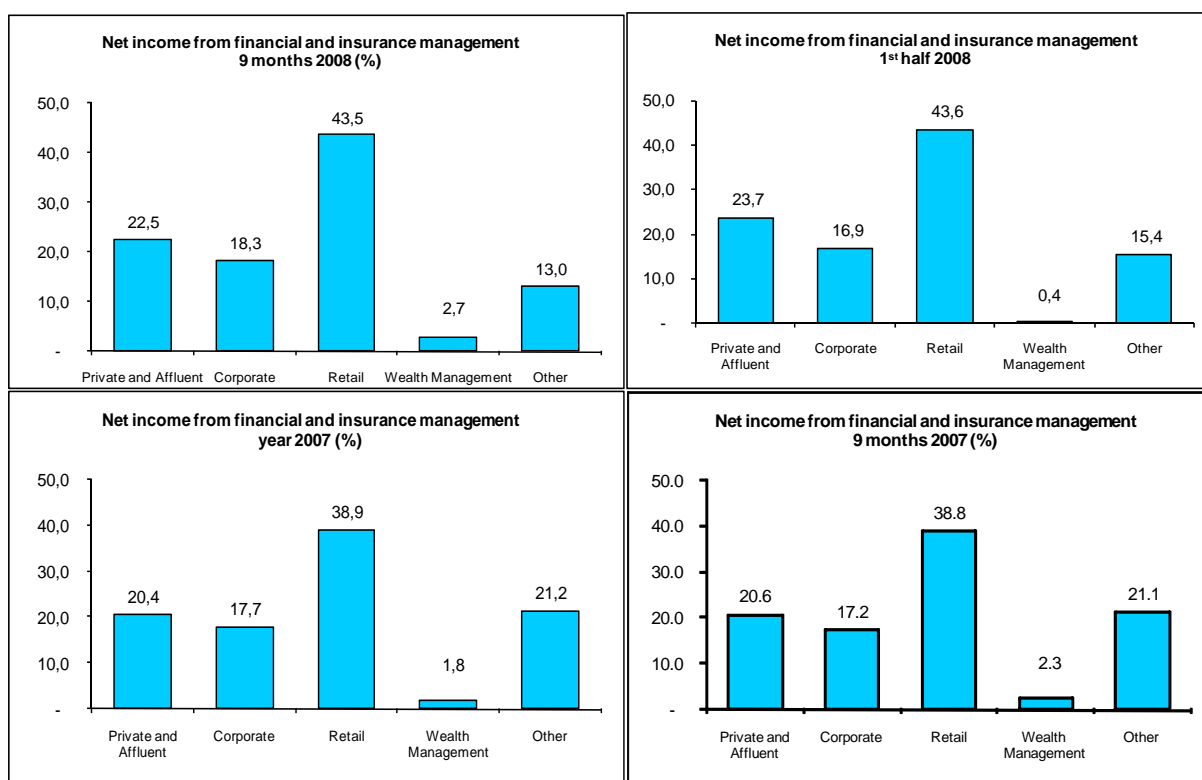
Business segments

	(% on total)					
	Private and Affluent	Corporate	Retail	Wealth Management	Other	TOTAL
Gross operating income ⁽¹⁾						
9 months 2008	20.2	20.3	45.1	2.7	11.7	100.0
1 st half 2008	21.2	19.6	45.3	0.4	13.5	100.0
year 2007	18.9	19.0	40.6	2.1	19.4	100.0
9 months 2007	19.3	19.0	41.0	2.0	18.7	100.0
Net income from financial and insurance management ⁽²⁾						
9 months 2008	22.5	18.3	43.5	2.7	13.0	100.0
1 st half 2008	23.7	16.9	43.6	0.4	15.4	100.0
year 2007	20.4	17.7	38.9	1.8	21.2	100.0
9 months 2007	20.6	17.2	38.8	2.3	21.1	100.0
Operating costs						
9 months 2008	21.6	7.5	50.5	2.8	17.6	100.0
1 st half 2008	21.9	7.5	49.4	3.0	18.2	100.0
year 2007	19.7	8.1	48.9	2.9	20.4	100.0
9 months 2007	20.6	8.2	48.8	2.9	19.5	100.0
Profit (Loss) from ordinary activities						
9 months 2008	24.2	37.7	30.9	2.7	4.5	100.0
1 st half 2008	27.3	35.4	32.5	-4.7	9.5	100.0
year 2007	21.4	31.1	24.9	0.3	22.3	100.0
9 months 2007	20.6	28.6	26.4	1.5	22.9	100.0
Net interbank						
30/09/2008	0.0	0.0	0.0	21.2	78.8	100.0
30/06/2008	0.0	0.0	0.0	9.3	90.7	100.0
31/12/2007	0.0	0.0	0.0	-2.4	102.4	100.0
30/09/2007	0.0	0.0	0.0	-2.0	102.0	100.0
Loans to customers						
30/09/2008	2.7	43.8	41.3	0.5	11.7	100.0
30/06/2008	2.8	43.3	42.2	0.1	11.6	100.0
31/12/2007	3.0	44.0	40.1	0.1	12.8	100.0
30/09/2007	3.0	43.7	40.7	0.1	12.5	100.0
Amounts owed to customers						
30/09/2008	37.8	10.4	39.0	0.0	12.8	100.0
30/06/2008	38.5	11.1	37.6	0.0	12.8	100.0
31/12/2007	37.6	12.3	36.2	0.0	13.9	100.0
30/09/2007	36.2	13.4	37.4	0.0	13.0	100.0
Securities in issue and financial assets designated at fair value						
30/09/2008	44.0	1.2	13.0	6.8	35.0	100.0
30/06/2008	42.0	1.1	12.7	7.5	36.7	100.0
31/12/2007	38.3	0.6	13.2	8.8	39.1	100.0
30/09/2007	37.8	0.6	13.5	9.0	39.1	100.0

(1) Including income from insurance management

(2) Including profits from equity investments and disposal of investments.

Note: the figures of the first nine months of 2007, of 2007 and those related to the first half of 2008 were reclassified in accordance with the current internal customer segmentation criteria, so that a significant time-based comparison is possible.



Figures in millions of €.

TRANSACTIONS WITH RELATED PARTIES

The Group maintains relations with Banca Carige shareholders who are able to exercise a significant influence, subsidiaries and other related parties regulated under market conditions. As at 30 September 2008 the asset and liability transactions were as follows:

Transactions with shareholders able to exercise significant influence and with subsidiaries

	Assets	Liabilities	Guarantees and commitments	Revenues	Expenses	Dividends
Banca Carige shareholders who exercise a significant influence	437	42,733	-	617	931	76,321 (1)
Subsidiaries outside the area of consolidation	154	115	-	-	351	-
Companies subject to significant influence	12,398	11,336	-	125	8,668	-
TOTAL	12,989	54,184	-	742	9,950	76,321

Figures in thousands of €

(1) Dividends distributed by Banca Carige SpA.

Dividends collected by companies subject to significant influence netted off in the consolidation process were not shown.

Relationships with subsidiaries included in the area of consolidation were not taken into account.

	Assets	Liabilities	Guarantees and commitments	Revenues	Expenses	Purchase of assets and services	Insurance premiums	Indemnities and insurance redemptions
Other related parties	44,942	12,351	11,045	2,055	2,117	1,171	76	109
	44,942	12,351	11,045	2,055	2,117	1,171	76	109

Figures in thousands of €

Related parties are defined as:

- executives with strategic responsibility for the entity and its parent bank; this refers to those who have the power and responsibility, directly or indirectly, for the management and control of the Parent Bank's activities, including the Directors, the Statutory Auditors, the Managing Director or the General Manager, the Deputy General Managers and the Central Managers.
- close relatives of one of the subjects referred to in the previous point; this refers to persons that can be expected to influence, or be influenced by, the interested party in their relations with the Bank and therefore, by way of example, may include the common-law spouse and persons dependent upon the interested party or upon the common-law spouse.

- parties controlled by, jointly controlled by or subject to the significant influence of one of the entities pursuant to point a) and b) or in which said entities hold, directly or indirectly, a significant portion of the voting rights.

Overall, the share of the total of transactions with related parties is moderate, as shown in the following table:

	Amount of transactions with related parties	Amount of balance sheet item	% weight
Assets			
Caption 70 - Loans to customers	57,626	19,311,234	0.3%
Other asset captions	305	11,017,369	0.0%
Liabilities			
Caption 20 - Amounts owed to customers	65,480	10,766,712	0.6%
Other liability captions (1)	1,055	15,864,682	0.0%
Income statement			
Caption 10 - Interest income	2,150	1,087,723	0.2%
Caption 20 - Interest expenses	3,214	500,837	0.6%
Caption 160 - Balance of other expenses/revenues from insurance management (+/-)	(8,777)	(648,142)	1.4%
Other positive captions in the income statement	723	937,629	0.1%
Other negative captions in the income statement (2)	1,356	641,197	0.2%

Figures in thousands of €

(1) The weight is calculated on the other liability captions, except for those referred to the shareholders' equity

(2) The weight is calculated on the other negative captions, except for taxes and profit attributed to minority interests

It is shown that in the first nine months, no transactions with related parties subject to information to the public were carried out.

The operations carried out in the year fall within the ordinary activities of the Group and do not present the relevance requirements as regards the impact on the financial statements.

In the Carige Group, any policies related to the assumption of risks are set by the Board of Directors of the Parent Bank at the moment of preparation of strategic planning and the annual budget.

The Parent Bank performs orientation and supervisory functions as regards all risks, in particular by managing, in an integrated context, the Pillar 1 and Pillar 2 risks, in accordance with the provisions contained in the Supervisory Instructions of the Bank of Italy (Circular No. 263 dated 27 December 2006 and subsequent updates).

RISK MANAGEMENT

1. Risks of the banking Group

The banks of the Group operate within specific limits of independence and avail themselves of their own supervisory structures.

The different risk categories are monitored by the competent functions, Research and Management Control, Risk Management and Credit Monitoring, and the outcome is subject to the periodic reporting of the Board of Directors, the Asset & Liability Management Committee and Executive Management.

The analyses are supported by regulatory models, as well as by more advanced methodologies which made it possible, over time, to expand the range of risks monitored and to improve the assessment of the capital adequacy, from both a regulatory and an economic viewpoint.

The credit risk measurement, management and control process is carried out through the activities of:

- credit risk management, focused on the governance of the credit activities, with the careful monitoring of the performance of risk indicators resulting from rating (PD, LGD and EAD) on the performing portfolio and of the trend in poor quality loans
- an operating nature, aimed at the correct management of the disbursed loans, through differentiated actions based on customer segment, type of product etc., supported, as from this year, by an integrated instrument for the detection of any performance anomalies, associated with the rating, which allows a structured management with pre-set timetables and intervention procedures, and with the assignment of specific responsibilities to different subjects involved in management of the customers.

The activities continued for the fine-tuning and implementation of internal rating models, which are related to the Corporate, Small and Medium-Size Enterprises and Retail segments, that is to say approximately 81% of the customer loan portfolio, as well as the models of LGD and EAD. Furthermore, the Validation Function was established in order to implement the different phases of internal validation, preliminary to the application for the authorisation to use internal ratings.

Whilst awaiting the aforementioned authorisation, the Group adopted, as regards credit risks, the standard methodology, also extended to market and operational risks (basic approach):

Balance sheet figures as at 30 September 2008 include:

- the paid share capital increase of € 957.2 million, which fully financed the acquisition of the Intesa Sanpaolo branches;
- further capital strengthening, achieved through the issue of two Lower Tier 2 and Lower Tier 3 subordinated loans, of € 100 million each;
- the impact on the balance sheet equal to roughly € 13 million, as a result of the re-classifications of securities in the portfolio, implemented through application of the aforementioned amendments to IAS 39 adopted by the European Commission as of 15 October 2008.

The Total Capital Ratio was recorded at 10.10% and the Tier 1 Ratio at 8.17%, considerably higher than the supervisory limits; the excess capital totalled € 385 million and it is expected that, for the remainder of the financial year, capitalisation levels will be maintained adequately above the supervisory limits.

CONSOLIDATED REGULATORY CAPITAL AND SOLVENCY RATIOS

(figures in thousands of €)

	Situation as at			
	30/9/08 (1)	30/6/08 (2)	31/12/07	30/9/07 (1)
Regulatory capital				
Tier 1 capital	1,496,646	1,496,614	1,404,398	1,402,776
Tier 2 capital	669,979	669,956	597,291	602,523
less: deductions (1)	350,436	350,436	350,264	350,800
Total capital	1,816,189	1,816,134	1,651,425	1,654,499
Tier 3 capital	99,675	99,675	-	-
Tier 3 calculable portion	33,997	58,548	-	-
Regulatory capital including Tier 3	1,850,186	1,874,682	1,651,425	1,654,499
Weighted assets				
Credit risk	16,139,713	15,731,363	16,192,913	15,504,338
Market risk	595,188	1,025,000	1,299,075	1,239,763
Operational risk	1,580,238	1,580,238	-	-
Other prudential requirements	-	-	484,638	483,588
Total weighted assets	18,315,138	18,336,600	17,976,625	17,227,688
Capital requirements				
Credit risk	1,291,177	1,258,509	1,295,433	1,240,347
Market risk	47,615	82,000	103,926	99,181
Operational risk	126,419	126,419	-	-
Other prudential requirements	-	-	38,771	38,687
Total	1,465,211	1,466,928	1,438,130	1,378,215
Subordinated loans covering market risks	-	-	-	-
Surplus capital	384,975	407,754	213,295	276,284
Solvency ratios (%) (1)				
Tier 1 capital/Credit risk weighted assets	9.27%	9.51%	8.67%	9.05%
Regulatory capital/Credit risk weighted assets	11.25%	11.54%	10.20%	10.67%
Tier 1 capital/Total weighted assets	8.17%	8.16%	7.81%	8.14%
Regulatory capital including Tier 3 capital/Total weighted assets	10.10%	10.22%	9.19%	9.60%

(1) The figures regarding the regulatory capital and the capital requirements as at 30/9/08 and 30/9/07 result from accounting and management estimates, as the official consolidated figures (Information form "1") are provided only in June and December. Capital ratios as at 30/9/2008 incorporate the estimates following securities reclassification carried out in compliance with changes to IAS 39 approved on 13/10/2008 by IASB and transposed by the European Commission on 15/10/2008.

(2) Data as at 30/06/2008 are the official figures and therefore they differ from the management data shown in the half-year report.

The Second Pillar regulations provide that the Banks, also through the use of proprietary procedures, assess their current and future capital adequacy, expanding their range of risks to be taken into account compared with the First Pillar.

Carige carried out an initial activity aimed at identifying the risks to which the Group is exposed, taking into account their operations and the reference markets: then, the map of the risks and the related assessment procedures were defined, of a quantitative nature when measurement methods are present, of a qualitative nature if related to organisational supervisions, tracing the management activities, within the field of risks, and mostly already in place, to an organic framework.

Besides credit, market and operational risks, the concentration, interest rate, liquidity, reputational and strategic risks deriving from securitisations and residual risks were included in the perimeter of the analysis for Icaap (internal Capital Adequacy Assessment Process) purposes.

With reference to the methods used, internal models for the quantification of the credit, market and interest rate risks will be used, together with regulatory models for the operating and concentration risk.

The analyses related to the remaining risks shall be performed through the use of specific scorecards aimed at identifying, with qualitative techniques, the potential level and the supervision measures introduced.

More specifically:

- **credit and counterparty risk:** in the context of the project for the development of the internal rating the statistical models related to Small and Medium-Size Enterprises and retail customers were completed and implemented; the model for the Large Corporate segment, of a judgmental type, has been completed and is expected to be integrated in the organisational and IT procedures of the Group before the end of the year.

The Loss Given Default and Exposure at Default models were completed and the credit datawarehouse realised, that will feed the calculation engines. Ratings support the decision-making process in the loan disbursement and renewal stage and also the new model for monitoring operations.

