



**Banca Intesa**

*Social and  
Environmental  
Report 2005*





This is an English translation of the Italian original "Bilancio Sociale e Ambientale 2005" and has been prepared solely for the convenience of the reader.

The version in Italian takes precedence and will be made available to interested readers upon request to Banca Intesa S.p.A. Corporate image and marketing communications Via Monte di Pietà, 8 - 20121 Milano, Italy Fax +39 02 879.62898/63638.



# *Social and Environmental Report 2005 - Banca Intesa*

**Banca Intesa S.p.A.**

Registered Office Piazza Paolo Ferrari 10 10121 Milano Telephone 02 879 11 Fax 02 879 37892 [www.bancaintesa.it](http://www.bancaintesa.it)  
Registration number on the Milano Company Register and Fiscal Code 00799960158 Share capital 3,613,001,195.96 euro  
fully paid-in Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund, included in the  
National Register of Banks No. 5361 and Parent Company of "Gruppo Intesa", included in the National Register of Banking  
Groups.



# Contents

<i>Letter from the Chairman and the CEO</i>	7
<i>Methodology</i>	9
Table of indicators	10
<i>CORPORATE IDENTITY</i>	13
Board of Directors, General Management, Board of Statutory Auditors and Independent Auditors	15
Mission and reference values	16
History	18
Brand	20
Strategic guidelines	21
Group profile and organisational structure	22
Corporate governance	24
Our social responsibility	27
<i>ECONOMIC PERFORMANCE</i>	29
Financial highlights	30
Financial ratios	31
Reclassified consolidated balance sheet	32
Reclassified consolidated statement of income	33
The calculation of value added and its distribution	34
Determination of Total Value Added	35
Distribution of Gross Total Value Added	36
<i>THE SOCIAL ACCOUNT</i>	39
Group stakeholders	41
Customers	42
Relationship quality	45
Simplification and transparency	49
Excellent offering and service	50
Support to the development of the country	54
Sensitive areas	63
Commitments for the future	65
Employees	69
Turnover	71
Quality of resources	72
Development of human resources	74
Labour relations	77
Internal communication	78

Improvement of quality of life in the company	80
Sensitive areas	83
Commitments for the future	85
Shareholders	88
Relations with shareholders and the financial community	90
Relations with the media	93
Studies and relations with the financial world	93
Suppliers	95
Commitments for the future	96
Relations with the environment	97
Commitments for the future	101
Relations with the community	102
Commitments for the future	110
Italian banks	111
Cassa di Risparmio di Parma e Piacenza	111
Cassa di Risparmio di Biella e Vercelli	113
Banca di Trento e Bolzano	115
Banca Popolare Friuladria	117
Intesa Casse del Centro	119
International banks	122
Privredna Banka Zagreb	122
Vseobecna Uverova Banka	124
Central-European International Bank	126
Banca Intesa Beograd	127
KMB	128
 <i>BANCA INTESA CODE OF ETHICS</i>	 131
Contacts	147



# Letter from the Chairman and the CEO

*Banca Intesa's first Social and Environmental Report marks a particularly significant moment: the conclusion of the first 2003-2005 Business Plan and the launch of the 2005-2007 Business Plan.*

*2005 was the cut-off year in which we concluded the work aimed at solving the pre-existing critical issues and we decidedly aimed for growth objectives.*

*The challenge we had set ourselves was particularly difficult since it occurred in a context characterised by a drop in confidence in the system in general.*

*The objectives pursued in the turnaround phase – which enabled us to control costs, reduce risks and grow via a marked improvement in customer service – were not disjoint from our commitment to the valorisation and motivation of our collaborators and the support for the growth of the country. But now we want social responsibility to characterise even more significantly the second Business Plan.*

*The objective of value creation must be developed in a long-term time horizon. The measure of the responsibility which we have taken will be given by the quality of our services, by the virtuous circle of trust which we will be able to establish, by the capacity which we will show in sustaining companies and promoting innovation projects.*

*Therefore, the Social and Environmental Report in its first edition represents a starting point and entails a quantum leap: we must measure ourselves not only in the field of profit generation but also on the diffusion of wealth in favour of all stakeholders. We have opened new dialogue channels with our stakeholders to ensure maximum transparency and prove the consistency of our behaviour with our commitments.*



Corrado Passera



Giovanni Bazoli



# Methodology

*We publish Banca Intesa's first Social and Environmental Report prepared considering the guidelines for the banking industry issued by ABI (the Italian Banking Association), the guidelines issued by Gruppo Bilancio Sociale (GBS – Study group for social reporting) and the Global Reporting Initiative (GRI vers. 2) guidelines including the integration document for the financial sector. In particular, as concerns the GRI standard, we have decided to start a gradual adoption path to make our social reporting increasingly transparent and comparable.*

*For each stakeholder, in the chapter dedicated to the social account::*

- we present an analytical section which sets out the objectives contained in the 2003-2005 Business Plan and the actions implemented. This is a sort of "map" which enables the reader to assess a consistent framework of commitments and activities;*
- we then detail the initiatives which illustrate our actions to respond to the commitments made, in terms of both strategies – in the Business Plan – and values – formulated in the mission and in the values of the Code of ethics. Topics have been selected to present a balanced picture of the most significant events for stakeholders;*
- we present the "sensitive areas". These are issues which have been posed by the various stakeholders; they are expectations that we recognise as legitimate, and that we have adopted as improvement objectives of actions already implemented;*
- each chapter is concluded by our "future commitments" in terms of projects we have already started to implement in 2006 or lines of interventions that we intend to develop.*

*When the initiatives targeted to a specific stakeholder have considerable effects also on other stakeholders, we have highlighted such interaction with a symbol to facilitate the multidimensional reading of the social account.*

*The report refers to the Group, where figures refer to other aggregates this is explicitly highlighted. Figures refer to 2005.*

*This Social and Environmental Report includes a questionnaire with which the reader may send us any suggestions on both the fruibility of the document and any possible improvement areas.*

# Table of indicators

Indicator	GRI	ABI	type	page
<b>PROFILE</b>				
Name of reporting organisation	2.1	X	QL	1
History		X	QL	18
Methodology		X	QL	8
Operating structures	2.3	X	QL	22
Description of major divisions, operating companies, subsidiaries	2.4		QL	22
Countries in which the organisation's operations are located	2.5		QL	22
Nature of ownership; legal form	2.6		QL	1
Scale of the reporting organisation (n. of employees, services offered)	2.8		QL	22
List of stakeholders, key attributes of each and relationship to the reporting organisation	2.9		QL	
Reporting period for information provided (fiscal/calendar year)	2.11		QL	8
Boundaries of report and any specific limitations on the scope	2.13		QL	8
Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the social and environmental report	2.19		QL	8
Means by which report users can obtain additional information	2.22		QL	
<b>VISION AND STRATEGY</b>				
Statement of the organisation's vision and strategy regarding its contribution to sustainable development	1.1		QL	29
Statement from the CEO describing key elements of the report	1.2	X	QL	7
Strategy		X	QL	21
<b>GOVERNANCE STRUCTURE</b>				
Governance structure of the organisation, including major committees under the Board of Directors	3.1	X	QL	24
Mission and values statements, internally developed codes of conduct and/or principles	3.7	X	QL	
Externally developed voluntary codes of conduct	3.14		QL	
Mechanisms for shareholders to provide recommendations or directions to the Board of Directors	3.8		QL	
Use of information resulting from stakeholder engagements	3.12		QL	
Reporting organisation's approach to managing indirect economic, environmental and social impacts resulting from its activities	3.17		QL	29
<b>ECONOMIC PERFORMANCE</b>				
Table (generation and allocation of value added)	SOC2	X	QN	5
<b>CUSTOMERS</b>				
Customer characteristics and analysis		X	QN	
Breakdown of loans to customers	RB2		QN	
Breakdown of customer deposits			QN	
Customer satisfaction		X	QN	
Litigations		X	QN	
Presence of ethical and environmental finance instruments		X	QN/QL	53

Indicator	GRI	ABI	type	page
Policies for preserving security	PR1		QL	
Policies for preserving consumer privacy	PR3		QL	
Transparent information on products and services	PR2		QL	
Policies for the development of products/services with positive social impact	RB1	X	QL	
<b>EMPLOYEES</b>				
Breakdown by age, sex, education level, employee grade, length of service with the company and contract type	LA1-INT7	X	QN	
Description of social responsibility guidelines	INT1	X	QL	
Average hours of training per year by category of employee	LA9	X	QN	
Hiring policies		X	QL	
Turnover	LA2-INT2	X	QN	
Description of incentive systems		X	QL	
Management compensation	INT4		QN	
Female-male salary ratio	INT6		QN	
Labour Relations	LA4	X	QL	
Percentage of employees represented by independent trade union organisations	LA3		QN	
Litigations		X	QN	
Internal communication		X	QL	
Employee satisfaction index	INT3		QN	
Health and safety at work		X	QL	
Injuries and absences	LA7	X	QN	
<b>SHAREHOLDERS</b>				
Investor relations		X	QL	
Qualification of media used		X	QL	
Return on capital invested		X	QN	
Financial communication: type and number			QN	
Services and advantages reserved to shareholders		X	QL	
<b>SUPPLIERS</b>				
Supplier qualification and analysis	EC11	X	QN	
Cost of all goods, raw materials and services purchased	EC3		QN	
<b>ENVIRONMENT</b>				
Energy use	EN3		QN	
Total water use	EN5		QN	
Greenhouse gas emissions	EN8		QN	
Energy-saving interventions		X	QL	
<b>COMMUNITY</b>				
Charitable contributions and sponsorships	SOC1	X	QN	
Breakdown of Value Added	SOC2	X	QN	
Relationship with Non-bank Associations and Foundations		X	QL	
Description of direct contributions to social ends in the various areas of intervention		X	QL	



# *CORPORATE IDENTITY*





# Board of Directors, General Management, Board of Statutory Auditors and Independent Auditors

## Board of Directors

Chairman	Giovanni Bazoli (*)
Deputy Chairmen	Giampio Bracchi (*) (**) René Carron
Managing Director and Chief Executive Officer	Corrado Passera (*)
Directors	Giovanni Ancarani (**) Francesco Arcucci (**) Benito Benedini (**) Antoine Bernheim Jean Frédéric De Leusse Gilles De Margerie Ariberto Fassati (*) Giancarlo Forestieri (*) Paolo Fumagalli (**) Giangiacomo Nardozi (**) Georges Pauget Eugenio Pavarani (**) Giovanni Perissinotto Ugo Ruffolo Gino Trombi

## General Management

General Manager	Corrado Passera
-----------------	-----------------

## Board of Statutory Auditors

Chairman	Gianluca Ponzellini
Statutory Auditors	Rosalba Casiraghi (***) Paolo Andrea Colombo Franco Dalla Sega Livio Torio
Alternate Auditors	Paolo Giolla Francesca Monti

(\*) Members of the Executive Committee

(\*\*) Independent Directors

(\*\*\*) Candidate of minority shareholders

Updated as at 01/06/06

# Mission and reference values

*We supply our customers with excellent bank and financial services at the same time activating the levers for the development of the country's economic system.*

*We want to be a European bank, deeply rooted and attentive to the needs of its local territories, that guarantees utmost efficiency and long-term return on capital employed.*

*The professionalism of our people and the quality of our services characterise our way of conducting the banking business. We are taking on the responsibility of prudent management of the savings of families, of solutions for entrepreneurial activities, especially when our decisions have effects on the community and on the natural environment.*

*Our focus is on the creation of a virtuous circle based on the trust and the satisfaction of customers and shareholders, on the sense of belonging of our collaborators and on our closeness to the real needs of the community.*

## Trust

Trust is the key value in Banca Intesa's activity. We want to look for trust and increase trust, in I) relations with customers, to whom we offer the certainty of continuously finding an adequate response to their needs, II) relations with collaborators, to whom we offer a work environment which valorises their professionalism, and III) relations with society at large, for which we intend to be a reliable partner for responsible and sustainable growth.

## Value of the person

The value of the person is a fundamental value which guides the way Banca Intesa acts: we are committed to making attentive listening and dialogue the key levers for the continuous improvement of the solutions we offer customers, and the professionalism and competence of the people who work with us.

## Integrity

We pursue our objectives with honesty, fairness and responsibility, maintaining a conduct based on the respect of rules and professional ethics, ensuring independent judgement in our system of relations.

## Sustainability

In our growth strategy we intend to pursue solid and sustainable value in economic and financial, social and environmental terms built over the long term on the trust of our customers, the motivation of our collaborators and a responsible and constructive relation with the country system.

## Excellence

We aim at constantly improving the quality of our products, services and contact channels, we constantly promote personal and professional development of our collaborators and we are committed to improving the efficiency of our organisation in a view to also optimise costs and timing.

## Equitable treatment

We are committed in eliminating every discrimination in our conduct and in respecting the differences in gender, age, race, religion, political opinion, trade union participation, language or any other ability.

## Transparency

We believe that transparency in our communication, in our contracts and in the criteria on which we base our behaviour is fundamental to permit to all our interlocutors to make autonomous and informed decisions.

# History

Banca Intesa was established in 1998 with the integration of Cariplo and Banco Ambrosiano Veneto. In 1999 Banca Commerciale Italiana joined Gruppo Intesa. As a result of that merger (May 2001) the Group was named IntesaBci. In December 2002 at the Shareholders' Meeting it was resolved to change the corporate name to Banca Intesa and the change became effective as of 1st January 2003.

## Banco Ambrosiano Veneto

Banco Ambrosiano Veneto (BAV), which was formed in 1989 through the merger of Nuovo Banco Ambrosiano with Banca Cattolica del Veneto, two banks well-rooted in the territory with more than one hundred years of history and activity behind them, soon distinguished itself in Italy for its dynamism, competence and capability of aggregating other local entities.

In the period 1991-1995 BAV acquired control of certain banks, such as Banca Vallone di Galatina, Citibank Italia (later named Banco Ambroveneto Sud), Società di Banche Siciliane, Banca Massicana di Sessa Aurunca and Banca di Trento e Bolzano, which in a short time enabled it to project the experience originally gained in the Northern regions, mostly Lombardia and Triveneto, on the whole of the Italian territory. At the same time the Bank strengthened its position on world financial markets with the purchase of Caboto, destined to become one of the major European investment banks.

The need to augment its size, which was increasingly perceived by the Italian and international banking system, later forced BAV to seek a qualified partner to reach the critical mass which would enable it to play a forefront role in all markets.

Pursuing that objective, in 1997 BAV realised an alliance with Cariplo, the largest saving bank in the world, with which it formed Banca Intesa in 1998.

## Cariplo

Cassa di Risparmio delle Provincie Lombarde was established in 1823, by initiative of the count Giovanni Pietro Porro, in one of the most flourishing regions of the Austrian Empire: its mission was to favour the formation of household savings in the Lombard area.

During the second half of the XIX century the Reign of Italy was moving its first steps and the Saving Bank expanded its operations to the financing of agricultural, industrial and commercial activities.

At the beginning of 1900, Cassa di Risparmio delle Provincie Lombarde had already achieved a considerable soundness so as to later become a fundamental reference point for enterprises facing the serious crisis of the Great War. That situation consolidated the strong social sensitiveness which is still an ideal and operating asset of Banca Intesa.

In the post World War II period, the Saving Bank is among the protagonists in the reconstruction of Milano. In the Fifties, during the Italian economic boom, it increased its activities in medium-term loans, especially in favour of lower-sized enterprises, through the foundation of Mediocredito Lombardo.

Starting from the Sixties, Cassa di Risparmio delle Provincie Lombarde was practically a commercial bank and in the following two decades it achieved a considerable territorial presence in Italy and abroad. In 1991, an important restructuring led to the merger of the subsidiary IBI and to the contribution by Ente Cassa di Risparmio delle Provincie Lombarde of its banking activities to a new company named Cariplo SpA. Ente Cassa di Risparmio delle Provincie Lombarde, after that contribution, took the name of Fondazione Cariplo and pursues objectives of public interest and social benefit and solidarity. In 1997 the Chairman of Fondazione Cariplo, Giuseppe Guzzetti, and the Chairman of Banco Ambrosiano Veneto (BAV), Giovanni Bazoli signed an agreement

for the integration between Cariplo and BAV which gave birth to Banca Intesa.

### Banca Commerciale Italiana

Founded in 1894 in Milano with the contribution of German, Austrian and Swiss capital, Banca Commerciale Italiana (BCI) for over a century was an important component of the Italian banking system and the Bank with the greatest presence abroad. After having established, in joint venture with two French banks, a company for South America, in 1911 BCI inaugurated in London the first branch abroad of an Italian bank, followed by the branch in New York and as time passed by more and more numerous branches and equity investments in various Countries worldwide.

Until the beginning of the Thirties, BCI also operated as an investment bank, acquiring equity investments in industrial companies.

In 1933 IRI (the Institute for Industrial Reconstruction) acquired control of the Bank which, three years later, with the issue of the Banking Law, became a short-term bank. The following year, in 1937, together with Banco di Roma and Credito Italiano, BCI was designated "Banca d'Interesse Nazionale" (Bank of National Interest), as it already had branches in at least thirty provinces. With the two banks, in the years following World War II, BCI founded Mediobanca, of which it held an 8.9% stake.

In the Sixties the Bank based in Piazza della Scala further expanded its foreign network and, in Italy, acquired control of Banco di Chiavari e della Riviera Ligure and of Banca di Legnano.

At the beginning of the Eighties BCI founded Banca Commerciale Italiana of Canada and Banca Commerciale Italiana (Suisse).

In the centenary from its foundation, Banca Commerciale Italiana was privatised.

Following a tender offer, made by Banca Intesa and completed in December 1999, Banca Commerciale Italiana was incorporated in the new Group. In May 2001 BCI was merged with Banca Intesa and took the name of IntesaBci.

The union of these three banks formed one of the largest banking groups in Europe. The three banks combined their distinctive competences, professionalism and commercial networks to offer customers an undoubtedly valuable service, suited to all types of needs.

### The Historical Archive

Following the mergers, Banca Intesa inherited a historical documentary archive which is one of the essential components for the history of the Italian banking system in the 19th and 20th Century. Considered together, the documents enable to research into the facts of thousands of companies, but also to compare the relations between the economic and political world, and to reconstruct the progressive insertion of the Italian economy in the international economy; they also enable to find important figures for the history of society and employment and for the history of urbanistics, architecture and art, press and other. For these reasons there is a strong demand for access from researchers of various disciplines, from Italy and abroad.

Banca Intesa's Historical Archive safeguards the selection and the preservation over the long term of documents of high historical interest and guarantees their public fruition.

The size of the combined archive exceeds 40 million sheets; the part open for consultation (normally until the year 1945) is inventoried in 60 archive funds. Among special funds noteworthy are the historical library and a considerable section dedicated to photos and audiovisual aids.

All inventories may be accessed on line on the website [www.bancaintesa.it](http://www.bancaintesa.it), in the "Culture" section, where it is possible to find detailed historical guidance.

Two precious sources have been entirely digitised and may be freely read on line: the Miscellaneous papers of Raffaele Mattioli, relative to the salvage of Banca Commerciale Italiana in the early Thirties, and the minutes of the meetings of the decision-making bodies (the Board of Directors for Banca Commerciale Italiana, Banco Ambrosiano Veneto and Banca Cattolica del Veneto and the Central Charity Commission in the case of Cariplo) until 1934.

The archives of BCI and Cariplo are considered also at European level among the most interesting for their contents and their relative completeness of the documentation which has remained. Furthermore, the Papers of Raffaele Mattioli (1895-1973) represent in themselves an extraordinary asset, considered a living heritage, at the intersection between banking and civil culture.

# Brand

Banca Intesa's brand is represented by a square pictogram (perfect, harmonious and balanced form) in which there is a stylised Roman aqueduct, symbol of socially-useful works and distinctive sign of the financial institution from 1998.

It is a structure historically built in stone with the function of transporting water to populations: the symbol therefore represents soundness and technologic development, as well as life, prosperity and, lastly, union of cultures and peoples (synonym of service).

As socially-useful work, the aqueduct is in line with the commitment and responsibility that the Group has towards society. The three arches represent the three historic Italian banks which together form one of the largest banking groups.

The pictogram is followed by the logotype Banca Intesa, name which already declares

the essence of the Institute and expresses the concept of accord: with investors, customers, partners and with the country at large.

The logo combines the long-lasting tradition of the three large banks which make up the Group: the three respective institutional colours blend into one another, to depict union and integration, the red of Banco Ambrosiano Veneto, the green of Banca Commerciale Italiana and the blue of Cariplo. Starting from these primary colours 11 chromatic graduations have been developed one for each of the letters which make up the name Banca Intesa, delicately merging the historical visual identity.

The brand proposes itself as the first value of the bank, it is strongly-innovative element, expression of key concepts such as transparency, simplicity and clarity.

# Strategic guidelines

The path which Banca Intesa has undertaken to become one of the best European banks was marked by two main milestones:

The **first Business Plan** (2003-2005) focused attention not only on the critical issues to be solved and on the necessary restructuring, but also on laying the foundations and forming the platforms for the growth of the bank in the different contexts in which it operates (in Italy and Europe).

The strategy is based on the identification of a series of instruments to address the critical issues:

- improvement of the risk profile;
- exit from Latin America;
- improvement of capital ratios;
- value creation for shareholders and all stakeholders.

The Plan was especially a relaunch strategy with the objective of growing to produce wealth and contribute to the improvement of the country System.

The solution of the critical issues was combined with the valorisation of the Group's key strengths – the high professional competencies and the strong relation with the territory – and the marked improvement of customer service at all levels. To this end the plan set out a massive investment plan to

modernise the structures and the progressive integration – even cultural – of the banks which formed the Group.

The **second Business Plan** (2005-2007) is the second milestone in the path and presents financial and balance sheet targets which place Banca Intesa among the best European banks in terms of value creation, service quality, asset quality, profitability and capital strength. The Plan sets the objective of strong value creation through all three main management drivers:

- sustainable growth;
- strict cost discipline;
- great attention to risk management and capital allocation

continuing to invest in innovation in a medium-long term perspective. The growth pillars set by the Business Plan are customer satisfaction (thanks to Banca Intesa's specialised structures dedicated to the specific needs of each customer type), valorisation of human resources which work in the Group (with training, motivation of individual and team work, maximum extension of share ownership) and a massive investment plan in innovation amounting to almost two billion euro in the three years, focused on customer service quality.

# Group profile and organisational structure

Gruppo Intesa operates with a divisional, customer-oriented structure, which up to the end of 2005, was made up of four business areas: the Retail Division, the Corporate Division, the Italian Subsidiary Banks Division, the International Subsidiary Banks Division, as well as Central Structures, which guarantee the governance and control of the operating units, and, as of 1st January 2006 Banca Intesa Infrastrutture e Sviluppo, the new Group bank which absorbed the financial activities related to the public sector and infrastructures.

The **Retail Division** operates with approximately 2,100 branches and over 26,000 employees serving approximately 5.9 million customers, consisting of Households, SMEs (with turnover up to 50 million euro) and Non-profit entities. The Retail Division is in charge of the Parent Company's traditional lending and deposit collecting activities and also of the offer of i) private banking services, ii) bancassurance and pension products, iii) mutual funds, iv) industrial and consumer credit, v) financial leasing, as well as vi) management of electronic payment instruments.

The **Italian Subsidiary Banks Division** is constituted by the Italian subsidiary banks performing retail banking activities. They are medium-sized or small banks, with a markedly local vocation, that operate with over 900 branches and over 8,000 employees in close coordination with the Retail Division, pursuing the optimisation of commercial synergies by sharing the most important initiatives. It serves approximately 1.7 million customers.

The **International Subsidiary Banks Division** provides directives, coordination and support to the subsidiaries abroad that

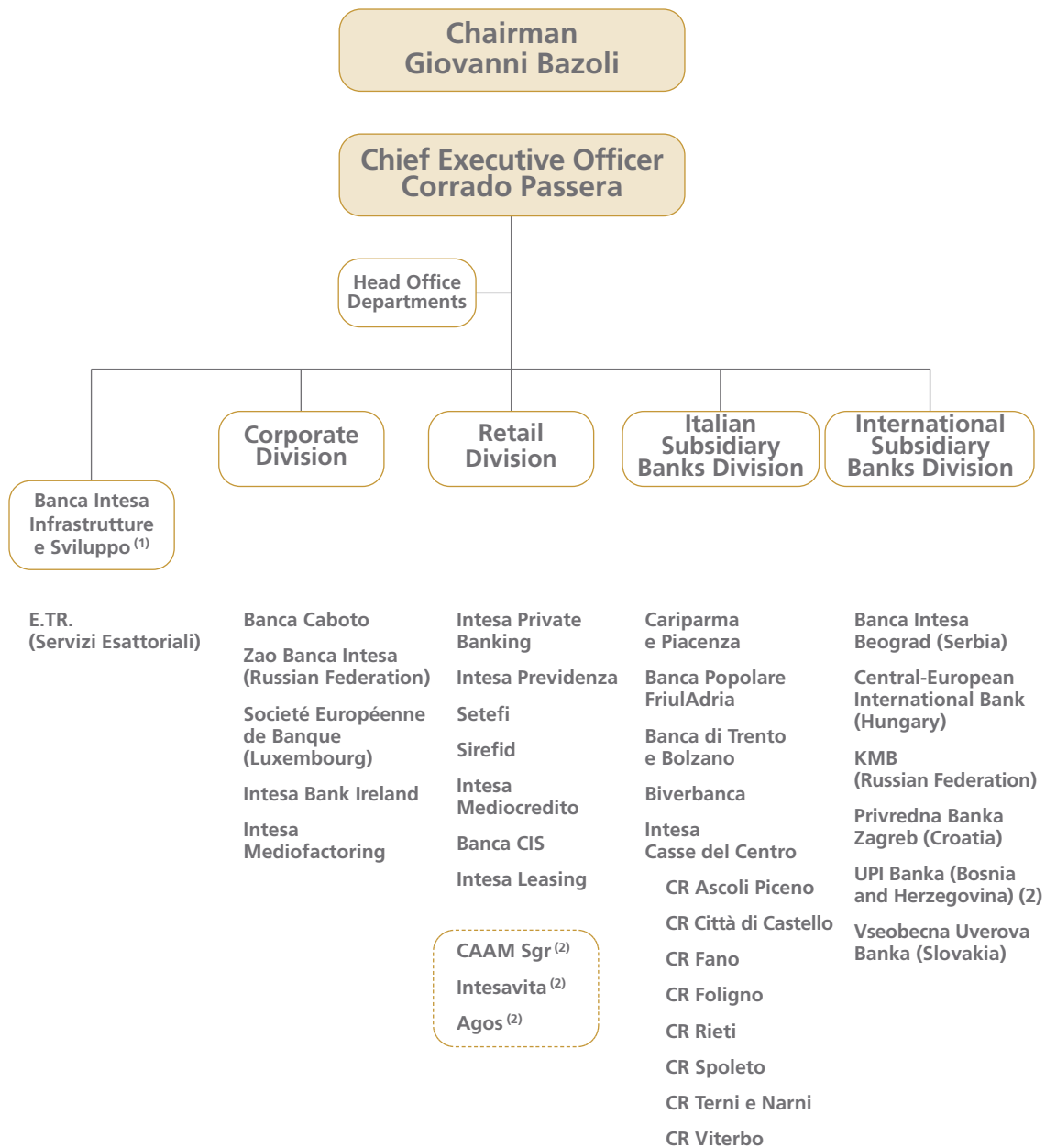
mainly perform retail and commercial banking activities mostly in Central-Eastern Europe, in Croatia, Slovakia, Serbia, Hungary, the Russian Federation and Bosnia and Herzegovina. This involves approximately 5.1 million customers, which are served by over 800 branches and over 17,000 employees of the Group.

The **Corporate Division** manages a customer portfolio of approximately 16,500 large companies and financial institutions with a turnover exceeding 50 million euro, and operates through over 50 branches and with over 5,000 employees, with specific skills in mergers and acquisitions, structured finance, merchant banking, capital markets, global custody, and through the specialized network abroad made up of the Parent Company's branches and representative offices and of other Group companies performing corporate banking activities. The Division guarantees reference customers a global and integrated offer of products and services through both traditional territorial structures and IT channels.

**Central Structures**, are in charge of governance and control activities and also of treasury and strategic finance activities as well as of the management of the Parent Company's securities portfolio.

With regard to geographic breakdown, Gruppo Intesa's activities are mostly concentrated in Italy (88% and 82% of the total respectively for loans to customers and customer deposits). The Group has also a significant presence in Central-Eastern European Countries (Croatia, Hungary, Slovakian Republic), and in the Russian Federation that together represent 7% of loans to customers and customer deposits.





<sup>(1)</sup> Established in January 2006

<sup>(2)</sup> Jointly-controlled or associated company, carried at equity

# Corporate governance

From 2001 Banca Intesa complies with the aims and indications of the Corporate governance code of listed companies recognising the validity of the suggested Governance model.