The Validation Function has been established, which activated the different phases of internal control geared towards the issue of the validation report and activation of the process for authorisation by the Bank of Italy to use internal ratings.

- **market risk:** it is measured on the securities and derivatives portfolio through the daily calculation of the Value at Risk (VaR) in accordance with the Montecarlo approach, with a confidence interval of 99% and a "holding period" of ten days. The VaR analysis on the securities and derivatives portfolio has been integrated by the daily monitoring of the profitability profiles with calculation of the accrued interests, of profits and losses, and of the capital gains/losses recognised on financial instruments held in the portfolio. The profitability determined in this way is constantly compared with the scenarios elaborated in the budget. The foreign exchange risk and the gamma and vega risk on options are calculated using the standard approach of the Bank of Italy.
- **operational risk:** the basic approach of the Bank of Italy is used, which provides for a capital absorption equal to 15% of the average gross operating income of the banking group in the last three years. In order to be able to evolve towards more advanced methodologies, the Group participates in the DIPO (Database Italiano Perdite Operative, or Italian database of Operating Losses), since its inception following an initiative of Abi. Furthermore, specifically as regards the risks connected with the business continuity of the IT system, the Group

defined a Business Continuity and Disaster recovery plan aimed at the identification of critical processes and of the strategies for minimising the risks and the associated economic consequences, so as to be able to guarantee a prompt restoration of the operating processes.

- **interest rate risk:** the analysis of interest rate risk is performed, on a monthly basis, with Gap analysis techniques (with the three methodologies of incremental gap, incremental beta gap and shifted beta gap), Durations analysis and Sensitivity analysis.
- **concentration risk:** this risk is quantified through the use of the Herfindhal index in accordance with the procedures provided by the Bank of Italy.
- **liquidity risk:** many analyses are performed aimed at assessing the financial balance on both treasury captions as well as on a structural level. With reference to short-term liquidity, the net financial position compared with the liquidity reserves, the maturity ladder and operations on the interbank market are monitored on a daily basis. As regards the structural liquidity, the liquidity gaps beyond the year and the transformation level of the outstanding maturities are analysed on a monthly basis using ALM techniques.
- **reputational risk, strategic risk, risk on securitisations and residual risk:** risk analysis is performed through the use of specific scorecards which assess the risk exposure as well as the control processes and the existing mitigation instruments.

The results of the first ICAAP reporting relative to the final data as at 30 June 2008 and to prospective figures as at 31 December 2008 confirmed the Group's solid capitalisation: specifically, it appears that the requirements on the risks not taken into account by the first pillar regulations are more than offset by the savings on capital generated by the application of more advanced methods on credit and market risks.

This assessment of the good capitalisation level of the Group is further corroborated when the current regulatory treatment of the equity investments in the insurance sector for the banks with equity investments exceeding 20% is taken into account: regulatory provisions, in fact, impose the full deduction from the Supervisory

Capital of any equity investments and of subordinated loans (if any), which, in the case of Carige, amount to € 365 million.

Within the ICAAP self-assessment process of risks and capital subject to assessments by the Bank of Italy (Supervisory Review and Evaluation Process - SREP), the entire higher capitalisation of the Group may be taken into account, in line with the regulations governing financial conglomerates that provide for the deduction from supervisory capital of the insurance risk requirement instead of the invested capital.

2. Risks of the insurance sector

As regards insurance risks, no significant changes were recorded compared with the half-yearly financial report as at 30 June 2008, to which specific reference should be made.

RESOURCES MANAGEMENT

The distribution system of the Carige Group is structured in three major categories of channels: traditional, remote and mobile.

The **traditional** (or physical) **channels** are represented by the branches and by the network of advisors (private, corporate, affluent and small business).

In March 2008, 79 branches acquired from Intesa Sanpaolo became part of the Group, located in 8 provinces: Turin (15), Aosta (1),

Como (19), Pavia (6), Padova (15), Rovigo (1), Venice (18) and Sassari (4).

Following this operation and the opening of 2 new branches by the Parent Bank (one in Genoa and one in Florence), at the end of the September the **branches** amounted to 603 units, compared with the 522 units in December and 517 units in September 2007.

Due to the inclusion of the former ISP branches, the percentage of branches located in Liguria is down from 48.1% in December 2007 (48.4% in September 2007) to 41.8% at present.

The personal financial advisory service, dedicated to customers with a high profile (private), is structured through a network of 136 advisors while the enterprises financial advisory services (corporate), dedicated to "Large Enterprises" and "Medium-Size Enterprises", is provided by 126 advisors.

The Financial Investment Advice service is dedicated to "affluent customers", and is provided by 152 advisors, while the services to "small business" are structured through a network of 176 advisors.

Within **remote channels**, the number of "Bancacontinua" branches increased to 18, while ATM branches total 713 units (625 in December and 618 in September 2007). The contracts connected to the on-line - internet and call center - services exceed 153 thousand units, increasing in the nine and twelve month periods by roughly 20 thousand and 26 thousand units respectively.

The Group also has a network of 269 insurance agencies (39 of which have financial advisors) located throughout the entire national territory, which place bank and financial products (263 in December and 265 in September 2007).

BRANCH NETWORK

A) TRADITIONAL CHANNELS

	30/9/08		30/6/08		31/12/07		30/9/07	
	number	% S	number	% S	number	% S	number	% S
NORTHWEST	381	63.2	381	63.2	339	64.9	335	64.8
Liguria	252	41.8	252	41.8	251	48.1	250	48.4
- Genoa	138	22.9	138	22.9	137	26.2	136	26.3
- Savona	64	10.6	64	10.6	64	12.3	64	12.4
- Imperia	29	4.8	29	4.8	29	5.6	29	5.6
- La Spezia	21	3.5	21	3.5	21	4.0	21	4.1
Lombardy	72	11.9	72	11.9	47	9.0	45	8.7
Piedmont	56	9.3	56	9.3	41	7.9	40	7.7
Valle d'Aosta	1	0.2	1	0.2	-	-	-	-
NORTHEAST	69	11.4	69	11.4	35	6.7	34	6.6
Emilia Romagna	23	3.8	23	3.8	23	4.4	22	4.3
Veneto	46	7.6	46	7.6	12	2.3	12	2.3
CENTRE	95	15.8	95	15.8	94	18.0	94	18.2
Tuscany	57	9.5	57	9.5	56	10.7	56	10.8
Lazio	33	5.5	33	5.5	33	6.3	33	6.4
Marches	4	0.7	4	0.7	4	0.8	4	0.8
Umbria	1	0.2	1	0.2	1	0.2	1	0.2
SOUTH AND ISLANDS	57	9.5	57	9.5	53	10.2	53	10.3
Sicily	37	6.1	37	6.1	37	7.1	37	7.2
Apulia	9	1.5	9	1.5	9	1.7	9	1.7
Sardinia	11	1.8	11	1.8	7	1.3	7	1.4
ABROAD: Nice (France)	1	0.2	1	0.2	1	0.2	1	0.2
TOTAL NUMBER OF BRANCHES	603	100.0	603	100.0	522	100.0	517	100.0

	30/9/08	30/6/08	31/12/07	30/9/07
Private consultants	136	137	123	108
Corporate consultants	126	128	115	112
Affluent consultants	152	151	140	126
Small business consultants (1)	176	173	172	200
TOTAL CONSULTANTS	590	589	550	546

(1) In the periods before 31/12/2007 a small business facility was assigned also to the Liguria branches to which no dedicated consultant had been assigned.

B) REMOTE CHANNELS

	30/9/08	30/6/08	31/12/07	30/9/07
ATM - Bancomat	713	712	625	618
Self-service "Bancacontinua" branches	18	14	13	13
On line services (2)	153,434	153,570	133,502	127,616

(2) Number of Internet banking and Call center contracts.

C) MOBILE CHANNELS

	30/9/08	30/6/08	31/12/07	30/9/07
Insurance agencies (3)	269	263	263	265

(3) Agents of Group insurance subsidiaries distributing banking products.

At the end of September 2008, Group **personnel** totalled 5,635 units (5,069 in December and 5,036 in September 2007). This increase is the result of the acquisition of 79 former ISP branches which in September 2008 counted 520 employees (compared with the 554 employees at the end of March 2008). The number of bank employees amounts to 5,264 units (4,706 in December and 4,676 in September 2007). Executives represent 1.3% of the

total, managers 24.4%, while remaining personnel account for 74.2% of the total.

The number of the employees operating on the market (66.6% of the total) increased compared with December and September 2007 (66.7% and 65.8% respectively).

Insurance personnel amounted to 371 units (363 and 360 at 31 December and 30 September 2007 respectively).

PERSONNEL

	30/9/08		30/6/08		31/12/07		30/9/07	
	number	%	number	%	number	%	number	%
<i>Number of bank employees</i>								
Grade								
Executives	70	1.3	71	1.3	64	1.4	64	1.4
Managers	1,286	24.4	1,213	23.1	1,073	22.8	1,078	23.1
Other employees	3,908	74.2	3,977	75.6	3,569	75.8	3,534	75.6
TOTAL	5,264	100.0	5,261	100.0	4,706	100.0	4,676	100.0
Assets								
Head offices	1,760	33.4	1,708	32.5	1,568	33.3	1,597	34.2
Branches	3,504	66.6	3,553	67.5	3,138	66.7	3,079	65.8
<i>Insurance personnel</i>	371		365		363		360	
TOTAL (banking and insurance)	5,635		5,626		5,069		5,036	

INSURANCE ACTIVITIES

PREMIUMS-RESERVES-ECONOMIC RESULT (figures in thousands of €)

	30/09/08	30/06/08	31/12/07	30/09/07	Change %	
					09/08 12/07	09/08 09/07
Net premiums	626,910	414,864	684,094	493,545		27.0
Non-life insurance	381,875	254,464	529,989	389,395		- 1.9
<i>recognised gross premiums (+)</i>	409,053	292,688	586,252	419,098		- 2.4
<i>premiums ceded to reinsurers (-)</i>	21,011	14,007	56,646	20,881		0.6
<i>variations (+/-) to premium reserve gross balances</i>	2,920	-18,159	-4,977	-5,807		...
<i>variations (-/+) to premium reserves charged on reinsurers</i>	-9,087	-6,058	5,360	-3,015		...
Life insurance	245,035	160,400	154,105	104,150		...
<i>recognised gross premiums (+)</i>	251,479	164,682	162,735	110,846		...
<i>premiums ceded to reinsurers (-)</i>	6,444	4,282	8,630	6,696		- 3.8
Technical reserves	2,139,552	2,110,108	1,955,936	1,900,956	9.4	12.6
Non-life insurance	923,789	922,847	888,250	865,965	4.0	6.7
<i>premium reserves</i>	240,321	261,401	243,241	244,071	- 1.2	- 1.5
<i>accident reserves</i>	682,804	660,782	644,345	621,089	6.0	9.9
<i>other reserves</i>	664	664	664	805	-	- 17.5
Life insurance	1,215,763	1,187,261	1,067,686	1,034,991	13.9	17.5
<i>mathematical reserves</i>	1,198,175	1,176,092	1,051,951	1,023,977	13.9	17.0
<i>reserves for amounts payable</i>	4,305	4,610	7,604	3,487	- 43.4	23.5
<i>other reserves</i>	13,283	6,559	8,131	7,527	63.4	76.5
Technical reserves charged on reinsurers	159,497	159,256	160,533	159,880	- 0.6	- 0.2
Non-life insurance	66,851	62,906	58,861	57,682	13.6	15.9
<i>premium reserves</i>	7,875	9,256	12,020	7,783	- 34.5	1.2
<i>accident reserves</i>	58,976	53,650	46,841	49,899	25.9	18.2
<i>other reserves</i>	-	-	-	-	...	...
Life insurance	92,646	96,350	101,672	102,198	- 8.9	- 9.3
<i>mathematical reserves</i>	91,055	95,163	98,943	101,402	- 8.0	- 10.2
<i>reserves for amounts payable</i>	1,591	1,704	3,126	1,225	- 49.1	29.9
<i>other reserves</i>	-	-517	-397	-429	- 100.0	- 100.0
Economic result	-21,232	-12,053	-10,337	-5,632		...
Premiums excluding reinsurance	626,910	414,864	684,094	493,545		27.0
Net variations to technical reserves	-185,222	-127,587	-97,195	-74,968		...
Claims incurred and settled during the period	-356,989	-236,914	-478,715	-334,985		6.6
Other insurance revenues and expenses	-105,931	-62,416	-118,521	-89,224		18.7

Net premiums from insurance activities amounted to € 626.9 million, an increase of 27% compared to September 2007; more specifically, non-life insurance net premiums fell by

1.9% from € 389.4 to € 381.9 million, while life insurance premiums totalled € 245 million (€ 104.2 million in September 2007).

Technical reserves amounted to € 2,139.6 million, growth of 9.4% compared to December 2007 and 12.6% against September 2007, while those charged on reinsurers fell to € 159.5 million from € 160.5 million in December 2007 and € 159.9 million in September 2007.

The economic result of insurance activities equal to € -21.2 million, worsened in comparison with the € - 5.6 million in the previous year. In detail, net premiums increased from 27%, to € 626.9 million, claims increased by 6.6%, to € 357 million, net change in technical reserves was equal to € 185.2 million (€ 74.9 million in September 2007) and net charges of insurance manage-

ment were equal to € 105.9 million, compared to € 89.2 million as at September 2007.

EQUITY INVESTMENTS

Equity investments totalled € 56.7 million, a slight increase compared with the figure at the end of 2007 (+0.8%). In the period under review, no significant changes occurred in terms of purchases and sales of the investments.

ANNUAL CHANGES IN EQUITY INVESTMENTS

(figures in thousands of €)

	30/9/08	30/6/08	31/12/07	30/09/07
A. Opening balance	56,256	56,256	66,844	66,844
B. Additions	852	846	6,356	6,155
B.1 Acquisitions	6	-	2,209	2,209
B.2 Write-backs	-	-	-	-
B.3 Revaluations	-	-	1,468	-
B.4 Other changes	846	846	2,679	3,946
C. Decreases	428	428	16,944	13,506
C1. Sales	-	-	13,512	13,506
C2. Value adjustments	-	-	188	-
including:				
- long-term write-downs	-	-	-	-
C3. Other changes	428	428	3,244	-
D. Closing balance	56,680	56,674	56,256	59,493

PERFORMANCE OF THE PARENT BANK

Financial highlights

	Situation as at				Change %	
	30/9/08	30/6/2008	31/12/07	30/9/07	9/08 12/07	9/08 9/07
BALANCE SHEET (1)						
Total assets	24,911,819	25,069,210	21,924,741	21,176,295	13.6	17.6
Funding	19,438,716	19,326,322	17,353,608	16,886,292	12.0	15.1
- Direct Deposits (a)	18,041,096	17,558,215	14,810,357	14,320,403	21.8	26.0
* Amounts owed to customers	9,340,955	9,638,904	8,237,718	7,818,023	13.4	19.5
* Securities in issue	8,135,189	7,408,805	6,042,171	5,961,445	34.6	36.5
* Liabilities at fair value	564,952	510,506	530,468	540,935	6.5	4.4
- Amounts owed to banks	1,397,620	1,768,107	2,543,251	2,565,889	(45.0)	(45.5)
- Indirect deposits (b) (2)	18,433,047	18,758,978	16,763,556	16,891,555	10.0	9.1
- Assets under management (2)	9,491,044	9,773,895	8,851,333	8,819,314	7.2	7.6
- Assets in custody	8,942,003	8,985,083	7,912,223	8,072,241	13.0	10.8
Financial Intermediation Activities (FIA) (a+b)	36,474,143	36,317,193	31,573,913	31,211,958	15.5	16.9
Investments (3)	21,240,525	21,221,466	19,075,220	18,721,089	11.4	13.5
- Loans to customers (3)	16,387,859	16,170,848	14,421,456	13,980,029	13.6	17.2
- Loans to banks (3)	1,504,306	2,294,251	1,820,152	1,706,530	(17.4)	(11.9)
- Securities portfolio (3)	3,348,360	2,756,367	2,833,612	3,034,530	18.2	10.3
Capital and reserves	3,624,103	3,673,374	2,711,615	2,731,905	33.7	32.7
INCOME STATEMENT (1)						
Gross operating income	632,881	422,180	785,962	580,174		9.1
Net income from financial management	568,458	379,337	717,517	532,276		6.8
Operating costs	328,010	212,849	392,096	277,996		18.0
Profit for the period	190,976	145,637	210,049	166,663		14.6
RESOURCES (4)						
Number of branches	494	494	413	408	19.6	21.1
Staff	4,309	4,302	3,739	3,708	15.2	16.2
FINANCIAL RATIOS						
Operating costs / Gross operating income (5)	51.83%	50.42%	49.89%	47.81%		
ROE	5.27%	3.96%	7.75%	6.10%		
ROAE (6)	6.03%	4.56%	7.91%	6.25%		
RISK ASSETS AND REGULATORY RATIOS (7)						
Total Risk-Weighted Assets (1)	16,162,307	16,151,438	15,906,021	15,248,856	1.6	6.0
Tier 1 capital / RWA	10.41%	10.42%	9.86%	10.64%		
Regulatory capital including Tier 3 capital/Total weighted assets	12.16%	12.29%	10.96%	11.82%		

(1) Figures in thousands of €

(2) The figure as at 30/6/2008 has been modified in relation to the final valorisation of the quantities belonging to the branches acquired from the Intesa Sanpaolo Group from 10/3/2008.