The corporate governance system – intended as the set of rules and processes that orient the conduct of company bodies to ensure correctness and transparency in the management of the company and in its relations with stakeholders – is in line with the principles and recommendations contained in the Corporate governance code and with regulations in force as well as, in general, with national and international best practices.

Banca Intesa each year provides the market with detailed information on its corporate governance system (available on its website [www.bancaintesa.it](http://www.bancaintesa.it)) to which reference must be made for further details.

## Structure of the Company's governance

### Board of Directors

The Board of Directors is responsible for strategic and organisational guidelines and plays a central role in the governance of the company and in the controls system for the management of credit, financial and operational risks.

In addition to the matters statutorily reserved to its exclusive competence, the Board of Directors resolves upon the most significant transactions in terms of financial, economic or balance sheet impact for the company as well as the most significant transactions with related parties.

The Articles of Association set forth that the Board of Directors must meet at least once every two months, but normally, the Board meets once a month.

The Board of Directors is currently made up of 19 directors most of which are non-

executive since they are not attributed any operating powers and/or management functions within the Company.

Only the Managing Director and CEO, Corrado Passera, is charged with operating powers, and is therefore an Executive Director.

In the Board there are 7 independent directors according to the definition set out in the Corporate governance code.

The Board of Directors currently in service will expire at the date of approval of the financial statements as at 31st December 2006.

All directors must have the honourability and professional requisites provided for by current legislation and supervisory regulation.

A specific **Remuneration committee** has been set up within the Board of Directors and is made up of three Non-executive directors and the Chairman of the Board of Statutory Auditors. Such commission is responsible for determining the remuneration of the Chairman and Deputy Chairmen of the Board of Directors as well as that of the Managing Director and proposing such remuneration to the Board of Directors, which is responsible for the relevant resolution pursuant to Art. 2389 of the Italian Civil Code.

### Chairman of the Board of Directors

The Chairman of the Board of Directors is not attributed any operating powers and therefore is considered a non-executive director. The Chairman of the Board of Directors is responsible for the direction and coordination of Company business, of the Board of Directors, of the Managing Director and of the Executive Committee.

The Chairman represents the Company before any third party, also in any judicial proceeding, and may sign in the name and on behalf of the Company.

In case of urgency, the Chairman of the Board of Directors may take decisions normally attributed to the Board of Directors and the Executive Committee, whenever the latter

cannot meet, provided that such decisions are not exclusively attributed to the Board. The competent bodies must be informed of any such decision in their first following meeting. Furthermore, the Chairman is in charge of maintaining the relationships with shareholders, of informing them, and – in agreement with the Managing Director – of external communication, relations with Authorities, as well as the programming of the Company's and the Group's initiatives related to culture, the safeguard and valorisation of the historic, archaeological and artistic heritage and the management of the Allowance for charitable, social and cultural contribution.

### Executive Committee

Set up by the Board of Directors, it exercises all the powers which are not exclusively reserved to the Board of Directors, in particular the Executive Committee has been attributed all the powers with regard to lending and risk taking with customers, with the obligation of reporting its decisions at least quarterly.

In case of urgency, the Committee may resolve in the Bank's interest. Committee decisions must be communicated to the Board in the first following meeting.

### Managing Director and Chief Executive Officer

The Articles of Association set forth that the Managing Director, who is also General Manager, supervises management, within the powers he has been attributed and according to the general guidelines resolved upon by the Board of Directors; he is responsible for personnel management and determines the operating directives which are executed by General Management.

He has wide ordinary and extraordinary administration powers with the sole exception of powers which may not be delegated according to the law and those which are reserved to the Board of Directors by the Articles of Association and with quantitative limits for certain types of transactions.

In addition to wide operating powers, the Chief Executive Officer has been delegated powers over: the definition of human resources development and management policies; the formulation of proposals on the Company's and the Group's organisational structure and strategic guidelines; the operating plans and budgets to be submitted to the approval of the Board of Directors; the

acquisition and disposal of equity investments, with the prior authorisation of the Board, if such operations lead to variations in the Banking group.

### The Board of Statutory Auditors

The Board of Statutory Auditors supervises on compliance with the law and the Articles of Association; on the respect of the principles of fair management; on the adequacy of the Company's organisational structure as concerns competencies, the internal control system and the accounting – bookkeeping system as well as on the reliability of the latter in the correct representation of operations. It also carries out the other functions with which it is charged by the law and by regulations and supervisory provisions in force.

The members of the Board of Statutory Auditors participate to Board of Directors and Executive Committee meetings.

The Articles of Association set forth that the appointment as Statutory Auditor for Banca Intesa is incompatible with similar appointments in more than five other listed companies, with the exclusion of companies which are part of the Gruppo Intesa.

The Board of Statutory Auditors was elected by the Shareholders' Meeting held on 14th April 2005 for a three-year period and will expire at the date of the Shareholders' Meeting summoned for the approval of the financial statements as at 31st December 2007.

The Board of Statutory Auditors is made up of five Auditors and two Alternate Auditors appointed, as set forth by Art. 23 of the Articles of Association, with the list voting mechanism, that requires presentation of the list of nominees ten days before the date of the Shareholders' Meeting and sets out, with the aim of more effectively safeguarding representation of minority shareholders on the Board of Statutory Auditors, that the *quorum* necessary for the presentation of such list is equal to 1% of share capital.

The independent auditing of the Separate and Consolidated financial statements has been charged to the auditing firm Reconta Ernst Young.

## Internal controls system

Since it is a bank, Banca Intesa has the internal controls system and the structure in charge of control that are compliant with

Bank of Italy regulations. The internal control system is capable of adequately monitoring the Company's typical business risks and the economic and financial situation of the Company and the Group.

Internal control functions are entrusted to Internal Auditing Department which is responsible for ensuring a constant and independent surveillance action on the regular progress of Banca Intesa's operations and processes, as well as preventing or identifying anomalous or risky behaviour or situations, assessing the functionality of the overall internal control system.

Furthermore, Internal Auditing Department is responsible for ensuring surveillance over the internal controls systems of subsidiaries, even via the direction and guidance of their respective internal auditing structures.

The Manager in charge of Internal auditing reports to the Managing Director and refers periodically to the Board, the Managing Director and Statutory Auditors.

The Board of Directors, which is responsible for the company's internal controls system, in the meeting held on 8th February 2005 resolved to form an Internal control committee for the purpose of further increasing effectiveness and incisiveness of control processes. The Committee is made up of three Non-executive directors, of which at least two must be independent and supports (via analysis, proposal and advisory duties) the Board of Directors and reports to the latter, at least half-yearly at the time of approval of the Annual report and the Half-year report with regard to its activities and the adequacy of the internal controls system. The Chairman of the Statutory Auditors or another Auditor appointed by the former and the Head of Internal Auditing Department take part in Committee meetings. Moreover, the Managing Director and other Managers can be asked to join the Committee meetings depending on the issues on the agenda.

The Internal control committee has the following functions:

- assisting the Board of Directors in setting the guidelines and periodically checking the adequacy and functioning of the internal auditing system, also ensuring that the main company risks (credit, financial and operational) are identified and adequately managed, in coordination with the company functions involved;
- assessing the work programme drawn up by the persons in charge of internal control and receiving their periodical reports;
- assessing, together with the Head of Administration and the Independent Auditors, the adequacy of the accounting principles adopted and their uniformity with a view to the preparation of the consolidated financial statements;
- assessing the proposals formulated by the Independent Auditors to obtain their appointment as well as the work plan drawn up to perform the audit and the results presented in the report and in the letter of suggestion;
- any further duties which may be attributed to it by the Board of Directors, particularly in relation to the relationship with the Independent Auditors.

Furthermore, the Committee can be consulted not only on evaluation of transactions with related parties but also on operations involving, directly or indirectly, conflicts of interest.

The Committee has also been attributed tasks and functions of Supervisory Body pursuant to Legislative Decree 231/2001 concerning the administrative responsibility of companies.

Banca Intesa also adopted other corporate governance instruments among which Internal regulations on transactions with related parties, the Internal dealing code (code of conduct for transactions carried out by "Relevant parties" on financial instruments issued by the bank), the Group's Code of Conduct and the Code of Ethics approved on 13th June 2006.

# Our social responsibility

Our concept of Social responsibility was progressively defined in the activities of this last three-year period starting from an assumption which guided us in the definition of the first Business Plan: a large bank must take on a large responsibility since the decisions of the bank may have significant impact on the social and economic context surrounding it.

From this simple realisation and from our commitment to play an active part in the development not only of our business but also of the intricate map of all those who have relationships with us, stems a *fil rouge* which links, and will increasingly link in the future, our business activities with the respect of our customers, shareholders, employees, suppliers, the community and the natural environment in which we operate.

This means that for us social responsibility is not limited to humanitarian charitable works, though these are of a great importance for the solidarity principle which we believe in, but is the expression of a duty which stems from the desire to continuously-improve the way of we operate recovering the deeper *raison d'être* of a banking institution.

We cannot be the ones to define the degree of how responsible our action may have been. However, this first Social and Environmental Report wants to offer an instrument to the various stakeholders to assess the consistency of our values and the activities which we have commenced in 2005 and which we make a commitment to develop.

The dialogue with stakeholders will orient the priorities of our social responsibility

agenda helping us to identify a path to respond to the best to their expectations and continuously creating economic and social value both for our company and our stakeholders.

The attention we want to pay to social responsibility issues is also testified by the formation at Group level of a dedicated structure, which directly reports to the Managing Director and CEO. The CSR is in charge of definition of CSR strategies, coordination activities, consulting to other company functions and "facilitating" the dialogue with stakeholders. We are therefore committed to structuring a governance model capable of systemising the activities that the Group already conducts or that it will conduct in the near future in the field of CSR:

- a CSR management model has been devised at Group level to guarantee the effective application of defined orientations (planning, control, dialogue with stakeholders, reporting);
- a Code of Ethics has been developed to strengthen corporate identity and consolidate shared values;
- the social responsibility culture has been widely communicated to diffuse mission, values and expected behaviour, develop internal dialogue, illustrate the market context and Banca Intesa's operating model to manage CSR;
- training programmes for the application of the principles of the Code of Ethics and of social responsibility in the respective corporate tasks have been planned.



# *ECONOMIC PERFORMANCE*

# Financial highlights <sup>(1)</sup>

## Gruppo Intesa

	<b>2005</b>
<b>STATEMENT OF INCOME</b> (in millions of euro)	
Net interest income	5,285
Net fee and commission income	3,904
Profits (Losses) on trading	675
Operating income	10,029
Operating costs	-5,516
Operating margin	4,513
Net adjustments to loans	-715
Net income	3,025
<b>BALANCE SHEET</b> (in millions of euro)	
Loans to customers	169,478
Financial assets / liabilities held for trading	29,818
Financial assets available for sale	4,379
Investments	9,181
Total assets	273,535
Direct customer deposits	187,590
Indirect customer deposits	287,800
of which assets under management	59,045
Net interbank position	-4,660
Shareholders' equity	16,705
<b>OPERATING STRUCTURE</b>	
Number of employees	60,778
- Italy	42,062
- Abroad	18,716
Number of branches	3,970
- Italy	3,106
- Abroad	864

<sup>(1)</sup> Figures from the reclassified statement of income and reclassified balance sheet



# Financial ratios <sup>(1)</sup>

## Gruppo Intesa

	2005
<b>BALANCE SHEET RATIOS (%)</b>	
Loans to customers / Total assets	62.0
Investments <sup>(A)</sup> / Total assets	3.4
Direct customer deposits / Total assets	68.6
Assets under management / Indirect customer deposits	20.5
<b>STATEMENT OF INCOME RATIOS (%)</b>	
Net interest income / Operating income	52.7
Net fee and commission income / Operating income	38.9
Operating costs / Operating income	55.0
Net income / Average total assets (ROA)	1.1
Net income / Average shareholders' equity (ROE) <sup>(B)</sup>	22.3
Adjusted net income / Adjusted average shareholders' equity (adjusted ROE) <sup>(C)</sup>	24.8
Income (Loss) before tax from continuing operations / Risk-weighted assets <sup>(D)</sup>	2.2
Economic Value Added (E.V.A.) <sup>(E)</sup> (in millions of euro)	1,752
<b>RISK RATIOS (%)</b>	
Net doubtful loans / Loans to customers	0.7
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	69.3
Capital at Risk (C.a.R.) <sup>(F)</sup> – average for the year (in millions of euro)	25.6
Capital at Risk (C.a.R.) <sup>(F)</sup> – year-end (in millions of euro)	36.6
<b>CAPITAL RATIOS (%)</b>	
Tier 1 capital <sup>(G)</sup> net of preference shares / Risk-weighted assets (Core Tier 1)	7.10
Tier 1 capital <sup>(G)</sup> / Risk-weighted assets	7.94
Total capital <sup>(H)</sup> / Risk-weighted assets	10.34
Risk-weighted assets (in millions of euro)	190,038
<b>BASIC EARNINGS PER SHARE (BASIC EPS) <sup>(I)</sup> – EURO</b>	<b>0.470</b>
<b>DILUTED EARNINGS PER SHARE (DILUTED EPS) <sup>(L)</sup> – EURO</b>	<b>0.469</b>

<sup>(1)</sup> Figures from the reclassified statement of income and reclassified balance sheet.

<sup>(A)</sup> Investments include investments held to maturity, investments in associates and companies subject to joint control, property, equipment and intangible assets.

<sup>(B)</sup> Ratio between net income and weighted average of share capital, share premium reserve, reserves and valuation reserves.

<sup>(C)</sup> Ratio between net income inclusive of the change in the period in valuation reserves on assets available for sale and weighted average of share capital, share premium reserve, reserves and valuation reserves (excluding the aforementioned change in valuation reserves on assets available for sale).

<sup>(D)</sup> Total risk-weighted assets based on the relevant credit or market risk.

<sup>(E)</sup> The indicator represents the economic value generated in the year in favour of shareholders, since it is the portion of net income which remains after having remunerated shareholders' equity via the cost of capital. The latter represents the opportunity cost and is determined using the Capital Asset Pricing Model.

<sup>(F)</sup> The indicator probabilistically measures, in terms of average or period-end figures, market risks of the trading portfolio defined as the sum of Value at Risk (VaR) in time-series simulation, delta-gamma-vega VaR (DGV) and correlated and non-correlated simulations on illiquid parameters, using a 99% confidence level and 1 working-day holding period.

<sup>(G)</sup> Paid-in share capital, share premium reserve and reserves and retained earnings minus treasury shares, goodwill, intangible assets and after the application of so-called "prudential filters" set out by supervisory regulations.

<sup>(H)</sup> Tier 1 capital plus eligible subordinated liabilities, valuation reserves, with the application of so-called "prudential filters", net of equity investments as set out by supervisory regulations.

<sup>(I)</sup> Net income attributable to holders of ordinary shares compared to the weighted average number of ordinary shares outstanding.

<sup>(L)</sup> The dilutive effect is connected to the issue of ordinary shares following the potential exercise of all the stock options set out in the relevant assignment plan.

# Reclassified consolidated balance sheet Gruppo Intesa

Figures in millions of euro	
<b>ASSETS</b>	<b>2005</b>
Financial assets held for trading	51,067
Financial assets available for sale	4,379
Investments held to maturity	2,810
Due from banks	27,111
Loans to customers	169,478
Investments in associates and companies subject to joint control	2,091
Property, equipment and intangible assets	4,280
Tax assets	3,096
Non-current assets held for sale and discontinued operations	2,869
Other assets	6,354
<b>TOTAL ASSETS</b>	<b>273,535</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2005</b>
Due to banks	31,771
Due to customers	187,590
Financial liabilities held for trading	21,249
Tax liabilities	1,091
Liabilities associated with non-current assets held for sale and discontinued operations	2,963
Other liabilities	8,531
Allowances for specific purpose	2,834
Share capital	3,596
Reserves	9,255
Valuation reserves	829
Minority interests	801
Net income	3,025
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>273,535</b>

# Reclassified consolidated statement of income

## Gruppo Intesa

Figures in millions of euro	
<b>NET INTEREST INCOME</b>	<b>5,285</b>
Dividends	12
Profits (Losses) on investments carried at equity	151
Net fee and commission income	3,904
Profits (Losses) on trading	675
Other operating income (expenses)	2
<b>OPERATING INCOME</b>	<b>10,029</b>
Personnel expenses	- 3,207
Other administrative expenses	- 1,795
Adjustments to property, equipment and intangible assets	- 514
<b>Operating costs</b>	<b>- 5,516</b>
<b>OPERATING MARGIN</b>	<b>4,513</b>
Goodwill impairment	- 6
Net provisions for risks and charges	- 416
Net adjustments to loans	- 715
Net impairment losses on other assets	- 28
Profits (Losses) on investments held to maturity and on other investments	834
<b>INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>4,182</b>
Taxes on income from continuing operations	- 1,082
Income (Loss) after tax from discontinued operations	32
Minority interests	- 107
<b>NET INCOME</b>	<b>3,025</b>

# The calculation of Value Added and its distribution

## Methodology

Value added – defined as the difference between total revenues (so-called Net production) and total costs for good and services (so-called Consumption) – measures the wealth generated by the Group, and which is then distributed between the counterparties (stakeholders) with which the Group relates for various reasons in its daily operations.

Among such counterparties there are, first of all, **Human resources** – through which the Group interacts with other stakeholders – which receive part of the corporate value added as direct or indirect remuneration, including that linked to the cost of professional training.

There are also **Shareholders**, who having invested their financial resources in the company, expect a legitimate economic return under the form of dividends.

Not less important, as concerns distributed resources, is also the **Government System** – intended as the combination of central and local administrations – to which a significant part of wealth produced is transferred as direct and indirect taxes.

Particular attention is also reserved to the needs of the **Community/Environment** not only through charitable initiatives but also through the commitment in social and cultural works.

Lastly, there is the **Corporate System**, fed through the retention of resources necessary for productive investments and daily operations, indispensable for the company's economic and balance sheet growth which, alone, may guarantee the creation of new wealth to the advantage of all stakeholders.

From a methodological viewpoint, the determination of value added stems from a further restatement of the captions of the reclassified statement of income, as drawn up for the purposes of the Consolidated annual and interim reports. Such restatement has the specific purpose of highlighting the process of formation of value added, in its various formulations, as well as its distribution.

The tables which illustrate the determination and distribution of value added presented in the Social and Environmental Report have therefore been prepared on the basis of the figures contained in the Annual Report 2005 – which was audited and approved by the Ordinary Shareholders' Meeting held on 20th April 2006 – and considering as a reference basis, the indications of the "ABI Model for the preparation of the Social Report for the credit sector", opportunely adapted to the new accounting situation introduced by the adoption of IAS/IFRS.

# Determination of Total Value Added Gruppo Intesa

Figures in millions of euro	2005
<b>NET PRODUCTION</b>	
Net interest income	5,285
Dividends and Profits (Losses) on investments carried at equity	163
Net fee and commission income	3,904
Profits (Losses) on trading	675
Other operating income (expenses)	2
<b>TOTAL NET PRODUCTION</b>	<b>10,029</b>
<b>CONSUMPTION</b>	
Other administrative expenses	- 1,396
Net impairment losses and provisions	- 1,165
<b>Total consumption</b>	<b>- 2,561</b>
<b>GROSS VALUE ADDED FROM CORE BUSINESS</b>	<b>7,468</b>
Profits (Losses) on investments held to maturity and on other investments	834
Income (Loss) after tax from discontinued operations	32
<b>GROSS TOTAL VALUE ADDED</b>	<b>8,334</b>
Adjustments to property, equipment and intangible assets	- 514
<b>NET TOTAL VALUE ADDED</b>	<b>7,820</b>
<b>LABOUR COSTS:</b>	
direct	- 2,193
indirect	- 1,040
Indirect taxes and duties and taxes on real estate	- 373
<b>GROSS NET INCOME</b>	<b>4,214</b>
Taxes on income from continuing operations	- 1,082
Minority interests	- 107
<b>NET INCOME</b>	<b>3,025</b>

# Distribution of Gross Total Value Added Gruppo Intesa

Figures in millions of euro	2005
<b>NET PRODUCTION</b>	<b>10,029</b>
<b>CONSUMPTION</b>	<b>- 2,561</b>
Profits (Losses) on investments held to maturity and on other investments	834
Income (Loss) after tax from discontinued operations	32
<b>GROSS TOTAL VALUE ADDED</b>	<b>8,334</b>
allocated to:	
<b>A. SHAREHOLDERS</b>	<b>1,639</b>
Dividends distributed to Shareholders	1,532
of which Foundations	179
Minority interests	107
<b>B. HUMAN RESOURCES</b>	<b>3,233</b>
Labour costs:	
direct	2,193
indirect (including training expenses)	1,040
<b>C. GOVERNMENT SYSTEM (CENTRAL AND LOCAL ADMINISTRATIONS)</b>	<b>1,455</b>
Taxes on income from continuing operations	1,082
Indirect taxes and duties and taxes on real estate (including taxes on consumption)	373
<b>D. COMMUNITY / ENVIRONMENT <sup>(1)</sup></b>	<b>16</b>
Assignment of net income to the Allowance for charitable, social and cultural contributions	16
<b>E. CORPORATE SYSTEM</b>	<b>1,991</b>
Retained earnings	1,477
Adjustments to property, equipment and intangible assets	514
<b>GROSS TOTAL VALUE ADDED</b>	<b>8,334</b>

<sup>(1)</sup> The economic commitment in favour of the community is actually far higher considering the captions already included in other expense items (Management of the artistic heritage, Management of the architectural heritage, sponsorships etc.). Considering such amounts the overall sum for the sole Parent Company would exceed 30 million euro.

### The distribution of value added

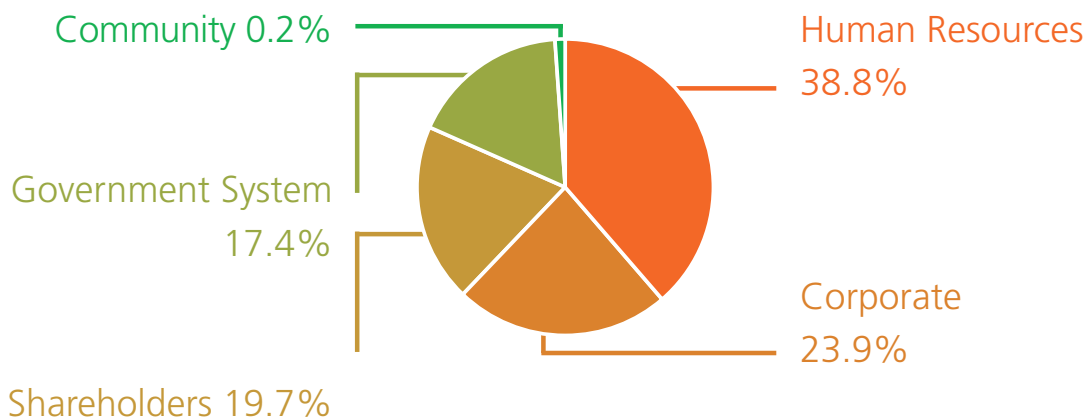
Gruppo Intesa generated in 2005 a Gross total value added exceeding 8 billion euro as a result of a considerable net production (10,029 million euro) and an attentive control of consumption (2,561 million euro). Though to a different extent, all five stakeholder categories benefited from the distribution of value added created, in particular:

- Human resources received 38.8% of gross total value added for a total of 3,233 million euro, two thirds of which as direct personnel costs (gross of the relevant taxes) and the remaining portion as indirect costs (social security charges and other costs, including training costs);
- Shareholders benefited in total from 19.7% of value added, with the allocation of dividends to the shareholders of the Parent Company for 1,532 million euro, while the Group's minority interests were attributed a

- net income of 107 million euro;
- the Government system received global resources of 1,455 million euro (17.4% of value added) of which 1,082 million euro as income taxes. The Government system also receives taxes on the compensation paid to personnel, which are paid by Group companies which act as tax substitutes;
- the Community/Environment has been destined 16 million euro<sup>(1)</sup>, made up of the assignment, at the time of allocation of net income, to the "Allowance for charitable, social and cultural contributions", set up at various Group companies;
- lastly, 23.9% of value added was withheld by the Corporate system as retained earnings and adjustments.

The figure below details the breakdown of Value Added between the various stakeholders.

### Distribution of Value Added



<sup>(1)</sup> See the note on the previous page





# *THE SOCIAL ACCOUNT*



# Group stakeholders

## C Customers

Customers – approximately 7.6 million, individuals and enterprises, in Italy and approximately 5.1 million abroad - are the fundamental catalyst for our growth. Banca Intesa offers services and products realised to satisfy their expectations in the conviction that only the construction of a long-lasting relation, based on dialogue, transparency and service excellence may create reciprocal value.

## C Collaborators

Over 60,000 people operate within the Group. Collaborators are a crucial resource for us since they are the first testimonials of our values. The relation with them is essential to guarantee excellent services and products to our customers, to develop and maintain with them relationships based on reciprocal trust.

## S Shareholders

Approximately 194,000 shareholders participate in Banca Intesa's capital. The support they provide is fundamental for our operations. We ensure them the utmost transparency and timeliness in information and do our best to guarantee their informed and aware participation in the decisions concerning the life of our bank.

## S Suppliers and Commercial Partners

The suppliers of Banca Intesa alone are approximately 5,000. In the relationship with them we adopt a policy which privileges quality, service reliability and proposed innovation. We choose our suppliers on the basis of clear and documented criteria, via objective and transparent procedures.

## E Environment

We refuse waste and pay attention to the consequences of our decisions with the aim of safeguarding the environment, to deliver it to future generations still capable of generating benefits.

## C Community

We are close to the projects and expectations of people, enterprises and entities which work for the development of the territories in which we operate in an open manner to the increasingly-integrated dimension of life at national and global level.

# Customers

Banca Intesa, with approximately 7.6 million of customers, individuals and enterprises, in Italy and approximately 5.1 million of customers abroad, is among the main banking groups in Europe.

The Group has a grass-root presence in Italy, mainly in the North-Western and North-Eastern areas of the country. Its presence abroad is significant in the Central-Eastern European Countries and in the Russian Federation.

Customers are served by over 2,100 Banca Intesa branches, more than 900 branches of the Group's Italian banks, and by over 800 branches of the Group's International banks.

Each customer category is catered for by dedicated territorial structures, in particular for the Parent Company:

- individuals and SOHO with a turnover up to 2.5 million euro, by almost 2,000 branches;
- SMEs with a turnover between 2.5 and 50 million euro by 119 SME branches;
- “private” customers by 58 private branches;
- corporates with a turnover exceeding 50 million euro by 42 specialised corporate branches. The large industrial groups are catered for by Global Relationship Managers of the Corporate Division, specialised by industry for Italian large corporates and by geographic area for international large corporates and financial institutions.

## Customer profile

Customers in Italy <sup>(1)</sup>	Dec-05	Customers abroad	Dec-05
Individuals	6,690,000	Privredna	1,910,000
SMEs <sup>(2)</sup>	880,000	VUB	1,840,000
Public Entities	2,500	CIB	460,000
Corporates <sup>(3)</sup>	16,500	KMB	40,000
		Banca Intesa Beograd <sup>(4)</sup>	800,000
<b>Total Customers</b>	<b>7,589,000</b>	<b>Total Customers</b>	<b>5,050,000</b>

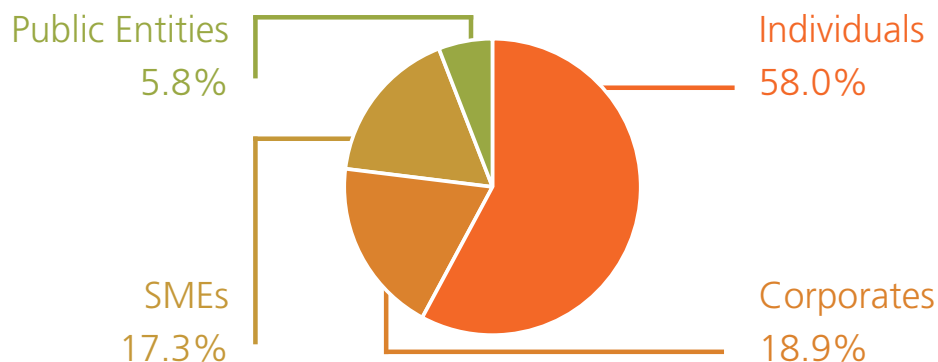
<sup>(1)</sup> Banca Intesa SpA and Italian subsidiary banks.

<sup>(2)</sup> SMEs include enterprises with a turnover up to 50 million euro.