(3) Before value adjustments and, in relation to loans to customers and to banks, net of debt securities classified as L&R and included in the securities portfolio.

(4) Data of the end of period.

(5) This indicator was calculated before allocations to provisions for risks and charges; figure as at 30/9/2007 differs from the one recorded in 2007 third quarterly report, which was net of those allocations.

(6) Net profit on average shareholders' equity (Return On Average Equity).

(7) Amounts as at 30/9/2008 incorporate the estimates following the securities reclassification carried out in compliance with IAS 39, and therefore they differ from the official data, reported to the Bank of Italy on 25/10/2008. Data as at 30/6/2008 are the official figures reported to the Bank of Italy, and therefore they differ from the estimates based on management data reported in the June 2008 half-year report. Capital ratios have been calculated based on supervisory regulations in force from time to time.

1. Financial statements as at 30 September 2008

BALANCE SHEET (thousands of €)

ASSETS

	30/09/08	30/06/08	31/12/07	30/09/07	Change %	
					09/08 12/07	09/08 09/07
10 • CASH AND CASH EQUIVALENTS	179,808	191,374	195,250	136,840	(7.9)	31.4
20 • FINANCIAL ASSETS HELD FOR TRADING	1,446,053	1,690,234	1,765,560	2,065,589	(18.1)	(30.0)
40 • AVAILABLE-FOR-SALE FINANCIAL ASSETS	1,319,503	1,153,133	1,177,632	1,129,450	12.0	16.8
50 • FINANCIAL ASSETS HELD TO MATURITY	66,479				...	...
60 • LOANS TO BANKS	1,973,076	2,293,604	1,819,505	1,705,883	8.4	15.7
70 • LOANS TO CUSTOMERS	16,072,312	15,752,661	14,032,624	13,591,123	14.5	18.3
80 • HEDGING DERIVATIVES	21,722	40,759	22,578	19,368	(3.8)	12.2
100 • EQUITY INVESTMENTS	961,822	961,816	946,094	942,560	1.7	2.0
110 • TANGIBLE ASSETS	573,609	570,446	659,046	645,928	(13.0)	(11.2)
120 • INTANGIBLE ASSETS	1,347,732	1,344,799	482,966	476,448	...	...
including:						
- goodwill	1,300,402	1,303,825	446,642	446,642	...	...
130 • TAX ASSETS	182,632	194,588	168,761	166,356	8.2	9.8
a) current	54,445	67,168	46,503	31,512	17.1	72.8
b) advanced	128,187	127,420	122,258	134,844	4.8	(4.9)
150 • OTHER ASSETS	767,071	875,796	654,725	296,750	17.2	...
TOTAL ASSETS	24,911,819	25,069,210	21,924,741	21,176,295	13.6	17.6

LIABILITIES

	30/09/08	30/06/08	31/12/07	30/09/07	Change %	
					09/08 12/07	09/08 09/07
10 • AMOUNTS OWED TO BANKS	1,397,620	1,768,107	2,543,251	2,565,889	(45.0)	(45.5)
20 • AMOUNTS OWED TO CUSTOMERS	9,340,955	9,638,904	8,237,718	7,818,023	13.4	19.5
30 • SECURITIES IN ISSUE	8,135,189	7,408,805	6,042,171	5,961,445	34.6	36.5
40 • FINANCIAL LIABILITIES FROM TRADING	99,424	157,296	171,830	199,807	(42.1)	(50.2)
50 • FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	564,952	510,506	530,468	540,935	6.5	4.4
60 • HEDGING DERIVATIVES	20,971	36,294	17,831	22,364	17.6	(6.2)
80 • TAX LIABILITIES	225,049	201,043	212,710	276,489	5.8	(18.6)
(a) current	59,741	32,830	25,090	56,048	...	6.6
(b) deferred	165,308	168,213	187,620	220,441	(11.9)	(25.0)
100 • OTHER LIABILITIES	909,307	1,101,081	839,057	498,450	8.4	82.4
110 • STAFF TERMINATION INDEMNITY	67,203	67,787	61,530	60,916	9.2	10.3
120 • PROVISIONS FOR RISKS AND CHARGES:	336,070	360,376	346,513	333,409	(3.0)	0.8
a) pensions and similar obligations	300,854	300,860	300,918	297,641	(0.0)	1.1
b) other provisions	35,216	59,516	45,595	35,768	(22.8)	(1.5)
130 • VALUATION RESERVES	574,335	623,669	663,455	683,801	(13.4)	(16.0)
150 • CAPITAL INSTRUMENTS	1,264	1,265	1,219	1,463	3.7	(13.6)
160 • RESERVES	245,149	245,118	195,795	195,734	25.2	25.2
170 • ADDITIONAL PAID-IN CAPITAL	1,013,376	1,013,349	461,064	460,916	...	...
180 • CAPITAL	1,789,979	1,789,973	1,390,082	1,389,991	28.8	28.8
200 • PROFIT (LOSS) FOR THE PERIOD	190,976	145,637	210,049	166,663	(9.1)	14.6
TOTAL LIABILITIES	24,911,819	25,069,210	21,924,741	21,176,295	13.6	17.6

INCOME STATEMENT (figures in thousands of €)

	30/09/08	30/06/08	31/12/07	30/09/07	Change % 09/08 09/07
10 - INTEREST INCOME AND SIMILAR REVENUES	892,365	575,887	1,026,747	738,999	20.8
20 - INTEREST EXPENSES AND SIMILAR CHARGES	(464,123)	(296,267)	(547,226)	(389,793)	19.1
30 - NET INTEREST INCOME	428,242	279,620	479,520	349,206	22.6
40 - COMMISSION INCOME	173,772	113,347	227,447	167,329	3.9
50 - COMMISSION EXPENSES	(23,724)	(15,161)	(30,478)	(22,273)	6.5
60 - NET COMMISSIONS	150,048	98,186	196,970	145,056	3.4
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	55,919	55,430	57,647	49,565	12.8
80 - NET INCOME FROM TRADING ACTIVITIES	(31,335)	(23,815)	265	12,319	...
90 - NET INCOME FROM HEDGING ACTIVITIES	645	61	(95)	189	...
100 - PROFIT (LOSS) ON DISPOSAL OR REPURCHASE OF:	13,314	12,271	51,086	22,386	(40.5)
a) loans	2,425	1,971	5,008	1,352	79.4
b) available-for-sale financial assets	8,297	8,417	44,190	20,082	(58.7)
d) financial liabilities	2,592	1,883	1,887	952	...
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	16,048	427	568	1,453	...
120 - GROSS OPERATING INCOME	632,881	422,180	785,962	580,174	9.1
130 - NET VALUE ADJUSTMENT ON:	(64,423)	(42,843)	(68,445)	(47,898)	34.5
a) loans	(63,617)	(42,218)	(67,423)	(48,590)	30.9
b) available-for-sale financial assets	-	-	(371)	-	...
d) other financial assets	(806)	(625)	(650)	692	...
140 - NET INCOME FROM FINANCIAL MANAGEMENT	568,458	379,337	717,517	532,276	6.8
150 - ADMINISTRATIVE COSTS:	(360,669)	(233,531)	(426,897)	(305,929)	17.9
a) staff costs	(209,082)	(138,919)	(256,756)	(176,772)	18.3
b) other administrative costs	(151,587)	(94,612)	(170,141)	(129,157)	17.4
160 - NET PROVISIONS FOR RISKS AND CHARGES	3,023	33	(1,764)	(588)	...
170 - DEPRECIATION OF TANGIBLE ASSETS	(8,653)	(5,571)	(10,533)	(7,217)	19.9
180 - AMORTIZATION OF INTANGIBLE ASSETS	(9,437)	(5,789)	(9,416)	(6,343)	48.8
190 - OTHER OPERATING EXPENSES AND REVENUES	47,726	32,009	56,515	42,081	13.4
200 - OPERATING COSTS	(328,010)	(212,849)	(392,096)	(277,996)	18.0
210 - PROFIT (LOSS) FROM EQUITY INVESTMENTS	-	-	3,600	3,788	(100.0)
240 - PROFIT (LOSS) FROM DISPOSAL OF INVESTMENTS	25	-	646	653	(96.2)
250 - OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	240,473	166,488	329,667	258,721	(7.1)
260 - INCOME TAXES FOR THE PERIOD	(49,497)	(20,851)	(119,619)	(92,058)	(46.2)
270 - PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	190,976	145,637	210,049	166,663	14.6
290 - PROFIT (LOSS) FOR THE PERIOD	190,976	145,637	210,049	166,663	14.6

INCOME STATEMENT - QUARTERLY RESULTS (figures in thousands of €)

	30/9/08	30/9/07	CHANGE	3 rd quarter 2008	3 rd quarter 2007	CHANGE	1 st half 2008
10 - INTEREST INCOME AND SIMILAR REVENUES	892,365	738,999	153,366	316,478	261,259	55,219	575,887
20 - INTEREST EXPENSES AND SIMILAR CHARGES	(464,123)	(389,793)	(74,330)	(167,856)	(142,349)	(25,507)	(296,267)
30 - NET INTEREST INCOME	428,242	349,206	79,036	148,622	118,910	29,712	279,620
40 - COMMISSION INCOME	173,772	167,329	6,443	60,425	54,350	6,075	113,347
50 - COMMISSION EXPENSES	(23,724)	(22,273)	(1,451)	(8,563)	(8,166)	(397)	(15,161)
60 - NET COMMISSIONS	150,048	145,056	4,992	51,862	46,184	5,678	98,186
70 - DIVIDENDS AND OTHER SIMILAR REVENUES	55,919	49,565	6,354	489	686	(197)	55,430
80 - NET INCOME FROM TRADING ACTIVITIES	(31,335)	12,319	(43,654)	(7,520)	(4,660)	(2,860)	(23,815)
90 - NET INCOME FROM HEDGING ACTIVITIES	645	189	456	584	733	(149)	61
100 - PROFIT (LOSS) ON DISPOSAL OR REPURCHASE OF:	13,314	22,386	(9,072)	1,043	13,860	(12,817)	12,271
a) loans	2,425	1,352	1,073	454	221	233	1,971
b) available-for-sale financial assets	8,297	20,082	(11,785)	(120)	12,977	(13,097)	8,417
d) financial liabilities	2,592	952	1,640	709	662	47	1,883
110 - NET VALUE ADJUSTMENT ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE	16,048	1,453	14,595	15,621	2,070	13,551	427
120 - GROSS OPERATING INCOME	632,881	580,174	52,707	210,701	177,783	32,918	422,180
130 - NET VALUE ADJUSTMENT ON:	(64,423)	(47,898)	(16,525)	(21,580)	(10,911)	(10,669)	(42,843)
a) loans	(63,617)	(48,590)	(15,027)	(21,399)	(10,990)	(10,409)	(42,218)
b) available for sale financial assets	-	-	-	-	-	-	-
d) other financial assets	(806)	692	(1,498)	(181)	79	(260)	(625)
140 - NET INCOME FROM FINANCIAL MANAGEMENT	568,458	532,276	36,182	189,121	166,872	22,249	379,337
150 - ADMINISTRATIVE COSTS:	(360,669)	(305,929)	(54,740)	(127,138)	(89,875)	(37,263)	(233,531)
a) staff costs	(209,082)	(176,772)	(32,310)	(70,163)	(44,510)	(25,653)	(138,919)
b) other administrative costs	(151,587)	(129,157)	(22,430)	(56,975)	(45,365)	(11,610)	(94,612)
160 - NET PROVISIONS FOR RISKS AND CHARGES	3,023	(588)	3,611	2,990	(2,211)	5,201	33
170 - DEPRECIATION OF TANGIBLE ASSETS	(8,653)	(7,217)	(1,436)	(3,082)	(2,461)	(621)	(5,571)
180 - AMORTIZATION OF INTANGIBLE ASSETS	(9,437)	(6,343)	(3,094)	(3,648)	(2,481)	(1,167)	(5,789)
190 - OTHER OPERATING EXPENSES AND REVENUES	47,726	42,081	5,645	15,717	15,539	178	32,009
200 - OPERATING COSTS	(328,010)	(277,996)	(50,014)	(115,161)	(81,489)	(33,672)	(212,849)
210 - PROFIT (LOSS) FROM EQUITY INVESTMENTS	-	3,788	(3,788)	-	3,788	(3,788)	-
220 - NET INCOME ON TANGIBLE AND INTANGIBLE ASSETS AT FAIR VALUE	-	-	-	-	-	-	-
240 - PROFIT (LOSS) FROM DISPOSAL OF INVESTMENTS	25	653	(628)	25	-	25	-
250 - OPERATING PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	240,473	258,721	(18,248)	73,985	89,171	(15,186)	166,488
260 - INCOME TAXES FOR THE PERIOD	(49,497)	(92,058)	42,561	(28,646)	(36,520)	7,874	(20,851)
270 -							
PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	190,976	166,663	24,313	45,339	52,651	(7,312)	145,637
290 - PROFIT (LOSS) FOR THE PERIOD	190,976	166,663	24,313	45,339	52,651	(7,312)	145,637

2. Statement of changes in Shareholders' Equity

	Balance as at 31/12/2007	Change in opening balances	Balance as at 1/1/2008	Allocation of profits/losses previous year			Changes in the year						Shareholders' equity as at 30/09/08	
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity					Profit (Loss) for the period as at 30/09/08		
							New shares issued	Own shares purchased	Extraordinary distribution of dividends	Changes in capital instruments	Own shares derivatives			Stock options
Capital:	1,390,082	-	1,390,082	-	-	-	399,897	-	-	-	-	-	-	1,789,979
a) ordinary shares	1,214,734	-	1,214,734	-	-	-	399,978	-	-	-	-	-	-	1,614,712
b) other shares	175,348	-	175,348	-	-	-	(81)	-	-	-	-	-	-	175,267
Additional paid-in capital	461,064	-	461,064	-	-	-	552,312	-	-	-	-	-	-	1,013,376
Reserves:	195,795	-	195,795	63,347	-	(13,932)	(61)	-	-	-	-	-	-	245,149
a) profits	166,805	-	166,805	63,347	-	(13,932)	-	-	-	-	-	-	-	216,220
b) other	28,990	-	28,990	-	-	-	(61)	-	-	-	-	-	-	28,929
Valuation reserves:	663,455	-	663,455	-	-	(88,989)	(131)	-	-	-	-	-	-	574,335
a) available for sale	645,289	-	645,289	-	-	(83,805)	-	-	-	-	-	-	-	561,484
b) hedging of cash flows	9,515	-	9,515	-	-	(5,184)	-	-	-	-	-	-	-	4,331
c) special revaluation laws	8,651	-	8,651	-	-	-	(131)	-	-	-	-	-	-	8,520
Capital instruments	1,219	-	1,219	-	-	-	45	-	-	-	-	-	-	1,264
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the period	210,049	-	210,049	(63,347)	(146,702)	-	-	-	-	-	-	-	190,976	190,976
Shareholders' equity	2,921,664	-	2,921,664	-	(146,702)	(102,921)	952,062	-	-	-	-	-	190,976	3,815,079

Figures in thousands of €

	Balance as at 31/12/2006	Change in opening balances	Balance as at 1/1/2007	Allocation of profits/losses previous year			Changes in the year					Shareholders' equity as at 31/12/2007	
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on shareholders' equity						Profit (Loss) for the period as at 31/12/2007
							New shares issued	Own shares purchased	Extraordinary distribution of	Changes in capital instruments	Own shares derivatives			Stock options
Capital:	1,374,459	-	1,374,459	-	-	-	15,623	-	-	-	-	-	1,390,082
a) ordinary shares	1,199,111	-	1,199,111	-	-	-	15,623	-	-	-	-	-	1,214,734
b) other shares	175,348	-	175,348	-	-	-	-	-	-	-	-	-	175,348
Additional paid-in capital	438,103	-	438,103	-	-	-	22,961	-	-	-	-	-	461,064
Reserves:	146,544	-	146,544	49,190	-	-	61	-	-	-	-	-	195,795
a) profits	117,615	-	117,615	49,190	-	-	-	-	-	-	-	-	166,805
b) other	28,929	-	28,929	-	-	-	61	-	-	-	-	-	28,990
Valuation reserves:	637,362	-	637,362	-	-	28,034	(1,941)	-	-	-	-	-	663,455
a) available for sale	627,424	-	627,424	-	-	17,865	-	-	-	-	-	-	645,289
b) hedging of cash flows	(654)	-	(654)	-	-	10,169	-	-	-	-	-	-	9,515
c) special revaluation laws	10,592	-	10,592	-	-	-	(1,941)	-	-	-	-	-	8,651
Capital instruments	5,228	-	5,228	-	-	-	(4,008)	-	-	-	-	-	1,220
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the period	156,910	-	156,910	(49,190)	(107,720)	-	-	-	-	-	210,049	-	210,049
Shareholders' equity	2,758,606	-	2,758,606	-	(107,720)	28,034	32,696	-	-	-	210,049	-	2,921,665

Figures in thousands of €

	Balance as at 31/12/2006	Change in opening balances	Balance as at 1/1/2007	Allocation of profits/losses previous year		Changes in reserves	Changes in the year						Shareholders' equity as at 30/09/2007	
				Reserves	Dividends and other allocations		Transactions on shareholders' equity							
							New shares issued	Own shares purchased	Extraordinary distribution of dividends	Changes in capital instruments	Own shares derivatives	Stock options		Profit (Loss) for the period as at 30/09/2007
Capital:	1,374,459	-	1,374,459	-	-	-	15,532	-	-	-	-	-	-	1,389,991
a) ordinary shares	1,199,111	-	1,199,111	-	-	-	15,532	-	-	-	-	-	-	1,214,643
b) other shares	175,348	-	175,348	-	-	-	-	-	-	-	-	-	-	175,348
Additional paid-in capital	438,103	-	438,103	-	-	-	22,813	-	-	-	-	-	-	460,916
Reserves:	146,544	-	146,544	49,190	-	-	-	-	-	-	-	-	-	195,734
a) profits	117,615	-	117,615	49,190	-	-	-	-	-	-	-	-	-	166,805
b) other	28,929	-	28,929	-	-	-	-	-	-	-	-	-	-	28,929
Valuation reserves:	637,362	-	637,362	-	-	48,368	(1,929)	-	-	-	-	-	-	683,801
a) available for sale	627,424	-	627,424	-	-	41,268	-	-	-	-	-	-	-	668,692
b) hedging of cash flows	(654)	-	(654)	-	-	7,100	-	-	-	-	-	-	-	6,446
c) special revaluation laws	10,592	-	10,592	-	-	-	(1,929)	-	-	-	-	-	-	8,663
Capital instruments	5,228	-	5,228	-	-	-	(3,765)	-	-	-	-	-	-	1,463
Own shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the period	156,910	-	156,910	(49,190)	(107,720)	-	-	-	-	-	-	-	166,663	166,663
Shareholders' equity	2,758,606	-	2,758,606	-	(107,720)	48,368	32,651	-	-	-	-	-	166,663	2,898,568

Figures in thousands of €

CASH FLOW STATEMENT Direct Method

Amount (in thousands of €)

A. OPERATING ACTIVITIES	30/9/08	30/6/08	31/12/07	30/9/07
1. Management	377,354	204,103	218,866	170,411
- interest income received (+)	946,398	571,466	1,004,076	671,120
- interest expenses paid (-)	(434,003)	(290,488)	(524,187)	(371,298)
- dividends and similar revenues (+)	11,886	11,396	14,985	9,894
- net commissions (+/-)	150,049	98,186	196,970	145,056
- staff costs (-)	(175,238)	(114,608)	(221,940)	(159,293)
- other costs (-)	(237,449)	(147,698)	(328,866)	(228,228)
- other revenues (+)	164,408	118,404	231,557	199,441
- taxes and duties (-)	(48,697)	(42,555)	(153,730)	(96,281)
2. Liquidity generated/absorbed by financial assets	(2,362,050)	(2,354,347)	(1,965,488)	(1,255,429)
- financial assets held for trading	(198,784)	27,915	(6,496)	(312,929)
- available-for-sale financial assets	(11,745)	(10,547)	(23,219)	9,838
- loans to customers	(1,941,325)	(1,674,284)	(1,221,101)	(722,960)
- loans to banks: at sight	(92,348)	(365,508)	42,636	718
- loans to banks: other loans	24,436	(105,263)	(514,400)	(352,751)
- other assets	(142,284)	(226,660)	(242,908)	122,655
3. Cash generated/absorbed by financial liabilities	2,026,237	2,190,562	1,874,319	1,128,188
- amounts owed to banks: at sight	132,163	9,004	6,931	13,443
- amounts owed to banks: other	(1,274,106)	(778,440)	521,984	540,093
- amounts owed to customers	1,101,917	1,400,333	42,436	(377,180)
- securities in issue	2,074,638	1,346,958	1,091,740	1,021,319
- financial liabilities from trading	(69,436)	(18,358)	4,739	30,906
- financial liabilities designated at fair value	42,532	(9,192)	(14,969)	(14,193)
- other liabilities	18,529	240,257	221,458	(86,200)
Net liquidity generated/absorbed by operating activities	41,541	40,318	127,697	43,170
B. INVESTING ACTIVITIES				
1. Liquidity generated by	44,059	44,034	58,472	55,641
- equity investments disposals	-	-	13,312	13,500
- dividends received on equity investments	44,034	44,034	42,662	39,671
- tangible asset disposals	25	-	2,497	2,470
2. Liquidity absorbed by	(904,125)	(891,293)	(59,311)	(30,448)
- equity investments acquisitions	(15,728)	(15,722)	(5,753)	(2,218)
- tangible assets acquisitions	(21,289)	(15,045)	(27,492)	(11,755)
- intangible assets acquisitions	(20,934)	(10,929)	(26,067)	(16,475)
- business unit acquisitions	(846,174)	(849,597)	-	-
Net liquidity generated/absorbed by investing activities	(860,066)	(847,259)	(840)	25,193
C. FUNDING ACTIVITIES				
- own shares issues/acquisitions	398,852	398,852	-	-
- additional paid-in capital	550,934	550,915	(84)	-
- dividend distribution and others	(146,702)	(146,702)	(107,720)	(107,720)
Net liquidity generated/absorbed by funding activities	803,084	803,065	(107,804)	(107,720)
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	(15,441)	(3,876)	19,054	(39,357)

- KEY: (+) generated, (-) absorbed

Figures in thousands of €

RECONCILIATION

Amount (in thousand of €)

Balance sheet items	30/9/08	30/6/08	31/12/07	30/9/07
Cash and cash equivalents at the beginning of the period	195,250	195,250	176,197	176,197
Total net liquidity generated/absorbed during the period	(15,441)	(3,876)	19,054	(39,357)
Cash and cash equivalents at period end	179,809	191,374	195,250	136,840

Figures in thousands of €

3. Economic results

As at 30 September 2008, the income statement posted a net profit of € 191 million against € 166.7 million for the same period in 2007 (+14.6%). The acquisition of the Intesa Sanpaolo Group branches contributed € 18.2 million (equal to 9.5%) to this profit.

The profit was affected by the negative trends on financial markets in the period (the trading balance is actually negative in the amount of € 31.3 million in September 2008 against a positive balance of € 12.3 million in the first nine months of 2007), partially stemmed by the positive effects generated by the reclassification of part of the securities portfolio as a result of the changes to the IAS accounting standards 39 and IFRS 7, which meant that lower capital losses could be recognised for a total amount of € 42.4 million before taxes (€ 28.7 million after taxes).

Specifically, the **net interest income** amounts to € 428.2 million, increasing by 22.6% during the year, both in terms of volumes and due to the effect of interest rates. Interest income amounted to € 892.4 million, up by 20.8% and interest expense came to € 464.1 million, up by 19.1%. € 24.1 million of the interest on financial assets sold and not cancelled refer to the securitisation of performing loans carried out in 2004 (Argo Mortgage 2), recorded in the financial statements in the context of FTA, and € 17.3 million refers to securities owned by Banca Carige sold as repurchase agreements. Specifically, the net interest income from customers, considering also the interest expense on securities in issue increased by 19% and there was a negative interbank balance of € 21 thousand (negative balance of € 17 million in September 2007).

INTEREST INCOME (figures in thousands of €)

	30/09/08	30/06/08	2007	30/09/07	Change 9/08 - 9/07	
					absolute	%
Financial assets held for trading	32,856	22,262	99,618	73,640	-40,784	-55.4
Available-for-sale financial assets	17,561	12,392	19,171	3,577	13,984	...
Financial assets held to maturity	1,237	-	-	-	1,237	...
Loans to banks	59,708	37,583	66,264	47,538	12,170	25.6
Loans to customers	733,103	472,202	785,507	572,612	160,491	28.0
Financial assets sold and not cancelled	46,721	30,764	55,160	40,873	5,848	14.3
Other assets	1,179	684	1,027	759	420	55.3
TOTAL INTEREST INCOME	892,365	575,887	1,026,747	738,999	153,366	20.8

INTEREST EXPENSES (figures in thousands of €)

	30/09/08	30/06/08	2007	30/09/07	Change 9/08 - 9/07	
					absolute	%
Amounts owed to banks	59,729	45,553	94,577	64,518	-4,789	-7.4
Amounts owed to customers	100,531	65,208	99,158	71,289	29,242	41.0
Debt securities in issue	230,734	140,290	230,442	165,600	65,134	39.3
Financial liabilities designated at fair value	11,649	7,475	16,633	12,824	-1,175	-9.2
Financial liabilities corresponding to assets sold and not cancelled	41,847	27,294	48,936	36,077	5,770	16.0
Other liabilities	3,132	102	536	414	2,718	...
Hedging derivatives	16,501	10,345	56,944	39,071	-22,570	-57.8
TOTAL INTEREST EXPENSES	464,123	296,267	547,226	389,793	74,330	19.1

Net commissions amount to € 150 million, up from September 2007 (+3.4%).

Commission income was up 3.9% with respect to September 2007 to € 173.8 million; this includes a reduction in commissions from security placements (€ 29.5 million; -14.4%), collection of orders (€ 5.3 million; -12%), asset management (€ 5.2 million; -10.4%) and financial instrument trading (€ 0.2 million; -68.7%). On the other

hand there were increases in the distribution of third party services, especially insurance products (€ 19 million total; +47.2%) and cash and payment services (€ 36.7 million; +9.5%).

Commission expenses, equal to € 23.7 million were up by 6.5%. The highest increase was for commission expenses for cash and payment services (€ 13 million; +8.1%).

COMMISSION INCOME (figures in thousands of €)

	30/09/08	30/06/08	2007	30/09/07	Change 9/08 - 9/07	
					absolute	%
Guarantees issued	6,294	4,167	8,744	6,169	125	2.0
Management, dealing and consultancy services:	66,150	43,709	89,845	66,994	-844	-1.3
1. Financial instruments trading	239	188	889	763	-524	-68.7
2. Currency trading	2,085	1,356	2,642	1,992	93	4.7
3. Asset management	5,230	3,510	7,662	5,834	-604	-10.4
4. Securities custody and administration	1,758	1,412	1,883	1,503	255	17.0
5. Custodian bank	3,038	2,113	4,616	3,491	-453	-13.0
6. Placement of securities	29,494	20,305	45,121	34,467	-4,973	-14.4
7. Collection of orders	5,316	3,593	7,624	6,039	-723	-12.0
9. Distribution of third-party services	18,990	11,232	19,408	12,905	6,085	47.2
- asset management	552	336	655	521	31	6.0
- insurance products	10,048	5,635	8,689	5,125	4,923	96.1
- other products	8,390	5,261	10,064	7,259	1,131	15.6
Collection and payment services	36,693	23,363	46,257	33,523	3,170	9.5
Servicing for securitizations	1,246	927	2,263	1,379	-133	-9.6
Factoring services	875	574	1,348	1,001	-126	-12.6
Other services	62,514	40,607	78,990	58,263	4,251	7.3
TOTAL COMMISSION INCOME	173,772	113,347	227,447	167,329	6,443	3.9

COMMISSION EXPENSES (figures in thousands of €)

	30/09/08	30/06/08	2007	30/09/07	Change 9/08 - 9/07	
					absolute	%
Guarantees received	579	239	400	282	297	...
Management and dealing services:	3,470	2,363	5,636	4,333	-863	-19.9
1. Financial instruments trading	279	165	809	671	-392	-58.4
3. Asset management	917	706	1,921	1,481	-564	-38.1
4. Securities custody and administration	1,505	1,031	2,134	1,754	-249	-14.2
5. Financial instruments placement	652	381	510	204	448	...
6. Door-to-door sale of securities, financial products and services	117	80	262	223	-106	-47.5
Collection and payment services	12,999	8,217	16,449	12,025	974	8.1
Other services	6,676	4,342	7,993	5,633	1,043	18.5
TOTAL COMMISSION EXPENSES	23,724	15,161	30,478	22,273	1,451	6.5

Dividends and similar revenues amount to € 55.9 million (€ 49.6 million in September 2007), of which € 44 million derives from subsidiaries and associated companies.

The net result from trading activities shows a negative balance of € 31.3 million

(against a positive balance of € 12.3 million in September 2007).

The **net result of hedging activities** is positive for € 0.6 million (€ 0.2 million in September 2007).

INCOME FROM TRADING ACTIVITIES (figures in thousands of €)

	30/09/08	30/06/08	2007	30/09/07	Change 9/08 - 9/07	
					absolute	%
Debt securities	(35,373)	(27,449)	(24,253)	(42,149)	6,776	-16.1
Equities & collective investment schemes	(5,364)	(5,523)	10,162	10,112	(15,476)	...
Total equities, debt securities & collective investment schemes	(40,737)	(32,972)	(14,091)	(32,037)	(8,700)	27.2
Financial derivatives	6,895	13,963	(5,082)	25,493	(18,598)	-73.0
Credit derivatives	7,990	1,652	1,534	2,007	5,983	...
Currency differences	(8,153)	(2,502)	12,182	14,939	(23,092)	...
Other financial assets/liabilities from trading	2,670	(3,956)	5,722	1,917	753	39.3
INCOME FROM TRADING ACTIVITIES	(31,335)	(23,815)	265	12,319	(43,654)	...

The **profit from sale of loans and financial assets/liabilities** is equal to € 13.3 million (€ 22.4 million in the first nine months of 2007), mainly as a result of the sale of financial assets available for sale.