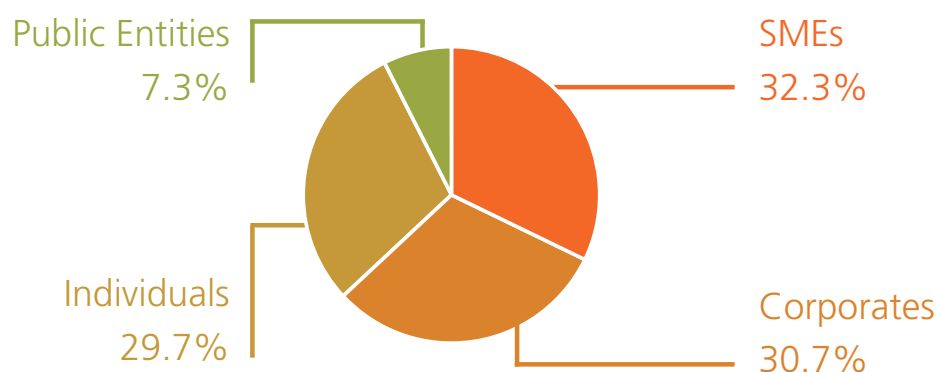
<sup>(3)</sup> Corporates include enterprises with a turnover exceeding 50 million euro and financial institutions.

<sup>(4)</sup> Figure as at March 2006.

## Banca Intesa SpA Customers deposits (December 2005)



## Banca Intesa SpA Loans to customers (December 2005)



With the 2003-2005 Business Plan Banca Intesa enacted a massive restructuring of its organisational structure, of commercial offering and of its systems to obtain a significant improvement in the quality of the service offered to customers.

The objectives, which reflect four key concepts confirmed in the 2005-2007 Business Plan, and the actions which we undertook are listed below:

### Relationship quality

#### Attentive listening and dialogue

- we have formed a structure dedicated to Customer satisfaction that supports territorial structures and collaborates with central structures which has the function of measuring systematically our customer satisfaction levels and helping us to anticipate their needs;
- already from 2003 we established a structure dedicated to the definition of stable relationships with all Consumer associations recognised at national level. This channel for listening and collaborating

permits exchange of information and useful indications for the definition and launch of new products which satisfy the real needs of customers. At the same time, this channel represents a further mean through which it is possible to satisfy the demand for transparent and precise information which is increasingly expressed by single customers and the associations which represent them;

- in the management of complaints we ensure timely resolution of problem issues at the same time guaranteeing an effective post-sale service.

### Closeness to the customer

- we have developed a new operating model which enables to focus and specialise the company in each of the customer segments and in function of the needs to satisfy. The Bank's new operating model was revised starting from the branches on the territory. We have attentively programmed their territorial distribution and lay-out to enable a strong improvement in the service and make the Bank more accessible to the client not only in physical terms, but also in terms of use of the latter. At the same time we have made a strong investment to provide innovative electronic channels which offer access to all transactions and which operate alongside the branches;
- we guarantee the protection of information and the availability of services also in critical situations, security of branches and IT channels.

### Simplification and transparency

- we have commenced projects aimed at simplifying: our offering, which now includes price models that are clearer and comparable to market standards; contracts and communication, to facilitate comprehension and maximize transparency; internal processes and technologies, to facilitate interaction with clients.

### Excellent offering and service

#### Know customer needs

- we have made considerable information technology investments and activated instruments that enable us to improve the knowledge of our customers and anticipate their needs.

#### Extend the product offering to sustain social development

- in the development of new products we have considered the demand for inclusion which comes from the most vulnerable social groups: immigrants, young people, atypical workers, young couples which have just started employment;
- we propose specifically-developed solutions for the world of religious entities, non-profit and social enterprises, for the purpose of supporting the commitments of our community in these organisations;
- in offering investment services we propose the opportunity of choosing a specialised range of products dedicated to Socially Responsible Investment.

### Support to the development of the country

- we develop projects for the support of innovation, internationalisation and growth of SMEs;
- we follow the evolution of local territories and promote their development via innovative financial agreements and solutions;
- we develop innovative financial solutions to promote the internationalisation of Mid and large corporates, to develop an adequate competitiveness and a greater internationalisation of their business;
- we sustain public administrations and local authorities, with a vision of supporting the growth of the "Country System" which concurs to the improvement of citizens' quality of life.

# Relationship quality

## Attentive listening and dialogue

### Customer satisfaction

The measurement of customer satisfaction enables us to identify any critical issues and the improvement areas to trigger quality processes in function of customer expectations.

**Collaborators** In 2005 we formed a structure dedicated to customer satisfaction which is responsible for the integrated management of the entire process of collection and analysis for the verification of accurate satisfaction levels and the identification of any improvement initiatives. In addition to using the support of specialised external partners, we decided to develop internal competencies for an all round vision of the quality of our offering. The customer satisfaction structure also provides assistance to branches in logistic activities to favour the rapid adaptation of the new branch lay-out model and the management of critical issues taking care of the activation of the necessary corrective actions.

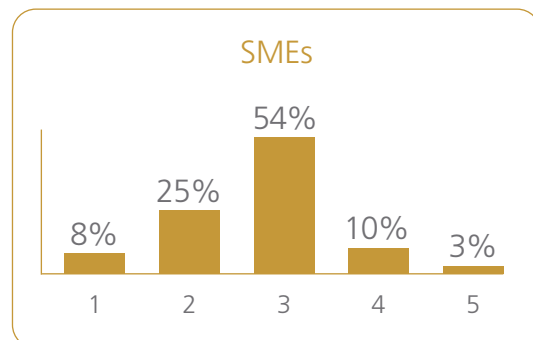
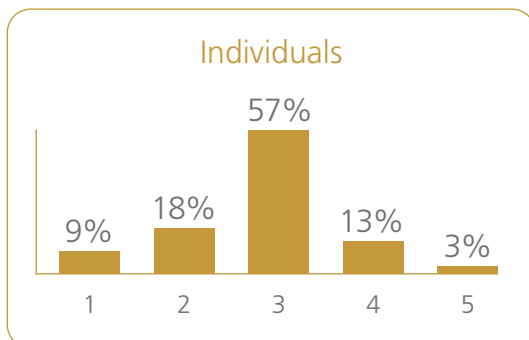
In 2005 we have implemented a global customer satisfaction index, based on over 16,000 telephone interviews and divided by customer segment.

### Global customer satisfaction index

In 2005 customer satisfaction was measured and monitored through 16,289 telephone interviews, of which 9,487 for Individuals and 6,802 for SMEs.

The Global customer satisfaction and fidelisation index which was derived may be compared with analogous measures relative to the main Italian and European competitors. The results of such index are in line with those of direct competitors on the Italian market; compared to the European market, instead, areas of possible improvement emerge relatively to dialogue and simplicity. In these areas we have set specific objectives with the 2005-2007 Business Plan. The evidence which emerged from the analysis of the first year enabled us to draw a path to pursue the improvement of customer service indexes already starting from 2006.

## Banca Intesa: Customer satisfaction index – 2005



1 Extremely 2 Very 3 Quite 4 Not very 5 Not at all

Attentive listening and dialogue as a work model: the relationship with Consumer associations

Also as concerns dialogue with Consumer associations already starting from 2003 we had formed a dedicated structure which manages in a structured and continuous manner the communication and the collaboration of the company with Associations, consolidates and deepens the relations at national and local level and intensifies the involvement of the representatives of consumers in the most important projects of the Business Plan.

**Collaborators** One of the objectives of the structure is also to diffuse the consumer culture among colleagues using all the internal communication instruments available, to inform them on the evolution of the relations between the bank and consumer associations and to favour attentive listening of the needs and opinions of our customers through the contract and knowledge of the organisations which represent them.

Our open attitude to Consumer associations enables us not only to find equitable and shared solutions to any critical situations, but also to verify the consistency between the characteristics of our offering and the expectations of our customers before the launch on the market and to devise and plan together the launch of new products and services. These are some of the areas of intervention developed from 2003:

- review of contracts of certain products for the purpose of valorising equitable treatment and safeguard of the customer;
- transparency regarding terms and risk assessment of investments;
- listing of Banca Intesa bonds on MOT Electronic Bond and Government Securities Market for higher transparency as concerns the offer and price;
- exclusion from sale of unrated bonds;
- for defaulted bonds, cooperation with Consumer Associations for the

establishment of joint conciliation commissions and the definition of shared assessment criteria regarding reimbursements.

Management of complaints, improve quality

Contact with customers, even when it reports disservices, misunderstandings or operating mistakes, is an important communication moment since it enables us to identify any critical points and to enact improvement actions. The Customer care and complaints office has a Telephone Desk, that in 2005 received over 120,000 assistance requests, and a Complaints Office made up of six Specialised areas.

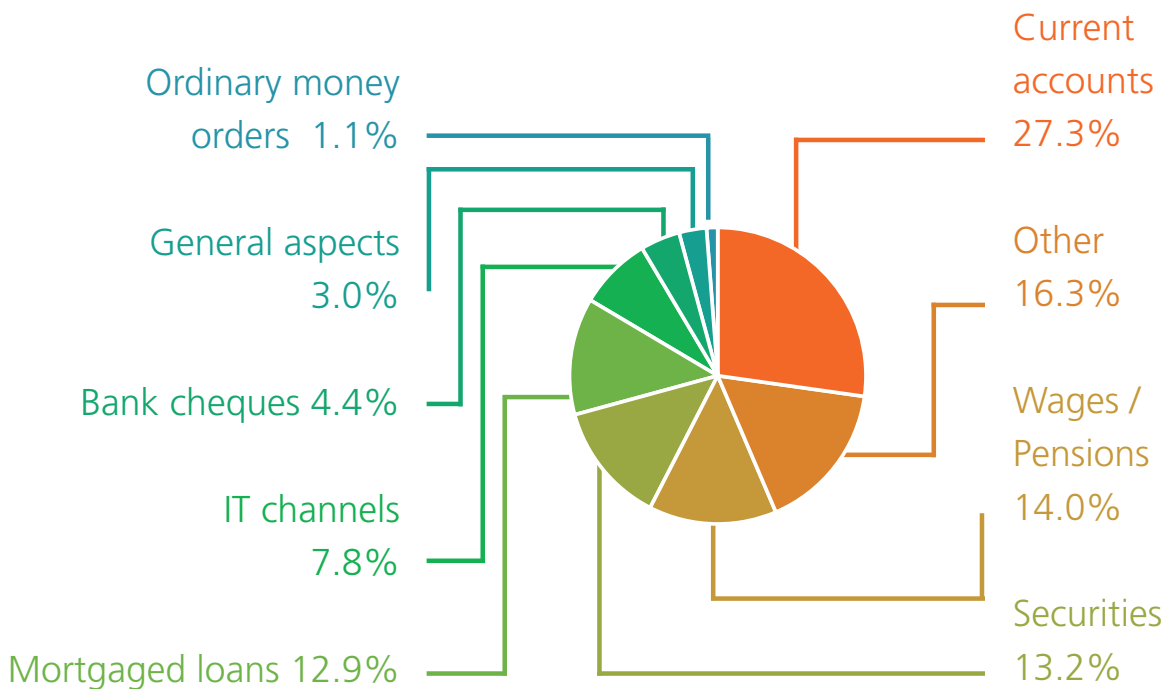
With the constant adaptation to market movements and customer needs, the Office guarantees i) very fast response times (under the average calculated by the Italian Banking Association), on the same levels as the main European banks, ii) a continuously-improving response quality (confirmed by the correlated reduction in further complaints), and iii) the capacity to face new emergencies with the necessary competence and timeliness. To further compress response times many operations related to the "preparation" of the file have been automated.

In the last few months branches are more heavily involved in the verification of the phenomena which lead to problems and have access to the programme for the management of complaints where it is possible to identify who is following – and how – each position, so to effectively integrate post-sale policy. There is also an integration between Branches, the Complaints Office and the Customer Satisfaction Department to solve in an even more customised manner the more complex positions.

Type	2005
Number of complaints managed through the customer office (Telephone +informal written complaints)	24,965
Complaints dealt with within 48 hours (Telephone +informal written complaints, mails etc.)	69.0%
Written complaints dealt with within 90 days (Formal written complaints)	96.1%



## Type of complaints – Banca Intesa



## Closeness to the customer

We aimed to serve in a specialised and integrated manner customers on the territory. The new organisational structure, strongly focused on the customer is today capable of directing all efforts in a coordinated fashion. Relationship structures, product companies and specialists operate together integrating diverse competencies to offer the bank's best solutions to customers. For this purpose we have implemented a project which wants to make the branch the place in which, in addition to traditional transactions, our customers may have at their disposal the most knowledgeable personnel and the most comfortable premises for the development of commercial relations.

### New branch lay-out project

199 branches have already been completely renovated and 349 restructured to permit a strong service improvement. Operating areas have been distributed in a clear and easily-identifiable way. The new lay-out makes branches more welcoming for all and there are no barriers which inhibit access to people with disabilities.

– **Areas inside the branch:** the areas in new branches comply with regulations in

force as concerns the elimination of architectural barriers. Every newly-opened branch conforms to accessibility criteria set forth by Law 13/89. Architectural solutions chosen are those which enable to bridge differences in level by ramps or elevating platforms, guaranteeing disabled persons access to the branch from the entrance and not from a segregated/lateral position. In each branch there is at least one toilet big enough to be equipped to be used by disabled persons.

– **Fruibility of ATMS:** we have adapted the new cash dispenser machines to the needs of diversely able persons, thus responding to the needs of accessibility of non-walking users, as well as fruibility needs of low-sight users.

– **Access to services:** the most common transactions such as deposits, withdrawals, money orders and interrogations, may be carried out with the automatic fast cashier desks 24 hours a day, 7 days a week. The introduction of multifunction ATMs has favoured the increase in operating efficiency and the reduction in time to access services. One of the new services offered by the new ATMs is deposit, which is therefore no longer limited by branch hours.

- **Welcome officer:** it is one of the key strengths of the new service model. Most of the activities related to the assistance to customers who decide to autonomously perform operations at the ATM revolve around this person. He/she is a valid help to those who are not acquainted with the use of IT channels in addition to being a reference point providing a first orientation within the branch.

### Safeguard security

We have adopted an integrated approach to security, which cuts across all operating domains and capable of favouring, through a more effective safeguard of tangible and intangible resources, an improved response to the need for security of clients and collaborators.

In 2005 specific initiatives commenced, in line with the main international standards, to continue to ensure, and where possible to improve, protection of personal data and information treated within the Bank, to guarantee continuity in customers service, even in critical situations and to improve security in company premises, of the resources they contain and the people present.

Furthermore, particular attention has been paid to the safeguard of direct channels used by customers and to the Bank's possible contribution to the security of the community:

**Protection of personal data, of information and guarantee of service availability:** for the purpose of ensuring adequate protection, confidentiality and reliability of treated personal data of customers and employees interventions involved i) the organisation, ii) updating the management of the processes which treat personal data, and iii) training people who carry out such duties.