The **net result of the financial assets/liabilities designated at fair value** was positive for € 16 million (€ 1.5 million in the first nine months of 2007).

Gross operating income rose by 9.1% to € 632.9 million compared with the same period last year.

Net value adjustments due to impairment of credit and of other financial items totalled € 64.4 million, up by 34.5%.

Therefore, the **net income from financial management** came to € 568.5 million, up 6.8% compared to the first nine months of 2007.

NET ADJUSTMENTS TO LOANS AND OTHER FINANCIAL ITEMS (figures in thousands of €)

	30/09/08	30/06/08	2007	30/09/07	Change 9/08 - 9/07	
					absolute	%
Loans to banks	-	-	-195	-84	84	-100.0
Loans to customers	63,617	42,218	67,618	48,674	14,943	30.7
Credit commitments (other financial transactions)	806	625	650	-692	1,498	...
Available-for-sale financial assets	-	-	371	-	-	-
NET VALUE ADJUSTMENTS TO LOANS AND OTHER FINANCIAL ITEMS	64,423	42,843	68,444	47,898	16,525	34.5

Operating costs amounted to € 328 million, up by 18% compared to September 2007.

In detail, **administrative costs** amounted to € 360.7 million, up by 17.9% over the twelve month period and including:

- **staff costs**, increased by 18.3% to € 209.1 million. This increase is mainly due to the fact that there was no more extraordinary benefit relating to the discounting back of the TFR (staff termination indemnities) which generated € 19 million in utilisation funds;
- the **other administrative costs** amount to € 151.6 million (+17.4% over September 2007), mainly reflecting the increase in

general expenses (+22% for the year), due to the increase in rents and leases payable (+49.5% to € 32.2 million), maintenance and operating expenses (+47.4% to € 20.7 million) and professional service expenses (+21% to € 15.3 million).

Net provisions for risks and charges show a € 3 million recovery against the provisions amounting to € 0.6 million in September 2007.

Value adjustments on tangible and intangible fixed assets amount to € 18.1 million, an increase of 33.4% in the twelve month period.

OPERATING COSTS (figures in thousands of €)

	30/09/08	30/06/08	2007	30/09/07	Change 9/08 - 9/07	
					absolute	%
Staff costs	209,082	138,919	256,756	176,772	32,310	18.3
Other administrative costs	151,587	94,612	170,141	129,157	22,430	17.4
- general costs	123,527	75,895	132,889	101,234	22,293	22.0
- indirect taxes	28,060	18,717	37,252	27,923	137	0.5
Net provisions for risks and charges	(3,023)	(33)	1,764	588	(3,611)	...
Amortization and depreciation on:	18,090	11,360	19,949	13,560	4,530	33.4
- intangible fixed assets	9,437	5,789	9,416	6,343	3,094	48.8
- tangible fixed assets	8,653	5,571	10,533	7,217	1,436	19.9
Other operating expenses and revenues	(47,726)	(32,009)	(56,516)	(42,081)	(5,645)	13.4
TOTAL OPERATING COSTS	328,010	212,849	392,094	277,996	50,014	18.0

Other net operating revenues are up 13.4% to € 47.7 million, mainly related to higher fees for intergroup service contracts.

OTHER OPERATING REVENUES AND EXPENSES (figures in thousands of €)

	30/09/08	30/06/08	2007	30/09/07	Change 9/08 - 9/07	
					absolute	%
Lease income and rent	2,475	1,594	3,243	2,328	147	6.3
Charges to third parties:	26,594	17,564	32,795	24,877	1,717	6.9
- recovery of taxes	25,664	16,952	31,504	23,909	1,755	7.3
- customer insurance premiums	930	612	1,291	968	-38	-3.9
Other revenues	22,777	15,495	30,389	18,805	3,972	21.1
Total other revenues	51,846	34,653	66,427	46,010	5,836	12.7
Operating costs on financial leases	(1,748)	(1,079)	(5,075)	(1,335)	-413	30.9
Ordinary maintenance costs on investment property	(345)	(232)	(346)	(228)	-117	51.3
Expenses for improvement of third parties' assets	(651)	(435)	(862)	(615)	-36	5.9
Other expenses	(1,376)	(898)	(3,628)	(1,751)	375	-21.4
Total other expenses	(4,120)	(2,644)	(9,911)	(3,929)	-191	4.9
TOTAL NET REVENUES	47,726	32,009	56,516	42,081	5,645	13.4

Operating profit from ordinary activities before taxes stands at € 240.5 million, down 7.1% compared to the first nine months of 2007. The income tax provisions amount to € 49.5 million, down from the € 92.1 million recorded in September 2007 mainly as a result of the once-off benefit of realigning tax values with statutory

values for the goodwill and instrumental properties owned by the Bank (as provided by the provisions of Law 244/2007). **Net profit** therefore amounts to € 191 million, up 14.6% from the € 166.7 million posted in September 2007.

4. Income from dealing

The total **Financial Intermediation Activities on behalf of the clients (FIA)** – direct and indirect deposits – amounts to € 36,474.1 million, up by 15.5% and 16.9% for the nine month and twelve month periods respectively (with the nine month amount in line and the twelve month amount +1.9%, net of the contribution from the business unit purchased from Intesa Sanpaolo Group).

Direct deposits totalled € 18,041.1 million, up 21.8% for the nine month period and 26% year-on-year (+9.7% and +13.5% net of the former ISP branches respectively). **Indirect deposits** totalled € 18,433 million, up 10% from the beginning of the year and 9.1% from September 2007 (respectively -7.2% and -7.9% net of the former ISP branches respectively). 51.5% of this comprises assets under management and 48.5% assets in custody.

FINANCIAL INTERMEDIATION ACTIVITIES (figures in thousands of €)

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Total (A+B)	36,474,143	36,317,193	31,573,913	31,211,958	15.5	16.9
Direct deposits (A)	18,041,096	17,558,215	14,810,357	14,320,403	21.8	26.0
% on Total	49.5%	48.3%	46.9%	45.9%		
Indirect deposits (B)	18,433,047	18,758,978	16,763,556	16,891,555	10.0	9.1
% on Total	50.5%	51.7%	53.1%	54.1%		
- Assets under management (1)	9,491,044	9,773,895	8,851,333	8,819,314	7.2	7.6
% on Total	26.0%	26.9%	28.0%	28.3%		
% on Indirect deposits	51.5%	52.1%	52.8%	52.2%		
- Assets in custody	8,942,003	8,985,083	7,912,223	8,072,241	13.0	10.8
% on Total	24.5%	24.7%	25.1%	25.9%		
% on Indirect deposits	48.5%	47.9%	47.2%	47.8%		

(1) The figure as at 30/6/2008 has been modified in relation to the final valorisation of the quantities belonging to the branches acquired from Gruppo Intesa Sanpaolo from 10/3/2008.

Total funding, which includes direct deposits from customers (€ 18,041.1 million) and banks (€ 1,397.6 million), amounts to €19,438.7 million, up by 12% from the beginning of the year, and by 15.1% from September 2007.

Direct deposits have increased by 21.8% since the beginning of the year and 26% since September 2007. The short term component, equal to € 9,057.9 million increased by 15.1% in nine months and 22.1% on a year-on-year basis, while the medium/long term deposits, equal to € 8,983.2 million, increased by 29.5% on a nine month basis and by 30.2% on a year-on-year basis, with a 49.8% incidence on the total, up compared to the percentage in December 2007 of 46.9% (48.2% in September 2007). The

amounts owed to customers total € 9,341 million (+13.4% and +19.5% in the nine month period and twelve month period respectively). Securities in issue amount to a total of € 8,135.2 million (+34.6% and +36.5% for the nine month and twelve month period respectively), with bonds representing most of the securities (+35.8% in the nine month period and +37.9% on a year-on-year basis). The bonds placed through the Bancoposta branch network in the amount of € 424.5 million are included in the liabilities designated at fair value (€ 565 million).

The **amount owed to banks** fell by 45% for the nine year period and by 45.5% since September 2007.

FUNDING (figures in thousands of €)

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Total (A+B)	19,438,716	19,326,322	17,353,608	16,886,292	12.0	15.1
Direct deposits (A)	18,041,096	17,558,215	14,810,357	14,320,403	21.8	26.0
Amounts owed to customers	9,340,955	9,638,904	8,237,718	7,818,023	13.4	19.5
current accounts and free deposits	8,281,479	8,583,490	7,350,806	6,917,717	12.7	19.7
repurchase agreements	359,517	348,537	211,921	211,943	69.6	69.6
term deposits	34,951	12,983	12,840	10,561	...	...
loans	117,862	90,279	1,798	1,804	...	...
funds managed on behalf of third parties	134	134	155	174	-13.5	-23.0
other deposits	547,012	603,481	660,198	675,824	-17.1	-19.1
Securities in issue	8,135,189	7,408,805	6,042,171	5,961,445	34.6	36.5
bonds	7,940,385	7,209,637	5,845,299	5,758,964	35.8	37.9
other securities	194,804	199,168	196,872	202,481	-1.1	-3.8
Liabilities at fair value	564,952	510,506	530,468	540,935	6.5	4.4
bonds	564,952	510,506	530,468	540,935	6.5	4.4
short term	9,057,881	9,329,462	7,871,655	7,420,024	15.1	22.1
% on Total	50.2	53.1	53.1	51.8		
medium-long term	8,983,215	8,228,753	6,938,702	6,900,379	29.5	30.2
% on Total	49.8	46.9	46.9	48.2		
Amounts owed to banks (B)	1,397,620	1,768,107	2,543,251	2,565,889	-45.0	-45.5
Deposits of central banks	59,521	-	-	-	...	...
Current accounts and free deposits	193,323	69,634	60,667	67,450	...	...
Term deposits	637,512	1,177,862	1,931,479	2,008,250	-67.0	-68.3
Repurchase agreements	218,656	235,095	255,893	189,350	-14.6	15.5
Loans	288,608	285,516	295,212	300,839	-2.2	-4.1

Indirect deposits (Other Financial Activities - AAF) amount to € 18,433 million, up by 10% since the end of 2007 and 9.1% year-on-year. Assets under management amounted to € 9,491 million, up 7.2% from December 2007, and up 7.6% on a year-on-year basis. The assets in custody, equalling € 8,942 million, grew by 13% from the beginning of the year and by 10.8% from September 2007.

With regard to the **assets under management**, there was an increase in banking-insurance products (+55.7%) in the nine month period and a decrease in the assets

managed (-5.4%) while the mutual funds remained basically stable (-0.2%). The aggregate growth was sustained by banking-insurance growth over the twelve month period (+60%), while both managed assets (-3.9%) and mutual funds (-1.3%) were down.

As regards the **assets in custody**, government bonds increased by 15.3% in the nine month period to € 4,854.3 million, and 10.8% on a year-on-year basis. The other securities (€ 4,087.7 million) increased with respect to December (+10.4%) and with respect to September 2007 (+10.8%).

INDIRECT DEPOSITS *(figures in thousands of €)*

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Total (A+B)	18,433,047	18,758,978	16,763,556	16,891,555	10.0	9.1
Assets under management (A)	9,491,044	9,773,895	8,851,333	8,819,314	7.2	7.6
Mutual funds	4,491,523	4,830,418	4,500,264	4,551,118	-0.2	-1.3
Asset management (1)	2,749,347	2,775,393	2,905,957	2,862,055	-5.4	-3.9
Bancassurance products (2)	2,250,174	2,168,084	1,445,112	1,406,141	55.7	60.0
Assets in custody (B)	8,942,003	8,985,083	7,912,223	8,072,241	13.0	10.8
Government securities	4,854,276	4,815,236	4,209,670	4,382,390	15.3	10.8
Other	4,087,727	4,169,847	3,702,553	3,689,851	10.4	10.8

(1) The figure includes the entire securities portfolio of the insurance subsidiaries.

(2) The figure as at 30/6/2008 has been modified in relation to the final valorisation of the quantities belonging to the branches acquired from Gruppo Intesa Sanpaolo from 10/3/2008.

The **loans to customers**, net of value adjustments of € 436.1 million, and without considering the debt securities reclassified as loans & receivables (L&R), amount to € 15,951.8 million, up 13.7% compared to December 2007 (+17.4% on a year-on-year basis). The total amount comes to € 16,387.9 million before the value adjustment, showing an increase of 13.6% in the nine month period and 17.2% in the twelve month period (+4.2% and +7.5% net of the volumes from the former ISP branches respectively).

The short term component equals € 3,663.7 million, up 7.8% for the nine month period and 15.1% in the twelve month period. The medium to long term component amounts to € 12,143.6 million (+15.9% and +18.6%), with an incidence of 74.1% on the nominal value (72.7% in December and 73.2% in September 2007).

Bad loans amount to € 580.6 million (+7.3% from the beginning of the year and +4% in the twelve month period) amounting to 3.5% of total

loans, down from 3.8% of the total in December and 4% of the total in September 2007.

Specifically, mortgages were up (€ 8,673 million; +20.3% from December and +22.7% from September 2007), current accounts were also up (€ 2,146 million; +15.5% and +18.3%), and total personal loans (€ 379.8 million; +17.7% and +20.2%) and factoring (€ 117.6 million; +6.5% and +1.8%) were also up.

Net of value adjustments of € 0.6 million, **loans to banks** amount to € 1,503.7 million, down by 17.4% from the end of 2007 and 11.9% from September 2007.

The **net interbank position** (difference between loans to banks and amounts owed to banks) shows a net credit position of € 106.7 million, contrary to 2007 (net debit balance of € 723.1 million in December and € 859.4 million in September 2007) mainly due to the effect of the shift of the funding towards security related funding instruments, with reference to ordinary customers and institutional investors.

LOANS (1) (figures in thousands of €)

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Total (A+B)	17,455,451	18,046,265	15,852,129	15,297,006	10.1	14.1
Loans to customers (A)	15,951,792	15,752,661	14,032,624	13,591,123	13.7	17.4
-nominal value (2)	16,387,859	16,170,848	14,421,456	13,980,029	13.6	17.2
current accounts	2,146,025	2,162,447	1,857,311	1,814,546	15.5	18.3
repurchase agreements	-	-	148,548	-	-100.0	...
mortgage loans	8,673,017	8,377,421	7,207,349	7,070,603	20.3	22.7
credit cards, personal loans and salary-backed loans	379,824	405,154	322,759	315,891	17.7	20.2
leasing	830,481	830,996	831,811	810,881	-0.2	2.4
factoring	117,648	128,005	110,505	115,556	6.5	1.8
other loans (4)	2,673,148	2,711,056	2,476,464	2,355,053	7.9	13.5
assets sold and not cancelled	448,597	476,219	536,689	570,847	-16.4	-21.4
impaired assets (3)	1,119,119	1,079,550	930,020	926,652	20.3	20.8
-short term	3,663,708	3,687,375	3,399,264	3,182,214	7.8	15.1
% on nominal value	22.4	22.8	23.6	22.8		
-medium/long term	12,143,563	11,938,521	10,480,974	10,239,696	15.9	18.6
% on nominal value	74.1	73.8	72.7	73.2		
- Bad loans	580,588	544,952	541,218	558,119	7.3	4.0
% on nominal value	3.5	3.4	3.8	4.0		
-Value adjustments (-)	436,067	418,187	388,832	388,906	12.1	12.1
Loans to banks (B)	1,503,659	2,293,604	1,819,505	1,705,883	-17.4	-11.9
-nominal value (2)	1,504,306	2,294,251	1,820,152	1,706,530	-17.4	-11.9
compulsory reserves	147,671	241,676	146,670	156,819	0.7	-5.8
other loans to central banks	25	9	14	5	78.6	...
current accounts and free deposits	538,726	814,921	448,279	496,547	20.2	8.5
term deposits	192,295	642,452	601,435	615,241	-68.0	-68.7
repurchase agreements	518,652	487,876	321,954	332,268	61.1	56.1
loans	90,873	91,346	284,921	89,014	-68.1	2.1
impaired assets	16,064	15,971	16,879	16,636	-4.8	-3.4
-short term	1,418,475	2,208,569	1,732,348	1,618,509	-18.1	-12.4
% on nominal value	94.3	96.3	95.2	94.8		
-medium/long term	85,831	85,682	87,804	71,658	-2.2	19.8
% on nominal value	5.7	3.7	4.8	4.2		
- Bad loans	-	-	-	16,363	...	-100.0
% on nominal value	-	-	-	1.0		
-Value adjustments (-)	647	647	647	647	-	-

(1) Net of debt securities classified as L&R.

(2) Before value adjustments.

(3) Impaired assets do not include assets sold and not cancelled.

(4) Balance as at 30/09/08 and 30/06/08 includes nominal 110.9 and 109.8 million respectively relating to the reclassification of the ongoing leasing transactions and to assets pending financial lease previously recorded in Caption 110 - Tangible assets. This reclassification is due to the recent explanations provided by the Bank of Italy on this matter.

Impaired loans, cash loans and endorsement loans amount to € 1,176.6 million, up by 18.9% for the nine month period and 19.2% year-on-year, and the corresponding value adjustments amount to € 377.1 million (+9.9% and +9% for the nine month and twelve month periods respectively).

The cash loans equal € 1,156.3 million (+19.6% since December and +19.9% since September 2007). Endorsement loans equal € 20.4 million (-13.7% in the nine month period and -9.9% in the twelve month period).

As regards **cash loans**, the analysis of the individual aggregates shows the following:

- **bad loans** equal € 580.6 million, up from the beginning of the year (+7.3%), less so on a year-on-year basis (+1.1%); they were written down by 55.8% (55.9% in December and 53.9% in September 2007). The bad loans/loans ratio as regards customers equals 3.5%, against 3.8% in December and 4% in September 2007;
- the **watchlists** amount to € 258.8 million, up by 31.6% from the end of the year and

41.4% in the twelve month period. They were written down by 11.7% (11.1% in December and 9.9% in September 2007);

- **rescheduled loans** amount to € 19.6 million, down by 13.6% in the nine month period and more than doubled in the twelve month period. They were written down by 4.4% (4.6% in December and 5.3% in September 2007);
- **past due loans** amount to € 297.3 million, up 44.4% in the nine month period and 49.8% in the twelve month period. They were

written down by 5.6% (6.2% in December and 6.5% in September 2007);

Impaired **endorsement loans** amount to € 20.4 million, down by 13.7% in the nine month period and 9.9% in the twelve month period; they were written down by 26.3% (20.8% in December and 20.3% in September 2007).

Overall, value adjustments on cash and endorsement loans amount to € 447.8 million, € 436.7 million of which refers to cash loans and € 11.1 million of which refers to endorsement loans.

results from a valuation at fair value - using shareholders' equity as the most reliable proxy of fair value – performed on the basis of the balance sheet data of Bank of Italy as at 31 December 2007 approved, consistently with the accounting

principles adopted for the preparation of the financial statements of the Bank and of the consolidated financial statements of the Banca Carige Group as at 31 December 2007.

SECURITIES PORTFOLIO (figures in thousands of €)

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Debt securities	2,243,399	1,641,430	1,587,926	1,663,480	41.3	34.9
Held for trading	1,325,595	1,472,310	1,398,142	1,537,298	-5.2	-13.8
Available for sale	261,388	169,120	189,784	126,182	37.7	...
Loans & Receivable	589,937	-	-	-	...	...
Held to maturity	66,479	-	-	-	...	...
Equities	937,826	944,469	1,004,454	1,016,472	-6.6	-7.7
Held for trading	1,862	15,350	24,283	13,309	-92.3	-86.0
Available for sale	935,964	929,119	980,171	1,003,163	-4.5	-6.7
Shares in collective investment schemes	167,135	170,468	241,232	354,578	-30.7	-52.9
Held for trading	44,984	115,574	233,555	354,473	-80.7	-87.3
Available for sale	122,151	54,894	7,677	105	...	...
Total	3,348,360	2,756,367	2,833,612	3,034,530	18.2	10.3
including:						
Held for trading	1,372,441	1,603,234	1,655,980	1,905,080	-17.1	-28.0
Available for sale	1,319,503	1,153,133	1,177,632	1,129,450	12.0	16.8
Loans & Receivable	589,937	-	-	-	...	...
Held to maturity	66,479	-	-	-	...	...

In relation to the above-mentioned adjustments to the international accounting standard IAS 39 "Financial instruments: Recognition and measurement" and IFRS 7 "Financial instruments: supplementary information", the Bank has

reclassified securities, outgoing from the HFT and AFS categories, for a value equal to the fair value at the reclassification date, of € 478.6 million and € 41 million respectively, as noted below:

Type of instrument	Category of origin	Category of allocation	Fair value on the reclassification date
Shares	HFT	AFS	14.5
Shares in collect. inv. schemes	HFT	AFS	80.5
	HFT	L&R	174.1
	HFT	AFS	149.7
Debt securities	HFT	HTM	59.8
	AFS	L&R	36.0
	AFS	HTM	5.0
Total			519.6

Figures in million of €

The value of the **assets from hedging derivatives**, equal to € 21.7 million, down from the € 22.6 million of December (-3.8%), but up from the € 19.4 million of September 2007 (+12.2%). The value of the **liabilities from hedging derivatives**, equal to € 21 million, is

up from the € 17.8 million of December (+17.6%) but is down 6.2% with respect to September 2007. Revaluations of € 6.2 million and write-downs of € 8 million were recorded for the hedging derivative contracts; the changes in the underlying securities were positive for € 2.4 million.

ASSETS FROM HEDGING DERIVATIVES BY HEDGE TYPE

(figures in thousands of €)

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Asset hedging derivatives	411	2,057	651	421	-36.9	-2.4
Fair value hedging	411	2,057	651	421	-36.9	-2.4
<i>interest rates</i>	411	2,057	651	421	-36.9	-2.4
Cash flow hedging	-	-	-	-	...	...
General interest rate risk hedging	-	-	-	-	...	...
Liability hedging derivatives	21,311	38,702	21,927	18,947	-2.8	12.5
Fair value hedging	6,312	930	2,566	2,527	...	...
<i>interest rates</i>	6,312	930	2,566	2,527	...	...
Cash flow hedging	-	-	-	-	...	...
General interest rate risk hedging	14,999	37,772	19,361	16,420	-22.5	-8.7
Total	21,722	40,759	22,578	19,368	-3.8	12.2

LIABILITIES FROM HEDGING DERIVATIVES BY HEDGE TYPE

(figures in thousands of €)

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Asset hedging derivatives	6,552	2,093	6,423	6,478	2.0	1.1
Fair value hedging	6,552	2,093	6,423	6,478	2.0	1.1
<i>interest rates</i>	6,552	2,093	6,423	6,478	2.0	1.1
Cash flow hedging	-	-	-	-	...	...
General interest rate risk hedging	-	-	-	-	...	...
Liability hedging derivatives	14,419	34,201	11,408	15,886	26.4	-9.2
Fair value hedging	10,629	34,201	10,252	13,900	3.7	-23.5
<i>interest rates</i>	10,629	34,201	10,252	13,900	3.7	-23.5
Cash flow hedging	-	-	-	-	...	...
General interest rate risk hedging	3,790	-	1,156	1,986	...	90.8
Total	20,971	36,294	17,831	22,364	17.6	-6.2

Total trading derivative contracts amount to € 173 million, down from the € 281.4 million in December (-38.5%) and the € 360.3 million in September 2007 (-52%). Revaluations of € 74.9

million and write-downs of € 74.3 million were recorded on the trading derivative contracts. Trading profits amounted to € 14.3 million.

TRADING DERIVATIVES (figures in thousands of €)

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Positive countervalues	73,612	87,000	109,580	160,509	-32.8	-54.1
Financial derivatives	63,412	83,618	107,726	159,330	-41.1	-60.2
<i>forward agreements</i>	19,601	2,445	3,299	44,560	...	-56.0
<i>swap</i>	19,334	22,331	18,669	17,891	3.6	8.1
<i>options purchased</i>	24,477	58,842	85,758	96,879	-71.5	-74.7
Credit derivatives	10,200	3,382	1,854	1,179	...	...
<i>tror</i>	-	2	-	35	...	-100.0
<i>cds</i>	10,200	3,380	1,854	1,144	...	...
<i>others</i>	-	-	-	-	...	...
Negative countervalues	99,424	157,296	171,830	199,807	-42.1	-50.2
Financial derivatives	98,117	155,501	171,197	199,302	-42.7	-50.8
<i>forward agreements</i>	9,092	2,400	3,633	6,425	...	41.5
<i>swap</i>	66,143	116,960	116,274	131,679	-43.1	-49.8
<i>issued options</i>	22,882	36,141	51,290	61,198	-55.4	-62.6
Credit derivatives	1,307	1,795	633	505	...	...
<i>tror</i>	9	-	10	-	-10.0	...
<i>cds</i>	1,298	1,795	623	505	...	...
TOTAL	173,036	244,296	281,410	360,316	-38.5	-52.0

With reference to the notional values, the derivative contract amount equals € 6,515.1

million which is down from December (-7.4%) and down 20.5% with respect to September 2007.

NOTIONAL VALUES OF DERIVATIVE CONTRACTS *(figures in thousands of €)*

	Situation as at				Change %	
	30/09/08	30/06/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Financial derivatives	6,284,546	6,718,615	6,851,616	8,037,606	-8.3	-21.8
<i>futures</i>	16,900	-	6,040	-	...	...
<i>forward agreements</i>	601,989	325,100	615,497	768,269	-2.2	-21.6
<i>swap</i>	4,579,798	4,834,723	4,541,754	5,348,320	0.8	-14.4
<i>options purchased</i>	623,159	1,090,848	1,153,991	1,275,570	-46.0	-51.1
<i>others</i>	462,700	467,944	534,334	645,447	-13.4	-28.3
Credit derivatives	230,516	224,574	184,527	158,608	24.9	45.3
<i>tror</i>	6,060	8,487	13,234	13,234	-54.2	-54.2
<i>cds</i>	224,456	216,087	171,293	145,374	31.0	54.4
TOTAL	6,515,062	6,943,189	7,036,143	8,196,214	-7.4	-20.5

The **net income on derivative contracts** shows a profit of € 15.5 million: the trading contracts contribute € 14.9 million to the profit

and the hedging contracts contribute € 0.6 million.

NET INCOME ON DERIVATIVE CONTRACTS AS AT 30/09/2008

(figures in thousands of €)

	Revaluations	Write-downs	Net profit on trading	Net income
1. Trading contracts	74,856	- 74,274	14,303	14,885
1.1 Financial derivatives	62,761	- 72,368	16,502	6,895
1.2 Credit derivatives	12,095	- 1,906	- 2,199	7,990
	Revaluations	Write-downs	Changes in underlying from hedging	Net income
2. Hedging contracts	6,247	- 7,955	2,353	645
2.1 Asset hedging	1,052	- 2,485	1,138	- 295
2.2 Liability hedging	5,195	- 5,470	1,215	940
TOTAL	81,103	- 82,229	16,656	15,530

4. Regulatory capital

REGULATORY CAPITAL AND SOLVENCY RATIOS

(figures in thousands of €)

	Situation as at			
	30/09/08 (1)	30/06/08 (2)	31/12/07	30/09/07
Regulatory capital				
Tier 1 capital	1,682,227	1,682,195	1,567,728	1,622,305
Tier 2 capital	599,745	599,722	525,543	530,889
less: deductions	-350,436	-350,436	-350,264	-350,798
Total capital	1,931,536	1,931,481	1,743,008	1,802,395
Tier 3 capital	99,675	99,675	-	-
Tier 3 calculable portion	34,531	54,256	-	-
Regulatory capital including Tier 3	1,966,066	1,985,736	1,743,008	1,802,395
Weighted assets				
Credit risk	14,239,378	13,883,182	14,201,019	13,585,256
Market risk	604,530	949,857	1,196,677	1,155,274
Operational risk	1,318,399	1,318,399	-	-
Other prudential requirements	-	-	508,326	508,326
Total weighted assets	16,162,307	16,151,438	15,906,021	15,248,856
Capital requirements				
Credit risk	1,139,150	1,110,655	994,071	950,968
Market risk	48,362	75,989	83,767	80,869
Operational risk	105,472	105,472	-	35,583
Other prudential requirements	-	-	35,583	1,067,420
Capital reduction by 25%	323,246	323,029	-	-
Total requirements	969,738	969,086	1,113,422	-
Surplus capital	996,328	1,016,650	629,586	734,975
Solvency ratios (%)				
Tier 1 capital/Credit risk weighted assets	11.81%	12.12%	11.04%	11.94%
Regulatory capital/Credit risk weighted assets	13.56%	13.91%	12.27%	13.27%
Tier 1 capital/Total weighted assets	10.41%	10.42%	9.86%	10.64%
Regulatory capital including Tier 3 capital/Total weighted assets	12.16%	12.29%	10.96%	11.82%

(1) Capital ratios as at 30/9/2008 incorporate the estimates following the securities reclassification carried out at the end of October, in compliance with the changes to IAS 39 approved on 13/10/2008 by IASB and transposed by the European Commission on 15/10/2008.

(2) Data relating to the regulatory capital and the capital requirements as at 30/6/2008 are the official figures and therefore they differ from the management data shown in the half-year report.

5. Transactions with related parties

Transactions with shareholders who can exercise considerable influence and transactions with investee companies (subsidiaries subject to

considerable influence) are carried out under market conditions.

As at 30 September 2008, the asset and liability position with related parties was as follows:

	30/9/08					
	Assets	Liabilities	Guarantees and commitments	Dividends distributed	Other revenues	Expenses
CARIGE SHAREHOLDERS WHO EXERCISE A SIGNIFICANT INFLUENCE	437	42,733	-	76,321	575	931
Fondazione Cassa di Risparmio di Genova e Imperia	269	42,732	-	56,956	575	931
Caisse Nationale des Caisses d'Épargne et de Prevoyance	168	1	-	19,365	-	-

Figures in thousands of €

	30/9/08					
	Assets	Liabilities	Guarantees and commitments	Dividends collected	Other revenues	Expenses
SUBSIDIARIES	776,616	470,533	16,179	43,037	96,248	25,512
Cassa di Risparmio di Carrara SpA	230,961	100,022	-	14,225	9,059	5,763
Cassa di Risparmio di Savona SpA	156,555	141,757	240	19,308	13,125	7,324
Banca del Monte di Lucca SpA	218,057	47,459	1,554	4,536	7,879	2,218
Banca Cesare Ponti SpA	60,726	34,473	-	1,344	2,586	2,811
Carige Asset Management Sgr SpA	7,091	12,948	-	3,027	23,275	1,089
Centro Fiduciario SpA	365	420	-	88	390	465
Argo Finance One Srl	23	12	-	-	8	-
Argo Mortgage Srl	23	11	-	-	8	-
Argo Mortgage 2 Srl	8	11	-	-	8	-
Priamar Finance Srl	23	11	-	-	8	-
Galeazzo Srl	18	3,185	-	-	12	107
Columbus Carige Immobiliare SpA	14,105	-	-	-	852	2,046
Immobiliare Ettore Vernazza SpA	791	46	-	509	50	1
Carige Vita Nuova SpA	3,892	95,831	-	-	32,240	2,458
Carige Assicurazioni SpA	49,234	29,603	12,685	-	5,174	749
Assi 90 Srl	55	2,406	-	-	7	392
Savona 2000 Srl	-	9	-	-	-	-
Dafne Immobiliare Srl	-	399	-	-	-	2
Portorotondo Gardens Srl	-	334	-	-	-	7
Creditis Servizi Finanziari SpA	34,689	1,095	1,700	-	1,567	66
IH Roma	-	501	-	-	-	14

ENTITIES SUBJECT TO SIGNIFICANT INFLUENCE	-	10,282	-	997	97	165
Autostrada dei Fiori SpA	-	5,072	-	997	94	94
Assimilano Srl	-	11	-	-	-	-
Assicentro Recina Servizi Srl	-	4,644	-	-	3	68
Consorzio per il Giurista d'Impresa Srl	-	7	-	-	-	-
U.C. Sport e Sicurezza Srl	-	340	-	-	-	1
WTC Spa in liq.	-	71	-	-	-	-
Nuova Erzelli Srl	-	137	-	-	-	2
TOTAL	776,616	480,815	16,179	44,034	96,345	25,677

Figures in thousands of €

	Assets	Liabilities	Guarantees and commitments	Revenues	Expenses	Purchase of assets and services
Other related parties	29,976	5,012	1,906	1,409	103	3
TOTAL	29,976	5,012	1,906	1,409	103	3

Figures in thousands of €

Please refer to page 49 for the definition of other related parties.