We have issued internal regulations for the management and exchange of information by commencing activities aimed at monitoring risk levels. Furthermore,

consistently with the social importance attributed by the community to the services offered by the bank, projects have been activated to guarantee customers and the national and international financial system from the main crisis or disaster scenarios.

**Security of branches:** we have enhanced our statistical model to identify the branches which are most exposed to the risk of robberies and, for the purpose of reducing such risk, we have made interventions on i) technological variables, strengthening security measures in branches (we substituted security equipment in approximately 150 traditional branches, adopted new security approaches for the branches with the new model, etc.), ii) organisational variables, reviewing the processes and the internal regulations on this



matter (we issued the new Physical Security Manual, reviewed the alarm management processes etc.), and iii) the behavioural variables, with specific training interventions to diffuse the prevention culture (we diffused the ABI antirobbery guide to all the Bank's personnel, producing and distributing to all branches a didactical video on robbery prevention and on correct behaviour if such event occurs, commenced meetings in the single Areas on security in branches etc.). Furthermore, the programming of the new technology to centralise alarms was completed and roll-out on branches has commenced.

**Security in IT channels:** we have constantly conducted the activities necessary for prevention, identification and management of attacks to the Bank's information systems, in particular those used by our clients, and for safeguarding customers from so-called on-line frauds.

**Collaboration with the Police force:** we have ensured continuous collaboration with the Police force, in daily activities for prevention and repression of offences, and through specific projects, aimed at pursuing all the possible synergies for the improvement of collective security levels.

# Simplification and transparency

Simplicity of use and clearness on terms of bank services have not always been the first objective of banks, thus complicating the life of citizens and excluding a part of the population from fruition of bank services.

One of the objectives of the 2003-2005 Business Plan was focused on this point which considered all possible fields of interventions and led to the implementation of various initiatives:

- review of certain product contracts,
- listing of Banca Intesa bonds on Electronic Bond and Government Securities Market (MOT) to offer greater transparency on offer and price,
- development of internal procedures to supply our colleagues in branches customer risk alerts and measurement instruments,
- decision not to sell or place unrated corporate bonds,
- diffusion of the “Guide to rating” pamphlet which illustrates the meaning of ratings given by specialised agencies in a simple and clear way,
- in 2004 and 2005 various campaigns were performed aimed at verifying the suitability of the portfolio of a first customer segment with its risk profile. We also decided to discourage the purchase of securities with “speculative” grade rating and rapidly inform customers if the rating of the securities they have in their portfolio falls to the last notch of “investment grade”.

## Block of the fee

A further transparency measure concerning terms applied to customers was the extension of the block of the fee of current accounts until 2010 for all the accounts of the new Intesa range which had a fee blocked until 2007: Conto Intesa, Conto Intesa Personal, Conto Intesa Business, Conto Intesa Condominio and Conto Intesa PMI and PMI Plus. As regards instead Conto giovani 18-26, specifically devised for young people the fee is blocked until the 26th year of age of the customer. We also operated an

improvement in contractual terms and simultaneously sent the relevant informative letter to customers.

## The Patti chiari project

It is an initiative, formed under the coordination of ABI, the Italian Banking Association, aimed at redesigning the most-widely used bank services to make them more comprehensible and comparable.

We gave our support to “Patti Chiari” because we believe that simplicity and transparency of bank services are fundamental objectives which may be reached with the daily effort aimed at continuously improving quality and is achieved by providing information on the bank’s proposals which is increasingly clear, comprehensible and, especially, comparable with that provided by competitors.

We took part in 7 initiatives launched by Patti Chiari. In all 7 cases the quality verification was conducted by an external independent company, CisiqCert, which issued a positive opinion. Therefore, Banca Intesa products and services may apply the Quality brands which testify the respect of the parameters indicated by Patti Chiari.

- “Faro”, service to inform customers via fixed or mobile phone or through the Internet the nearest operational cash dispenser;
- “Low-risk, low-return bonds”, the initiative that helps customers to understand the degree of risk of the investment. It identifies, among the securities outstanding in Italy, a list of Government and low-risk bonds which are particularly simple and reliable;
- “Structured and subordinated bank bonds”, presents the Guide Lines and clear and simple information instruments on the risk of such structured securities;
- “Valuation criteria of the creditworthiness of SMEs”, it is a *manifesto* with the clear and simple indication of the criteria used

- by banks to assess creditworthiness of SMEs and certain first elements to start structuring a business plan;
- “Current accounts compared”, enables to know and compare the various offers made by banks on current accounts and to identify the most suitable;
- “Average response time on loan applications of small enterprises”, small enterprises may compare the average decision-making times of every bank, according to a consistent approach classified by region and size of the requested loan;
- “Certain timing of the sums paid via cheques”, reduces and enables to easily know the time of availability of sums deposited via cheques.

---

## Excellent offering and service

### Know customer needs

#### Customer Relationship Management

Our CRM is essentially made up of two elements:

- a marketing data base which enables us to have a better knowledge of the customer and thus anticipate his/her needs offering the most suitable products/services;
- a commercial platform for the manager – **Arcobaleno** (Rainbow) – which permits customers to have a better service level and managers to work in a more efficient and effective manner.

More specifically, the commercial platform enables the manager to have in a single place all the information and all the instruments necessary for a correct management of the customer and to the latter to have more timely and complete answers to his/her questions.

From September 2004 we have prepared a new Business Banking Data Base specific for SMEs and the relative instruments for the analysis and diffusion of the information.

### Extend the range of offering to sustain social development

We have developed a range of products and services aimed at the inclusion of those who find it difficult to have a response from banks, since we believe that the role of a bank must also be of promoting the economic and civil development of all the components of the Countries in which we operate.

#### Immigrants

According to the most recent estimates, foreigners resident in Italy are 2 million and 800 thousand. Of the 23 million immigrants present in the European Union, more than a tenth is in Italy; they now represent 5% of the population<sup>(1)</sup>. For this growing portion of the population we want to offer a series of services to enable it to find an adequate response to its needs, expanding our customer base.

<sup>(1)</sup> Source: Immigration. Statistics 2005, Caritas/Migrantes

**People offering**

We have developed a current account for foreigners living and working in Italy.

**People account:** represents the first key for access to the banking industry. It does not include any fixed fee, it has a low cost per transaction, offers for free an international debit card and cost-effective money transfers to the country of origin:

- money orders outside Europe at a reduced fee;
- a free card for the transfer of funds – **Carta People Family** – enables the holder of the account to put at the disposal of his/her family members abroad sums of money which may be withdrawn from bank ATMs, within a limit set each time by the holder without having to pay any additional costs on the foreign exchange.

Other services:

- access to the account via phone operators who speak English, French, Spanish, Arabic and Italian;
- bank statement in English, French and Italian.

Dec. 2005	
Number of "People" current accounts	40,700
Number of "People" cards	19,300
Number of "People Family" cards	990

**Multilanguage phone service,** activated in 2005 at the toll free number 800.02.02.02 and is completely free from any fixed line phone. It supplies detailed information on the characteristics of our products and consulting on how to satisfy financial requirements.

**University students**

The future for us is the fundamental dimension of growth, for this reason we pay great attention to new ideas and young people both inside and outside the bank. University students in Italy are approximately 1,800,000 <sup>(1)</sup>, equal to approximately 17% of the entire student population, but only 60% of students actually obtains a degree. For the purpose of contributing to reduce the abandon rate, we have developed the first student loan in Italy, a bridge loan between University and work to support able

university students to complete their studies, thus stimulating the sense of responsibility of young people and substituting families in a commitment which is often not sustainable.

In addition to financing university studies, in consideration of the growing imbalance between demand and supply of housing for students, we have realised a solution, in collaboration with the four Italian Polytechnics and ARDSU of Ferrara, that advances the payment of rent by university students from other cities.

**IntesaBridge**

The project in collaboration with Fondazione Cariplo and the Polytechnics of Milano, Torino and Bari, was subsequently extended to 22 Universities and entails the grant of a loan to students which have completed all the exams for their year.

The formula of the student loan, typical abroad but innovative for our country, enables students, on the basis of academic record to obtain a financing at low interest rates for an amount which is proportional to the cost of the University, disbursed on a specific current account.

The student is not requested any guarantees and disbursement occurs in 24 hours from the authorisation of the University, which sets up an *ad hoc* guarantee fund. Annual loan size ranges from 5,000 to 10,000 euro, up to 30,000 euro for those taking a master, for a maximum of 3 years provided that the student continues to satisfy the merit conditions set by Universities.

The student may commence reimbursement a year after obtaining the degree, over a period of 8 years, with fixed rate monthly instalments, predetermined at the time of subscription. There are no extra costs in case of total or partly advanced extinguishment. The social objective is to permit a greater economic autonomy which may turn out to be decisive in choosing further studies, completing them in the time with the necessary tranquillity, and even implementing them with further scientific and cultural courses. In December 2005 2,065 loans had been disbursed for a total amount granted of approximately 12 million euro.

**Universithouse**

The project for university housing stems from a market analysis of housing and the problems connected to it.

The Bank directly pays the rent to the

<sup>(1)</sup> MIUR figures, 2005

landlord, once the University has verified the student's merit requirements and the regularity of the rental contract. As in the case of IntesaBridge, the student must only maintain a good performance in his/her studies to continue to benefit from the loan, which must be reimbursed in 96 fixed rate monthly instalments starting from a year after the end of the course.

The project was launched in the last quarter of 2005.

### Workers in Cassa Integrazione

Of approximately five million enterprises active in Italy, 5,000 are in a pre-bankruptcy situation. When a company goes bankrupt, the payment of the unemployment indemnity of Cassa Integrazione Guadagni Straordinaria (CIGS) may occur up to 5/6 months from the request made to the Welfare Ministry, period in which the labourer greatly reduces or totally finishes his/her economic resources and, in case of financial need, may easily fall in the net of usury.

In Italy there are approximately 250,000 workers who receive benefits from CIGS, and in the sole Lombardia region there are approximately 4,000 workers of the industrial sector who receive benefits from CIGS.

For this reason, Fondazione Lombarda Antiusura, Banca Intesa and Agenzia Regionale per il Lavoro of Regione Lombardia launched the "Anticipazione Sociale" project.

#### **Anticipazione sociale**

The "Anticipazione sociale" project, literally Social advance, launched in November 2005 and limited to the Lombardia region, entails an overdraft which becomes gradually available in monthly instalments which reflect the indemnity due from CIGS (80% of wage), up to a maximum of 3,500 euro per worker. The reimbursement occurs at the time of receipt of overdue sums from INPS (the National Social Security Institute), and in any case no later than the fifth month from the disbursement of the first *tranche*.

Fondazione Lombarda Antiusura reimburses workers the cost of the financing corresponding to the interest due calculated at a 4% rate, without the application of any additional expenses.

### Sustain families and young couples

Italian families often face low economic possibilities that make access to a home mortgage particularly difficult. For this reason at the beginning of 2005 we launched "Mutuo 95" which enables people who have just started employment to purchase a home with just a 5% advance payment. The mortgage offers the possibility of choosing from various types of interest rate which may be fixed, floating or in the formula "Sonni tranquilli" (sweet dreams) a floating rate, with constant instalments and variable maturity. Moreover, it is possible to stipulate a multirisk insurance coverage – Intesa Proteggi Mutuo – to protect mortgage reimbursement from life's unexpected events. Mutuo 95 has been greatly appreciated by our customers.

For the purpose of supporting **access to consumer credit** for the purchase of goods and services, we took part to the initiative promoted by the Ministry of Industry which formed, via Istituto per la Promozione Industriale – IPI, a Fund for the guarantee to cover exposures to households with annual income which does not exceed 15,000 euro. The financing is disbursed via a Personal loan and there are no opening costs or commissions for advance reimbursement. The initiative was activated in the last quarter of 2005.

### Community Our offering for religious and non-profit entities

The projects and resources of an extremely high number of organisations are an important asset, and are often the answer to the expectations of entire communities. The commitment of many religious entities, social enterprises and non-profit organisations arrives where access to social services is difficult and where innovation is necessary to respond to increasingly-wider needs. For this we also developed a customised commercial offering; a simple system which unites in a single logic products, solutions and services for innovation.

#### **Mosaico system**

Mosaico, literally Mosaic, is a set of products and services developed starting from the identification of needs also unexpressed, of religious and non-profit entities. Conto Intesa Mosaico is the essential element, common to all customers, to enter the Mosaic System, and enables the Bank to

build, together with the customer, a complete commercial proposal, choosing from every additional service. The offer called Mosaico is articulated in:

- Conto Intesa Mosaico: made up of a current account and the additional bank services, is conceived as the key giving access to the entire offering;
- Intesa Valore, responds to the need for treasury and liquidity management;
- Intesa Nextra Socially Responsible, range of investment products which use ethical-social selection criteria. These are therefore particularly suited to religious and non-profit entities but are also offered to the

rest of our customers;

- Intesa Sviluppo, responds in a flexible way to financing needs;
- Intesa Soluzioni Tech, offers software solutions and technologically advanced programmes specifically designed to manage customer needs;
- Intesa Consulting, offers consulting and know how, not only in the financial field, also using the competencies of partner companies.

The initiative was launched in November 2005 and 251 accounts had been opened before January 2006.

Breakdown of opened current accounts by "type of customer"	
Associations: Cultural, Free Time, Music, Theatre	48
O.N.L.U.S.	37
Sport associations	32
Other Associations	26
Associations: Voluntary, Assistance, Aid, ...	25
Committees, Federations, Various consortiums	25
Religious Entities: Congregations, Provinces, Convents, Schools, ...	22
Religious Entities: Parishes and Churches	18
Various Cooperatives	12
Foundations	6
<b>Total as at 31st January 2006</b>	<b>251</b>

### Socially Responsible Investments

The market of ethical investment funds may be considered both in Europe and in Italy still in the initial development phase, even though initiatives are rapidly intensifying. However, the forms of socially responsible investment represent an interesting area since they are at the crossroads between finance and ethics. In the SRI environmental, social or ethic considerations are included in the process for the selection and continued holding of an investment, as well as in the exercise of the rights connected to ownership of the securities. The SRI combines investor financial targets with the commitment on social issues

such as justice, economic development, peace or environmental balance. It leads to the selection of stocks which satisfy certain social responsibility criteria and therefore represent a way of investing which respects social, environmental or ethical criteria.