BANK SUBSIDIARIES

Starting from the last quarter of 2006, for the purposes of more efficient management of the bond issuance process within the Group, the parent bank, Banca Carige, decided to take on the role of sole issuer, leaving the client bond placement activities to the other Group banks. As a consequence of this change, the bonds placed by the bank subsidiaries with their clients are not registered as direct deposits but, being issued by Banca Carige, as indirect deposits and specifically, with the assets in custody.

However, in accordance with analyses of the medium/long term financial requirements of the subsidiary banks, the Parent Bank underwrote bonded loans issued in September 2008. The aggregate performance of the direct deposits and indirect deposits should therefore be interpreted in accordance with this strategic, operational choice.

The Financial Intermediation Activities of **Cassa di Risparmio di Savona SpA** amount to € 2,861.7 million, up from both the beginning of the year (+6%) and on a year-on-year basis (5.4%).

In the first nine months of 2008, direct deposits – equal to € 1,125.2 million – registered an increase of 11.6% (+11.7% compared to September 2007). Indirect deposits – equal to € 1,736.5 million – are up 2.7% compared to December 2007 (+1.7% in the twelve month period); assets under management (€ 631.6 million) are down by 16.1% in the nine month period and by 17.8% year-on-year; assets in custody (€ 1,104.9 million) on the other hand registered an increase of +17.8% against December and of +17.7% against September 2007 thanks to the increases registered in Carige bonds. Net of the effects resulting from introduction of the above mentioned changes, direct deposits increased by 13.4% in the nine month period and 14.8% in the twelve month period, while indirect deposits are down 8%

since December and 9.6% since September 2007.

Loans to customers (€ 1,072.3 million) grew by 3.3% and 6.4% in the nine month period and year-on-year respectively, with the greatest increase registered in the medium/long term component.

The securities portfolio amounts to € 91.5 million, down by 46.4% against the end of the year and by 57.2% against September 2007, mainly due to the reduction recorded in debt securities and CIS (collective investment schemes) shares.

The income statement shows a net profit of € 15.1 million, substantially in line with September 2007. The cost income ratio increased from 49.7% in September 2007 to 51.7%.

This trend is mainly due to the increased interest margin (+19.9% to € 37.8 million), higher dividends and similar revenues (€ 337 thousand, +23%) and higher profit from the sale of loans and financial liabilities (€ 1.4 million as compared to € 384 thousand in September 2007). On the other hand, operating costs are up to € 28 million (+7.1%) and the negative dynamics of the net result from trading activities (negative value of € 0.3 million compared to a positive value of € 3.9 million in September 2007), partially offset by the effect of reclassifying € 22.6 million of the held for trading (HFT) security portfolio to the available for sale (AFS) portfolio: this reclassification led to the reduction of € 1.2 million in losses from the original portfolio.

The gross operating income amounts to € 54.2 million, up by 2.9% in the twelve month period. Impairment losses on loans and other credit risk provisions amount to € 4.3 million, up from the € 0.9 million in September 2007 due to the higher adjustments to the new positions now watchlisted.

Profit from ordinary activities before taxes amount to € 21.9 million, down 14.7% from the € 25.6 million of September 2007. After income taxes amounting to € 6.7 million, the profit for the year totalled € 15.1 million, in line with that of September 2007 (+0.9%).

CASSA DI RISPARMIO DI SAVONA (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/9/07	03/08 12/07	03/08 03/07
BALANCE SHEET						
Total assets	1,436,737	1,368,858	1,385,484	1,361,548	3.7	5.5
Direct deposits (A)	1,125,179	986,382	1,008,271	1,007,635	11.6	11.7
Indirect deposits (B)	1,736,505	1,705,585	1,690,179	1,707,362	2.7	1.7
- Assets under management	631,644	651,281	752,517	768,609	-16.1	-17.8
- Assets in custody	1,104,861	1,054,304	937,662	938,753	17.8	17.7
Financial Intermediation Activities (FIA) (A+B)	2,861,684	2,691,967	2,698,450	2,714,997	6.0	5.4
Loans to customers (1)	1,072,333	1,082,365	1,038,184	1,008,096	3.3	6.4
Securities portfolio	91,508	93,251	170,803	213,809	-46.4	-57.2
Capital and reserves	171,735	172,294	170,648	170,800	0.6	0.5
INCOME STATEMENT						
Gross operating income	54,163	35,747	72,417	52,630		2.9
Net income from financial management	49,875	33,388	70,794	51,777		-3.7
Operating costs	28,011	18,386	35,894	26,159		7.1
Profit for the period	15,146	10,606	21,694	15,008		0.9
RESOURCES						
Number of branches	50	50	50	50	-	-
Staff	377	381	384	381	-1.8	-1.0

(1) Before value adjustments.

In September 2008 the Financial Intermediation Activities of **Banca del Monte di Lucca SpA** equal € 937.6 million, up by 6.1% in the first nine months of the year and by 7.5% in the 12 month period.

Within the Financial intermediation Activities, direct deposits, which amount to € 572.2 million, are up from both December (+7.6%) and September 2007 (+9.4%); indirect deposits, which total € 365.4 million, are up by 3.7% in the nine month period and 4.7% on a year-on-year basis: in detail, assets in custody, totalling € 277.8 million, grew both from the beginning of the year as well as compared to September 2007 (+15.6% and +20%, respectively) while assets under management (€ 87.5 million) registered a decrease (-21.9% from December 2007 and -25.6% from September 2007). Including the Carige bonds placed by the Bank, direct deposits increased by 7.8% in the nine month period and 10.1% in the twelve month period, while indirect deposits are down 9.1% since December and 9% since September 2007, excluding the bonds.

Loans to customers, equal to € 747.6 million, grew by 5.7% in the nine month period and 10.6% in the twelve month period.

The securities portfolio, which amounts to € 1.7 million, is down with respect to the end of the previous year (€ 1.8 million; -6.9%) and with

respect to September 2007 (€ 11.8 million – 85.6%), mainly due to the expiry, at the end of September 2007, of the Carige TV security 2003-2007 for nominal € 10 million.

The income statement shows a net profit of € 5.5 million, down by 11.7% compared to September 2007 (€ 6.2 million); the cost/income ratio shows an increase from 46%, to 48.3%.

The decrease in net profits mainly reflects the increase in operating costs (+6.9% to € 12.5 million), especially with regard to administrative costs (mainly due to the fact that there was no more extraordinary benefit relating to the discounting back of the TFR, which had generated recovery of € 363 thousand at September 2007), net value adjustments for impairment of loans and other financial transactions (from € 2.5 million in September 2007 to € 4.2 million in September 2008 due to the inclusion of certain relevant positions) and the decrease in net commissions (-4.2%, to € 5.7 million), only partly offset by the growth in the interest margin (+8.2% to € 20.1 million). Gross operating income stands at € 26 million, up by 2% from September 2007.

Net of income taxes of € 3.8 million (€ 5 million in September 2007), the profit for the period totalled € 5.5 million, lower than that registered in September 2007 (€ 6.2 million; - 11.7%).

BANCA DEL MONTE DI LUCCA (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/9/07	03/08 12/07	03/08 03/07
BALANCE SHEET						
Total assets	839,100	823,160	778,242	765,554	7.8	9.6
Direct deposits (A)	572,204	531,163	531,574	522,855	7.6	9.4
Indirect deposits (B)	365,354	363,595	352,420	349,007	3.7	4.7
- Assets under management	87,529	95,637	112,028	117,572	-21.9	-25.6
- Assets in custody	277,825	267,958	240,392	231,436	15.6	20.0
Financial Intermediation Activities (FIA) (A+B)	937,558	894,758	883,994	871,862	6.1	7.5
Loans to customers (1)	747,586	736,851	707,102	675,874	5.7	10.6
Securities portfolio	1,701	1,979	1,827	11,817	-6.9	-85.6
Capital and reserves	39,677	39,728	39,096	33,086	1.5	19.9
INCOME STATEMENT						
Gross operating income	26,001	17,332	33,601	25,501		2.0
Net income from financial management	21,823	13,090	30,172	22,954		-4.9
Operating costs	12,547	8,333	15,696	11,738		6.9
Profit for the period	5,475	2,726	8,110	6,200		-11.7
RESOURCES						
Number of branches	21	21	21	21	-	-
Staff	158	158	156	157	1.3	0.6

(1) Before value adjustments.

The Financial Intermediation Activities by **Cassa di Risparmio di Carrara SpA** totalled € 1,877.7 million, up in the nine month period (+ 13.3%) and in the twelve month period (+14.1%).

Direct deposits (€ 943.9 million) are up 16.2% compared to December and 15.4% compared to September 2007; indirect deposits (€ 933.8 million) are up by 10.4% and 12.9% in the nine month and twelve month periods respectively. The change in the indirect deposits showed the increase in assets in custody, equal to € 657.9 million (+30.4% with respect to December and +34.1% with respect to September 2007), mainly due to the increase in bonds placed, while the assets under management, equal to € 275.9 million fell by 19.1% and 18% from December and September 2007 respectively. If the Carige bonds placed by the Bank are also included, the direct deposits show a 9.4% increase for the nine month period and 12.6% for the twelve month period, while the indirect deposits, excluding the Carige bonds, fall by 7.4% from December and by 9.1% from September 2007.

Loans to customers (€ 999.3 million) are up by 4.8% from the beginning of the year and by 10.1% from September 2007.

The securities portfolio equal to € 25 million, is down both against December 2007 (-63.2%) and against September 2007 (-64.3%).

The income statement shows a net profit of € 14 million, up by 16% compared with the first nine months of 2007; the cost/income ratio rose from 47.7% to 48.7%.

These positive results are due to interest margin dynamics (+17.6%) and an increase in other net operating revenues (+10.7%).

Net commissions (€ 10.4 million) are down by 3.5% following the decrease in commission income (-3.1%) while commission expenses remain basically stable (+0.7%); the net result from trading activities of € 0.3 million shows a sharp decrease from the € 1.8 million in September 2007.

Gross operating income rose by 7.9% to € 46.2 million compared with the same period of the previous year.

Taking into account impairment losses on loans and other credit risk provisions – equal to € 2.7 million against € 0.8 million registered in September 2007 – and operating costs for € 22.5 million – up by 10.3% on a year-on-year basis - profits before tax from ordinary activities amount to € 21 million (€ 21.8 million in September 2007, -3.4%).

Net of income taxes for € 7 million, the profit for the year amounts to € 14 million, with a +16% increase over September 2007.

CASSA DI RISPARMIO DI CARRARA (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/9/07	03/08 12/07	03/08 03/07
BALANCE SHEET						
Total assets	1,206,170	1,172,770	1,161,895	1,081,870	3.8	11.5
Direct deposits (A)	943,850	742,455	812,200	818,197	16.2	15.4
Indirect deposits (B)	933,814	909,588	845,538	826,907	10.4	12.9
- Assets under management	275,926	292,834	340,863	336,460	-19.1	-18.0
- Assets in custody	657,888	616,754	504,675	490,446	30.4	34.1
Financial Intermediation Activities (FIA) (A+B)	1,877,664	1,652,043	1,657,738	1,645,104	13.3	14.1
Loans to customers (1)	999,274	997,738	953,237	907,637	4.8	10.1
Securities portfolio	24,960	20,895	67,915	69,971	-63.2	-64.3
Capital and reserves	96,164	96,127	95,096	95,139	1.1	1.1
INCOME STATEMENT						
Gross operating income	46,246	30,707	58,632	42,842		7.9
Net income from financial management	43,540	28,911	58,083	42,036		3.6
Operating costs	22,532	14,971	28,788	20,424		10.3
Profit for the period	13,972	9,440	16,721	12,046		16.0
RESOURCES						
Number of branches	34	34	34	34	-	-
Staff	320	320	330	333	-3.0	-3.9

(1) Before value adjustments.

The Financial Intermediation Activities of **Banca Cesare Ponti SpA** amount to € 1,115.6 million, up by 2.3% compared to December and by 5.5% compared to September 2007.

As part of the financial intermediation activities, the direct deposits (€ 305.1 million) are up from both the beginning of the year and from September 2007 (+2.1% and +16.2% respectively). The indirect deposits (€ 810.6 million) are up for both the nine month period and the twelve month period (+2.4% and +2% respectively). In detail, assets in custody amount to € 565.3 million (+9.8% and +8% against December and September 2007 respectively), whereas assets under management amount to € 245.3 million (-11.3% and -9.7% against December and September 2007).

Loans to customers stand at € 249.3 million, up 5.2% from December and 17.9% from September 2007. If the Carige bonds placed by the Bank are included, the direct deposits increased by 10.2% in the nine month period and 25.5% in the twelve month period, while indirect deposits are down 0.7% from December and 1.1% from September 2007, excluding the Carige bonds.

The securities portfolio equals € 97.5 million, up from the € 43.5 million of December and the € 44.2 million of September 2007.

The income statement shows a net profit of about € 1 million, down from September 2007 (-40.2%). The financial year results were affected by negative international financial

market trends, partially offset by the effect of reclassifying the HFT portfolio securities to the AFS and HTM portfolios, carried out in accordance with the above mentioned changes to the IAS/IFRS accounting standards, which led to the recording of lower losses for a total amount of about € 1.4 million.

Comparison with the last financial year should be done in the light of the extraordinary income in September 2007 regarding the Jupiter Venture position with an effect on dividends of € 991 thousand, which was reclassified to profits from the disposal of financial assets available for sale at the end of the 2007 financial year.

The single caption trends in the financial statements also show an increase in the interest margin of 22.1%, against a fall of 11.4% in net commissions.

Gross operating income, equal to € 10 million registered a decrease of 13% compared with the same period of the previous year.

Impairment losses on loans and other credit risk provisions totalled € 393 thousand, down by 53.8% compared to September 2007, while operating costs stayed substantially stable (-0.6%).

The profits from ordinary activities before tax amount to € 1.6 million (€ 2.6 million in September 2007, -39.3%). Net of income taxes for € 572 thousand, the profit for the period stands at € 1 million (-40.2%).

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/9/07	03/08 12/07	03/08 03/07
BALANCE SHEET						
Total assets	401,357	385,284	360,161	322,954	11.4	24.3
Direct deposits (A)	305,060	305,867	298,859	262,517	2.1	16.2
Indirect deposits (B)	810,568	812,271	791,552	794,839	2.4	2.0
- Assets under management	245,293	257,118	276,548	271,532	-11.3	-9.7
- Assets in custody	565,275	555,153	515,004	523,307	9.8	8.0
Financial Intermediation Activities (FIA) (A+B)	1,115,628	1,118,138	1,090,411	1,057,356	2.3	5.5
Loans to customers (1)	249,277	239,596	237,015	211,420	5.2	17.9
Securities portfolio	97,524	86,339	43,487	44,207	...	...
Capital and reserves	28,245	28,706	29,108	29,061	-3.0	-2.8
INCOME STATEMENT						
Gross operating income	10,018	6,394	16,066	11,517		-13.0
Net income from financial management	9,625	6,073	14,533	10,667		-9.8
Operating costs	8,028	5,244	10,763	8,079		-0.6
Profit for the period	1,025	584	2,356	1,713		-40.2
RESOURCES						
Number of branches	4	4	4	4	-	-
Staff	97	97	95	95	2.1	2.1

(1) Before value adjustments.

INSURANCE SUBSIDIARIES

The results of the two insurance companies of the Group (Carige Assicurazioni SpA and Carige Vita Nuova SpA) are presented below, prepared in accordance with the applicable provisions of the Italian Civil Code and with the provisions specific for the insurance industry in Italy (Leg.Decree 175/1995, Leg.Decree 174/1995, Leg.Decree 173/1997, Leg.Decree 209/2005, ISVAP Measure 735/1997).

It should be noted that such results are different from those reported in the section "Insurance activities" of this Report, where the information gathered from the so called reporting packages are prepared by the companies based on the joint provisions of the Measure of Bank of Italy no. 262 dated 22 December 2005, of the ISVAP Regulations no. 7 dated 13 July 2007 and instructions from the Parent Bank.

With reference to the regulatory changes made by IAS 39 and IFRS 7 by the European Commission and solutions adopted for financial statements drawn up in accordance with international accounting standards, the Group insurance companies who draw up their individual financial statements in accordance with Italian accounting standards, reclassified part of their short term security portfolios as long term, starting from 1 July 2008. Pending any other provisions regarding the drafting of the annual 2008 financial statements, this reclassification resulted in positive financial effects with respect to market values as at 30

September 2008, of a total of about € 19 million (of which € 7 million regards Carige Assicurazioni S.p.A. and € 12 million regards Carige Vita Nuova S.p.A.).

Shareholders' equity as at 30 September 2008 of **Carige Assicurazioni SpA** (operating in the non-life segment) amounts to € 112.7 million; technical reserves excluding reinsurance are up 3.3% over the nine month period, and investments, equal to € 821 million, are up 0.8% compared to December 2007.

There was a loss of € 25 million recorded in September 2008 mainly due to negative financial market trends which are still ongoing, leading to a € 21.8 million adjustment of investment values to align them to market values. The Company deems it possible to recover the values related to financial investments in the short term portfolio as they mainly involve bonds purchased under par value as part of company strategy, and it will be possible to recover the capital invested when the single positions expire subject to unpredictable events occurring to the single issuers. We therefore expect to almost fully recover the valuation losses of the short term portfolio over time, charged to the 2008 income statement.

In detail, the result of the technical account is affected by the reduction in premiums for the period, net of reinsurance (-1.9% to € 381.9 million), the change in operating expenses which have fallen by 0.9% to € 101.1 million, the increase in claims for the period, net of reinsurance (8.6% to € 312.9 million) and the increase of the balance between other income and

other technical charges which goes from € -5.1 to 0.4 million.

CARIGE ASSICURAZIONI *(figures in thousands of €)*

	Situation as at			Change %	
	30/09/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Recognised gross premiums	409,053	586,252	419,098		-2.4%
Premiums excluding reinsurance	381,875	529,185	389,395		-1.9%
Claims incurred and settled excluding reinsurance	312,892	408,533	288,056		8.6%
Operating costs	101,088	133,886	101,986		-0.9%
Profit/loss from technical account	-30,353	-12,554	1,963		...
Net profit	-24,973	-13,362	70		...
Investments	821,038	814,347	800,633	0.8%	2.5%
Technical reserves excluding reinsurance	859,532	831,982	809,984	3.3%	6.1%
Shareholders' equity with income	112,660	137,632	151,065	-18.1%	-25.4%
Insurance agencies	374	375	381	-0.3%	-1.8%
Staff	292	289	286	1.0%	2.1%

As at 30 September 2008, the shareholders' equity of **Carige Vita Nuova SpA** (operating in the life insurance industry) amounts to € 25.5 million; investments and technical reserves, net of reinsurance, are up by 5.2% (to € 1,918.4 million) and 8.2% (to 1,882.2 million) respectively in the nine month period.

2008 management was strongly affected, from an economic and equity point of view, by negative financial market trends, which, over the financial year, had a strong negative impact due to the alignment of financial investments with market values, especially as regards the bond portfolios. The 2008 income statement, influenced by such negative trends, recorded a loss of € 27.5 million compared to a loss in the previous financial year of € 5.6 million, mainly due to the alignment of securities to the market for € 44.6 million. The Company deems it possible to recover the values related to financial investments in the short term portfolio as they mainly involve bonds purchased under par value as part of company strategy, and it will be possible to recover the capital invested when the single positions expire subject to unpredictable events occurring to the single

issuers. We therefore expect to almost fully recover the valuation losses of the short term portfolio over time charged to the 2008 income statement. In detail the result of the technical account is influenced, as a negative component, by the reduction of the balance between revenues and charges from investments equal to € -12 million in September 2008, from the reduced incidence of the balance between revenues and charges related to investments for the benefit of the insured, which falls from € 7.5 million to € -98.9 million, from the higher allocations to reserves (19.5% to € 143 million), the increase in management expenses (6.1% to € 17.6 million); while the positive components reflect the increase in the premiums for the period, net of reinsurance, (42.2% to € 347.6 million), the reduction in charges for claims for the period, net of reinsurance, (-9.7% to € 123.2 million) and the increase in the positive balance between other revenues and other technical charges increasing from € 2.1 to € 8.7 million.

CARIGE VITA NUOVA SPA (figures in thousands of €)

	Situation as at			Change %	
	30/09/08	31/12/07	30/09/07	09/08 12/07	09/08 09/07
Recognised gross premiums	354,078	373,507	251,194		41.0%
Premiums excluding reinsurance	347,633	364,877	244,498		42.2%
Claims incurred and settled excluding reinsurance (1)	124,983	215,173	139,794		-10.6%
Operating costs	17,590	23,519	16,576		6.1%
Profit/loss from technical account	-38,141	-22,930	-10,900		...
Net profit	-27,548	-13,229	-5,583		...
Investments (2)	1,918,431	1,823,915	1,816,759	5.2%	5.6%
Technical reserves excluding reinsurance (2)	1,882,194	1,740,297	1,714,484	8.2%	9.8%
Shareholder with income	25,513	53,061	60,707	-51.9%	-58.0%
Insurance agencies	258	271	279	-4.8%	-7.5%
Staff	79	74	74	6.8%	6.8%

(1) The caption includes the amounts paid net of reinsurance ceded.

The figure as at 30 September 2007 has been redetermined in a similar way.

(2) Including investments where risk is borne by the insured and pension funds. These are mainly investments in index- and unit-linked products.

FINANCIAL SUBSIDIARIES

As at 30 September 2008 **Carige A.M. SGR SpA** manages assets of a little less than € 4.9 billion, much lower than the volumes at the beginning of the year (-26.2%) or twelve months ago (-28%).

The dynamics, which reflect the difficult market situation, encapsulates the further growth of the *Fondo Pensione Aperto* (13.3% in the nine month period and 23.2% in the twelve month period), the reduction of mutual fund volumes (-21.4% down in 2008 and -22.6% in the last 12 months), the assets under management (-57.7% from the beginning of the year and -60.8% since September 2007) and the insurance products (-

19.5% since December and -22.1% in the last 12 months).

The net profit for the first nine months of 2008 is equal to € 1.7 million, down by 17.8% compared with the figures registered in the same period of 2007.

Commissions are down to € 7.1 million (-9% compared with the € 7.8 million of September 2007), and reflect the balance between commission income of € 32.7 million and commission expenses of € 25.6 million; interest income amounts to € 0.4 million (nil the figures concerning interest expenses). The gross operating income therefore stands at € 7.5 million (-7.7% year-on-year). Operating costs amount to € 4.9 million (+2.6%).

Operating income amounts to € 2.6 million (-22.5%) and, net of taxes for € 0.9 million, net profit stands at € 1.7 million, 17.8% lower than the figure registered in September 2007.

CARIGE A.M. SGR (figures in thousands of €)

	Situation as at				Change %	
	30/9/08	30/6/08	31/12/07	30/9/07	03/08 12/07	03/08 03/07
DEALING						
Assets under management	4,882,903	5,321,316	6,618,640	6,781,347	-26.2	-28.0
- Mutual funds	4,102,634	4,414,323	5,219,184	5,302,414	-21.4	-22.6
- Assets management (customer assets)	436,003	555,052	1,030,055	1,113,313	-57.7	-60.8
- Insurance products (customer assets)	182,656	196,352	226,771	234,476	-19.5	-22.1
- Pension funds	161,610	155,589	142,630	131,144	13.3	23.2
Total assets	17,175	18,015	21,919	19,980	-21.6	-14.0
Capital and reserves	6,364	6,366	6,204	6,200	2.6	2.7
INCOME STATEMENT						
Net commissions	7,102	4,943	11,114	7,801		-9.0
Administrative costs	4,817	3,369	6,176	4,699		2.5
Operating income	2,593	1,795	5,268	3,345		-22.5
Profit for the period	1,674	1,165	3,203	2,038		-17.8
RESOURCES						
Staff (1)	29	29	29	28	-	3.6

(1) Seconded Parent Bank personnel except for one employee and one unit seconded from Cassa di Risparmio di Savona

Creditis Servizi Finanziari SpA, completed its organisational phase and has been operating since 5 May 2008, with the offer of personal loans through the network of the Group banks.

In the launch phase and initial development, the core business of the Company is represented by the granting of personal loans, salary-backed loans and revolving credit facilities (also through the use of credit cards).

In July, the placing of the revolving card Valea, (the first credit card issued directly by a Carige Group Company) linked to the international VISA circuit through the banking network, was initiated. At the same time, the "instant credit" product was activated through the channel of the Group insurance agencies, aimed at allowing the payment by instalments of third party motor liability policies, and the placement of personal loans through the insurance network was also started up.

Soon the placement of personal loans and revolving cards through the insurance network will be started up, together with the placement of the products on the open market via web. The commercial offer will be completed by the first half of 2009, with the implementation of the salary backed loans. In view of the increased business the Company structure was enlarged through the release of further resources by the Parent Bank.

From when the business began at the end of September 2008, the personal loans granted amounted to an aggregate of € 33.2 million.

At the end of September, the amounts owed to customers amount to € 35.2 million (before value adjustments), of which € 33.9 million in personal loans and € 1.3 million for revolving

credit cards. Write-downs amount to € 99 thousand, of which € 95 thousand for personal loans and € 4 thousand for revolving credit cards.

From a financial perspective, the first nine months of 2008 (five months of operations) closes with a loss of € 487 thousand after taxes. The interest margin amounts to € 999 thousand; interest income of € 1.3 million mainly comprises interest on securities (€ 748 thousand), and to a lesser extent interest from customer loans (€ 469 thousand). Interest payable amounts to € 285 thousand and is generated by loans given by the Parent Bank. Commission income amounts to € 503 thousand and mainly comprises commissions from the insurance companies for the distribution of CPI policies (Credit Protection Insurance), equal to € 413 thousand. Commission expenses amount to € 51 thousand, of which € 26 thousand for commissions for loan placements. As regards costs, costs for staff seconded by the Parent Bank amount to € 720 thousand. Administrative expenses, including depreciation/amortisation amount to € 1.3 million. Operating income is negative for € 626 thousand; the aforementioned quarterly result also accounts for a positive tax effect of € 139 thousand.

Argo Finance One Srl, vehicle company in the securitisation of bad loans, effected by Carige at the end of 2000, in the first nine months of 2008 recorded takings of € 9.4 million. Against a value of credits transferred of € 165.3 million, from when the transaction began, the takings which exceed € 200 million, exceed expectations with respect to estimates

made when the transaction was being structured.

Priamar Finance Srl, vehicle company in the securitisation of bad loans effected by Cassa di Risparmio di Savona at the end of 2002, against an initial value of the credits transferred equal to € 28 million, at the end of September 2008 registered takings of € 32.5 million (€ 4.6 million of which in 2008), thus exceeding the expectations made upon the structuring of the transaction.

Argo Mortgage Srl, vehicle company in the securitisation of mortgage loans to private clients, effected by Banca Carige at the end of 2001, registered overall takings of € 487.9 million, € 40.4 million of which in 2008. As at 30 September 2008 the value of the loans transferred amounted to € 129.2 million.

Argo Mortgage 2 Srl, vehicle company in the securitisation of mortgage loans to private clients, effected by Banca Carige as at 30 September 2004, registered overall takings of € 557.7 million, € 110.3 million of which in 2008. As at 30 September 2008 the value of the loans transferred amounted to € 449.2 million.

THE OTHER MAIN SUBSIDIARIES

Galeazzo Srl, company managing the leasing of own properties, closed the first nine months of 2008 with a net profit of € 79 thousand, with an increase over the € 36 thousand in September 2007. The increase is mainly due to recognition of extraordinary income generated by the cancellation of discrepancies between statutory and tax values on instrumental properties owned.

Columbus Carige Immobiliare SpA, company which manages the leasing of Group company properties and is active in the purchase of properties for their subsequent resale (merchandise assets), registered a net profit of € 783 thousand, with an increase compared to the € 257 thousand registered in the same period of the previous year. As for Galeazzo Srl, the increase is mainly due to the cancellation of discrepancies between statutory and tax values on instrumental properties owned.

Operations show revenues from rents and leases of merchandise assets of € 2.1 million and € 0.3 million respectively; revenues from real estate sales in the period amount to € 254

thousand. The book value of the merchandise assets as at 30 September 2008 amounts to € 10.6 million, against € 12 million registered the previous year.

Immobiliare Vernazza SpA, company which manages the leases of one single building, registered a net profit of € 519 thousand, against € 752 thousand for the first nine months of 2007, due to the fact that part of the premises owned was not leased in the first half of 2008. Rents in the period amount to € 1.1 million.

Immobiliare Carisa Srl, which is active in the purchase of properties to be subsequently sold (merchandise assets), shows a profit of € 33 thousand, against a loss of about € 11 thousand in September 2007.

Centro Fiduciario CF SpA closes the first nine months of 2008 with a net profit of € 286 thousand, up by 85.8% from the same period last year.

In the first nine months of 2008, production revenues of € 910 thousand were made (+20% compared to the first nine months of 2007), which include € 456 thousand for fiduciary administration commissions (-2.8%) and € 454 thousand for fees paid to the Parent Bank for fiduciary services in favour of the bank customers in light of an agreement entered into recently (+56.7% compared to September 2007).

MAJOR EVENTS OCCURRED AFTER THE END OF THE QUARTER AND OUTLOOK FOR THE CURRENT YEAR

On 20 October 2008, the Board of Directors of the Parent Bank approved the ICAAP Report which was sent to the Bank of Italy on 31 October 2008, as part of the self-assessment procedures taken regarding the adequacy of the capital necessary to carry out company activities (ICAAP - *Internal Capital Adequacy Assessment Process*) as required under Basel II regulations.

At the same meeting, the Board of Directors resolved to approve any issue of hybrid capitalisation instruments (known as Upper Tier II) up to a maximum amount of 300 million, to place on the domestic capital market, and to approve the issue of a second level subordinate

instrument if necessary (known as Lower Tier II) up to a maximum of 150 million to place on the international capital market by private placement.

The bank will strive to achieve stability in its operations and to maintain the capital requirements for the rest of the year, through further diversification of funding sources among other things, which may be effected by capital instruments, covered bonds, and securitisation of performing loans.

By the end of the financial year, subject to authorisation by the competent authorities, the purchase of the new company division should be complete, comprising 41 branches of the UniCredit Group.

The Group confirms improved results over 2007 for the entire financial year, which will continue to be affected by volatile and tense macroeconomic developments and financial markets.

Genoa, 10 November 2008

The Board of Directors

DECLARATION OF THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS PURSUANT TO PARAGRAPH 2 OF ARTICLE 154-bis OF THE CONSOLIDATED LAW ON FINANCE

I the undersigned Ennio La Monica, Deputy General Manager (Governance and Control) of Banca CARIGE S.p.A., in my capacity as Manager responsible for preparing the Company's financial reports

declare

that the accounting information contained in the Interim report on operations of the Banca CARIGE Group as at 30 September 2008 corresponds to the document results, books and accounting records.

Genova, 10 November 2008

The Manager responsible
for preparing the Company's financial reports
Ennio La Monica
(signed on the original)

*This document has been translated into the English language solely
for the convenience of international readers*