### Nextra Socially Responsible System and Nextra B1 Ethical Index Euro

Sharing Banca Intesa's commitment on "social responsibility" principles, CAAM SGR, a subsidiary of the Crédit Agricole group, partner of Banca Intesa in asset management activities, manages "Nextra Socially



Responsible System”, a range of products dedicated to Socially Responsible investment. There are three mutual funds, characterised by different management policies, capable of adapting to the investment requirements of investors sensitive to the respect of ethical-social criteria in portfolio decisions and with a moderate risk propensity.

The fact that the investment is ethical is ensured by the fact that the monitoring on investment decisions is also attributed to an Ethical Committee made up of a minimum of three and a maximum of five members from the religious and/or financial and/or university field.

In 2005 Nextra Socially Responsible System collected 18 million euro from Banca Intesa's Retail Division.

Nextra B1 Ethical Index Euro is the first Exchange Traded Fund (ETF) in Italy to track a Socially Responsible index.

It is indexed to the Ethical Index Euro, elaborated by the management company Ethical Capital Partners, financial consultant specialised in the construction of ethical benchmarks.

Ethical Index Euro, created in May 2000, represents the first structured experience of European socially responsible index. The index identifies 150 European best in class among the large cap companies, excluding those which do not pass the ethical selection process.

The severe ethical-social screening process is inspired by the ethical definitions prepared by Osservatorio Finetica formed by the collaboration of Università del Laterano and Bocconi University.

Nextra B1 Ethical Index Euro in 2005 collected 6.9 million euro and at the end of December 2005 it had assets under management exceeding 21 million euro.

---

## Support to the development of the country

### Small and medium-sized enterprises: projects for innovation, growth and internationalisation

We feel strongly committed in the support to productive development of small and medium-sized enterprises and we have oriented our action to a proposal of high value added services which want to express our support to innovation and to the development of competitiveness.

Supporting small and medium-sized enterprises means concentrating our efforts on projects which associate research and innovation, conceiving new means of improving the internal creditworthiness assessment procedure and sustaining

companies in the critical phases of growth and internationalisation for the relaunch of competitiveness.

#### **IntesaNova**

For any company technological innovation is an important instrument to compete and seize new growth opportunities, especially in a rapidly-changing market.

In the fourth quarter of 2004, in partnership with some of the most prestigious universities and research centres in Italy (Fondazione Politecnico di Milano, Polytechnic of Torino, Polytechnic of Milano and Trento University) and in collaboration with some of the most qualified Italian university departments, we launched the IntesaNova project, to grant loans to all companies which have ideas and innovative projects to realise. Thanks to the collaboration with the great Italian university centres it is possible to define the innovative



content of a company or a project using it as a criterion capable of predicting competitiveness and therefore as an additional element for assessing the creditworthiness. IntesaNova is dedicated to SMEs operating in any industry and finances those who want to have new ICT solutions and packages and/or to develop innovative projects in the field of technologies, product and processes. The credit line is granted without real guarantees and at favourable interest rate and maturity terms.

As at 31st December 2005 our Group granted over 500 financings for a total of 123,219,000 euro.

Furthermore, starting from December, we are experimenting the IntesaNova model to support equity investments (NewCorTec – development of the first Italian artificial heart).

### **Business growth**

In the development of credit products we have also realised a medium-long term financing programme to support companies located in the Lombardia, Liguria, Marche and Umbria regions which want to launch a growth programme with new investments and/or financial requalification in view of Basel II. We have proposed a chirographic financing without guarantees of minimum amount 100,000 euro lasting up to five years. Commercial actions – conducted jointly by the Banca Intesa network and Eurofidi – started from November 2004 and were concluded in the first half of 2005, with disbursements exceeding 300 million euro.

### **Support to internationalisation of SMEs**

Being near to the needs of companies in the delicate internationalisation phase led us to offer an innovative product for customers with a high propensity for exports developed in partnership with SACE – Intesa Export – but also to offer a specialised consulting service.

In 2004 we formed a structure dedicated to the support of the internationalisation of SMEs – the Strategic Relations Office (Ufficio Sviluppo Relazioni Strategiche– which accompanies customers along all the phases of the opening process of a commercial and/or industrial business in a “non mature” market, with particular emphasis for Countries in which the Bank has local structures. We supply consulting, promote conferences at industrial and category associations as well as meetings with entrepreneurs who have specific

requests.

To offer high quality service levels our Small business managers are trained with specific courses on internationalisation products and on the risks connected to operations abroad. We also organise courses for operators of companies which are members of Confindustria.

### **Basel II**

A diagnosis and consultancy service to support companies in understanding the new Basel II regulations was launched. The service, called IntesaBasilea, is free and is available for our customers to:

- increase awareness of the impacts of the new Basel II regulations on bank – firm lending dynamics;
- identify the most suitable financial instruments to manage in an optimal fashion the change induced by regulations and simulating their impact on the company's future financial statements.

In order to supply highly-qualified consulting which may offer the customer an all round service, we have devised a specific training plan for the managers and directors of our SME branches.

### **Improve competitiveness**

To relaunch competitiveness of SMEs we have structured a range of support services which provide specialised competencies and saving opportunities. By listening daily to our customers we identified their most critical needs which stem from their lack of know-how and insufficient bargaining power to obtain the best terms. We selected partners capable of helping our customers ensuring the best supply and service levels.

### **Soluzioni Intesa**

It is a programme of services which aggregates competencies offered to companies under the form of free consulting and facilitated access. The programme includes IntesaSicura, an insurance brokerage service developed with GPA Assiparos to optimise risk coverage of business activities with an optimal insurance programme and the administrative management of policies. Already approximately 500 clients have joined to the initiative. Also in the field of consulting for management software we have activated a collaboration with SAP that analyses the state of the information system used, identifies the weak points and defines

an operating proposal. Soluzioni Intesa also operates in the energy-saving sector (partner Edison), in the management of trade receivables (partner Advancing Trade), in telephone services and access to the Internet (partner BT Albacom), in rentals with Intesa Renting and in services for business travel (partner Carlson Wagonlit Travel).

## Our relations with local territories

We are particularly attentive to the problem issues of local communities as a result of the grass-root distribution of our branches and the activities of the Banks which belong to the Group whose very mission deeply links them to the development of their local economy.

We have developed, on the one hand, our analysis of local territories, providing instruments to read the territory, and on the other hand, a programming capability which stems from dialogue with public decision-makers and the most important personalities of the local business community and enable us to realise agreements and innovative financial solutions to support entrepreneurial initiatives.

### Analysis of the territory and of industrial districts

Our Research Department elaborates analyses of the local territories and, in particular, of industrial districts. It prepares monographic reports on structural and projected situation of the 103 Italian provinces. The main Italian districts are instead monitored with monographic studies on their cyclical development. The analysis of industrial districts intends to support our activities in these particular socio-economic areas via the involvement of operators, the diffusion of research reports and the supply of consulting services. Our analysis on districts has enabled us to become one of the reference points on this issue, both in the scientific community, and in local representative organisations.

### Solutions for socio-economic development

The programming and development of solutions consistent with the needs of local territories is charged to the Territorial Relationship Office of the Retail Division. The

office integrates and orients competencies and operating and specialised capabilities of the different structures of the Bank, to enhance internal synergies and operate consistently with the territory. The project partnership logic is applied to provide local players support in the definition of their infrastructural needs and instruments for business development. We supply the territory with a complete and synergic offering and specialised capabilities, accompany the system in relations with territorial entities and operate as advisor in the search of alliances. For this purpose our people work in close contact with industrial associations, sector associations, guarantee consortiums, development agencies and local entities, permitting to realise innovative solutions, studied by joint collaborative planning groups open even to the local credit system, provided that it shares the approach.

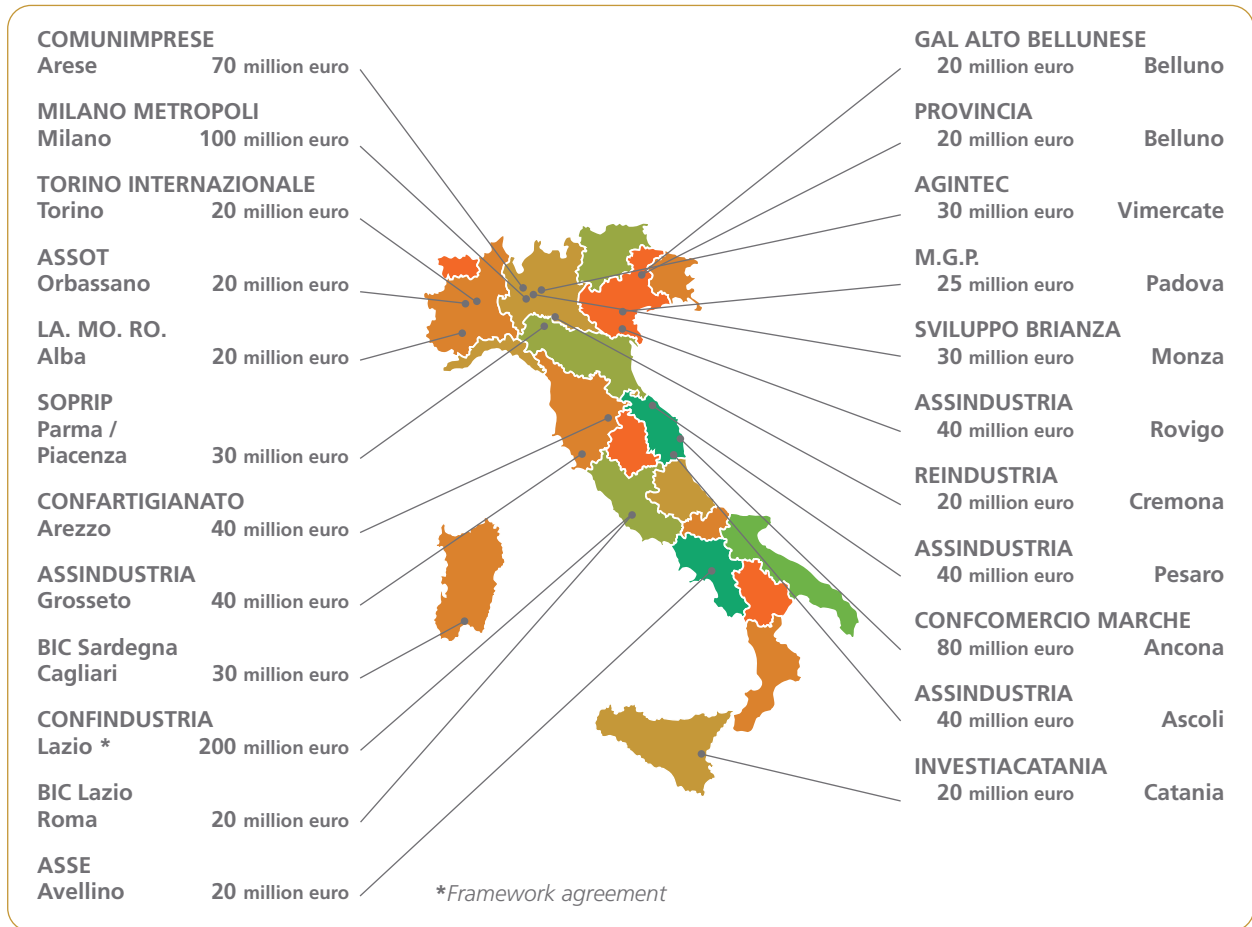
This way of working stimulates the growth of local business communities, with which we interact from the phase of definition and programming of interventions by proposing *ad hoc* financial instruments. Conversely, significant players on the territory promote projects which are sustainable from both the economic and social standpoint.

### Protocols of agreement

For this purpose, in 2005 we signed a framework agreement with AIDA, providing a total of 570 million euro to finance projects in the territorial areas in which development agencies operate. The projects, which fall in the protocols of agreement, include actions in various areas of intervention, from the valorisation of resources and sites to promote tourism, to the creation of services for the establishment and development of SMEs and innovative start-ups (production districts, innovation labs, technological parks, business innovation centres, research labs); to territorial marketing to attract investments, to the activation of newly-conceived financial instruments to finance innovative companies or the creation of new structures to support entrepreneurship (establishment of Closed-end real estate, rotating, guarantee funds), passing through the promotion of integrated area plans.

In addition to Development Agencies, agreements have been signed with Category Associations and Provinces for a total amount, comprising the framework agreement and protocols, of almost 1,500 million euro in just 2005.

## Protocols of agreement signed as at 31.12.2005



Funds are mostly assigned on the basis of the validity of the entrepreneurial project, through private tenders given public evidence. In this context, the role of our partner is that of understanding the dynamics and determining the strategic development lines. The residual, but significant, portion of funds available – based on the initiatives – is reserved to structured projects that are particularly relevant for the territory. In both cases, breakdown of intervention sectors, as part of the joint collaborative planning group, is the preliminary step to the intervention phase. To date 95 million euro has been disbursed.

## Consulting and financial solutions for medium and large companies

From 2002 to the whole of the first half of 2005, the Corporate Division which caters for the needs of medium/large companies and

financial institutions, performed an intense restructuring of activities aimed at improving the service rendered and respond to the changed requirements of client companies: growth to face in an optimal fashion internationalisation and delocalisation, support to the management of company turnarounds, the rise in financial requirements for development and innovation.

The mission which the Corporate Division has set itself is that of accompanying its customers proposing a long-lasting partnership based on its capacity of perceiving and anticipating their needs, a high service levels and high financial innovation capacity.

We have implemented an innovative organisational model since the Division includes relationship structures, territorial structures and “products”, that is business structures which are at the disposal of the customer. In this way it is possible to serve companies with global solutions which integrate various competencies. We want to offer customers, in addition to typical

commercial banking products, that are part of traditional banking activities, the structure and the products of wholesale banking, in a logic of integrated product and service. Customers may therefore take advantage through an all round commercial action, of the various products of all Group banks and product companies.

For each of the customer segments served we are organising ourselves with *ad hoc* relationship structures according to an account management logic to assist clients in all their needs.

For this purpose we have structured two service models: a territorial network and a central structure. The territorial structure, divided in North–West, North-East, Centre and South, is dedicated to mid corporate customers. For Italian large corporate customers an industry approach is used while a logic by geographic area is applied to international corporates and financial institutions.

We also follow all the activities with international customers, in particular multinationals with a considerable presence in Italy or in the Eastern-European Countries, and in general customers which decide to expand their activities in Emerging Countries which we could define as “complex” such as China and India. Also our activities with financial institutions, in addition to providing them services as customers, facilitate relationships between Italian companies and other institutions operating abroad.

One of the objectives which we have set ourselves is that of being constantly present in all initiatives aimed at the development and support of the Country System anticipating the financial solutions for possible cases of corporate distress. For this purpose structuring activities present in the Financial Structuring & Advisory Office, together with the relationship structures, see the company from various viewpoints, such as market positioning and product offered, to prevent critical situations before it is too late. It is a new way of relating to companies in distress, involving top management in restructuring situations, ensuring timely interventions, proposing innovative turnaround solutions, stimulating entrepreneurship and valorising restructuring opportunities also in disadvantaged areas or locations with development potential.

## Investments in equity

The support to the growth of the industrial and service sector in the country has for us also meant the development – via our Merchant Banking structure – of investments in equity, to favour growth and value creation of customer companies. As at 31st December 2005 the overall portfolio amounted to approximately 2 billion euro and comprised 48 direct equity investments and investments in private equity funds.

In particular, with reference to social and environmental sectors, we invested in the following initiatives:

### **Euromed Fund**

The Euromed Fund is a Closed-end mutual fund, which is characterised by the fact that it invests mostly in joint ventures between European companies, mainly Italian, and companies belonging to the Mediterranean area (including: Tunisia, Algeria, Morocco, Egypt). Euromed is therefore positioned as the reference partner to accompany entrepreneurs and small and medium-sized enterprises which want to start or expand their operations in North-African markets sharing corporate risk and contributing with i) financial resources and know-how, ii) logistic services in loco for the phases of start-up, and iii) a network of contacts which enable to increase the visibility of the initiative. Euromed is a financial partner strongly-motivated to contribute to the international development (in the Mediterranean area) of the initiatives it invests in. For this reason EuroMed takes part in the management of the participated company with its representatives in the Board of Directors. Furthermore, participated companies may count on the network of contacts and experiences of the components of the Investment Committee and the Advisory Board, as well as the Tunisian advisor IMBank. In 2005 we have invested 10 million euro – 28.57% of capital.

### **Next Fund**

The Next Fund is a fund of funds dedicated to investments in Venture Capital funds. In addition to investments in funds the Next Fund invests in technologically-advanced start-ups (e.g. recently it has made an investment in BioXell - an Italian biopharmaceutical company specialised in research and development of innovative medicines to cure urologic and inflammatory diseases). The fund is active in the Lombardia Region. In 2005 we have invested 2.5 million euro – 6.81% of capital.

**Genextra SpA**

Genextra is a holding company investing in start-ups in the pharmacogenomics, biotechnology and nanotechnology fields. The scientific committee which orients the company's investments is chaired by Prof. Umberto Veronesi. Genextra currently takes part in 3 companies active in research of pharmaceutical solutions for various diseases related to ageing (arteriosclerosis, emphysema, heart ischemia), in the search of new anti-cancer medicines and in the sector of nanotechnology research and the relative industrial applications. In 2004 we invested 2 million euro corresponding to 4.37% of capital.

Consulting for access to EU financing

We have made a commitment to relaunch competitiveness of Italian companies not only by financing investments in innovation but also by intensifying the relationship between the best universities, Italian research centres, industry and the Bank, and by providing consulting for access to the grants of the European Research policy, so that these complement those which we provide. For this reason we have formed **IntesaEurodesk** –

“The European desk for companies” which invests in research. The structure provides its services also to innovative small and medium-sized enterprises.

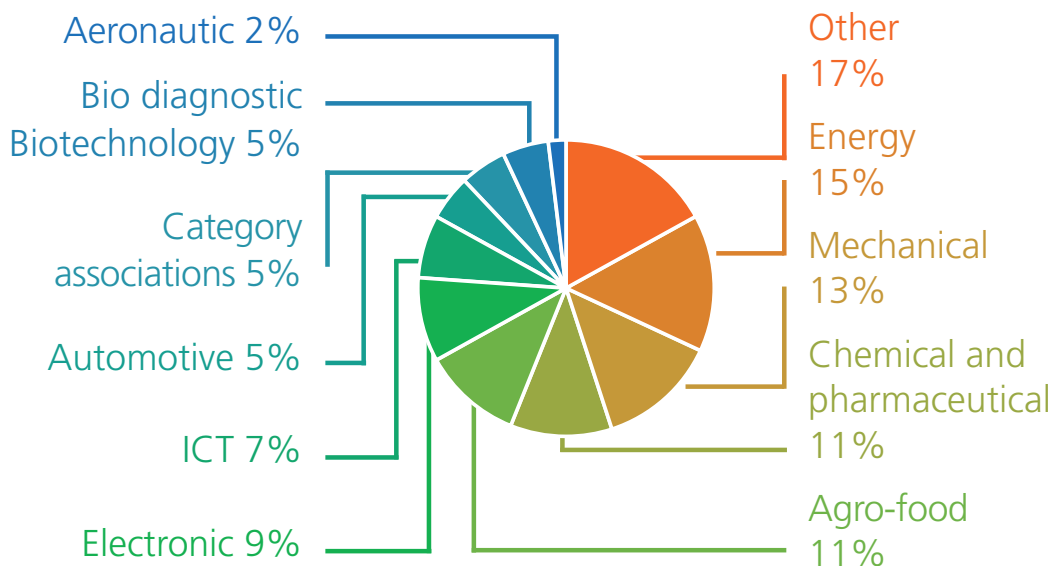
**IntesaEurodesk**

The growth opportunities offered by the Programmes of the European Commission are an increasingly-important resource for the entrepreneurial world, but the functioning of Institutions remains complex and often difficult to understand. Companies need to be informed and assisted by professionals in their relations with European Institutions. We have formed a new service, **IntesaEurodesk**, for companies that want to grow with Europe aimed at informing them on the content and functioning of Community Programmes and assisting them in the preparation and presentation of the projects necessary to take part in such Programmes.



In particular, IntesaEurodesk provides consulting to customer companies, to Universities and research centres for the participation to European Union financing programmes in the Technologic Research and Development, Innovation, Environment Protection,

Sectors of activity of the companies which turned to IntesaEuroDesk



Inside the macrosectors the specific sectors of activity of the various customers are diversified: applications in the energy and thermonuclear fusion sectors; bioplastic and biodegradable materials; agromedicines; chemical and technologies for gas purification and for vacuum creation; television signal transmission;...

International Cooperation, Culture, Instruction and Social Sectors. IntesaEurodesk promotes the development of synergies and cooperation between the industrial sector, universities and research centres in Italy and in the Countries where we are present with subsidiary companies (Slovakia, Hungary, Croatia, Russian Federation, Serbia and Ukraine).

The European desk for companies was formed in October 2005 after an intense preparatory activity commenced in 2004. In 2005:

- it provided consulting to 45 clients, small, Mid and large corporates;
- it organised training courses for the Group's employees, and for customers and category associations, on Community policies for research, technologic development, innovation, environmental protection and renewable energy sources.

### **Internationalisation**

We have developed a product to support internationalisation for a potential of over 6,000 small and medium-sized enterprises distributed all over Italy, with a turnover up to 150 million euro, with a marked propensity for export and good creditworthiness.

### **IntesaExport**


In the first months of 2005 we launched IntesaExport, product which stemmed from an agreement signed by Banca Intesa and SACE, with the objective of sustaining the internationalisation of the champions of Made in Italy, by offering medium-term chirographic financing at very competitive

terms without asking the company any real guarantees (a 70% guarantee is given by SACE). The financing, for a maximum period of 5 years, has an adequate time horizon to enable the reimbursement of investments and has absolutely novel characteristics since it is the first Financial Credit Insurance transaction completed by SACE and an Italian bank. The loans will subsequently be securitised on the financial market and the amount raised will generate new financing programmes.

At the end of December approximately 400 requests had been filed for over 560 million euro, while approximately 160 guarantees for over 190 million euro were given by SACE and more than 140 mortgages disbursed for approximately 180 million euro.

## Public administration

The 2003-2005 Business Plan had laid the foundations for the strengthening of Banca Intesa's social role in terms of "Bank for the country". The State, with the specific assistance need of all its main articulations, represents a fundamental interlocutor for our Group. Our intervention in numerous operations, important for the development of the country, testifies our commitment.

 Community Starting from 2003 we set up a dedicated structure to respond to the increasing need for infrastructures, public services and finance for Public Administrations with the aim of realising a responsible and effective Public-Private partnership.

## The areas of intervention to which we are committed are:

Credit for infrastructures,  
financing public works in  
favour of public entities and  
public sector companies

- funding of ANAS for the construction of the third lane of the Rome Ring Road and of the second portion of the Salerno-Reggio Calabria motorway
- organisation of the funding of the project related to the improvement of the water supply system in Sicily

Financial support of health  
and public utility services

- securitisation of health receivables that provided liquidity to the health system of the Lazio and Abruzzo Regions
- finalisation of financial operations related to the project for the new Mestre Hospital and for the expansion of the incinerator at Parona (Pavia)

Liberation of financial  
resources for  
the public sector

- structuring and issue of bonds for the Province of Rome
- we favoured access of small cities to the financial instruments for the management of their debt: the multi-issue of BOC (short-term municipal bonds) for the councils of the provinces of Brescia, Lecce, Potenza and Castelli Romani

Financial support  
to universities  
and public research

- financing granted to the Polytechnic of Milano for the purchase of real estate
- financing of State University of Milano, Bocconi University, Pavia University, Istituto Mario Negri and the Italian Cancer Institute

Participation in urbanistic  
and territorial  
development projects

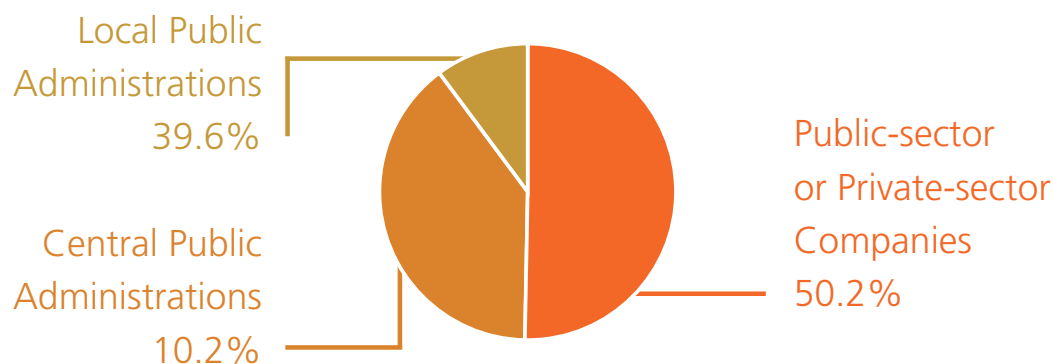
- funding of plants and works in Piemonte for the 20th Winter Olympic Games
- funding of the interventions aimed at expanding and modernising the ports of Piombino, Olbia, Golfo degli Aranci and Salerno



In 2005 the project for the creation of a bank capable of serving in an integrated way all

public and private entities that participate in public spending was concluded.

## Customers (December 2005)



As regards the breakdown of loans to customers of Banca Intesa Infrastrutture e Sviluppo, the most important segment is made up of Public Entities and Administration (60%) and large companies involved in infrastructural works (15%).

Banca Intesa Infrastrutture e Sviluppo operates directly via eleven territorial offices and indirectly, from the approximately 3,000 branches of Banca Intesa and the other Italian Banks of the Group.

### Tax collection services

TAXTEL was established thanks to an agreement with the Ministry of Finance. It is the first telephone service for the payment of taxes with credit cards, capable of managing various thousands of calls per day and also of receiving payments via the Internet and through Gruppo Intesa's ATMs. With a simple phone call to the number 199.191.191 it is possible to pay taxes also to local councils and certain social security entities, while with the number 800.191.191 it is possible to settle the payment of the TV tax. As at 31st December 2005 approximately 2,200,000 payment receipts have been issued, of which over 500,000 were issued via the website [www.taxtel.it](http://www.taxtel.it)

### Taxes and duties

In 2005 Gruppo Intesa paid to entities of central and local Public Administration 1,455 million euro of direct and indirect taxes, including local taxes on real estate and taxes on consumption.

<sup>(1)</sup> Figures as at March 2006.



## Sensitive areas

### Default of corporate bonds

The facts relative to the default of corporate bonds determined a situation of mistrust in the banking system in general. Banca Intesa has placed at the centre of its development strategies the strengthening of the trust of its customers and for this reason, for preventive purposes, as of July 2003 it no longer sells unrated corporate bonds and decidedly discourages the purchase of "speculative" grade securities. We have also set up a work group with all the Consumer associations recognised at national level to define a conciliation procedure with our customers holding corporate bonds (issued by Italian groups and diffused in a significant fashion) which defaulted and who believe that they have bourn from the company a behaviour which does not comply with its duties.

The conciliation procedure, which has so far been activated in the case of Cirio, Parmalat, Giacomelli, Finmek and Finmatica, entails an assessment by Conciliation commissions equally made up by representatives of the bank and consumer associations.

The assessments are based on shared criteria (the customer's competence and investment habits, consistency between risk profile and the amount of the investment, the role of the bank, presence or not of an independent rating, information given). Every criterion has its weight and concurs to the definition of the eventual indemnity.

In case all criteria occur there is a maximum 60% indemnity which must be added to the residual value of the security, which remains in the hands of the investor, and the coupons already collected; in the cases in which the default of the security has determined significant and proven economic difficulties, the indemnity may reach 100% (however, in this case ownership of the security goes to the bank). Furthermore, the bank has provided free administrative assistance to customers who wish to be included in the bankruptcy procedures under way.

The agreement reached also stems from a long-lasting and consolidated relationship between the bank and Consumer Associations which together have already formed a permanent work group which is addressing numerous issues such as transparency of communication to customers, adequacy of investment processes, contract types of new products and customer assistance.

#### Figures on the conciliation procedures

##### **Cirio, Parmalat, Giacomelli: definitive figures at the end of 2005 for the group.**

18,588 reimbursement requests have been made: 18,359 (98.8%) have been accepted and conciliated; turned down for lack of requisites for the presentation of the request 229 (1.2%).

The joint analysis (Bank-Associations) of the accepted requests produced proposed reimbursements to customers for 8,562 requests, equal to 47% (of which 7,464 partial reimbursements and 1,098 total reimbursements with the collection of securities).

##### **Finmek – Finmatica – figures as at 30th April 2006 for the Group (the procedure started on 17/1/06).**

4,145 reimbursement requests have been made: 4,108 (99.1%) have been accepted and conciliated; turned down for lack of requisites for the presentation of the request 37 (0.9%).

The joint analysis (Bank-Associations) of the accepted requests produced proposed reimbursements to customers for 2,178 requests, equal to 53% (of which 2,059 partial reimbursements, 119 total reimbursements).

### Argentina bonds

The default declared by the Argentinean Government in December 2003 determined a global problem with heavy implications for

various categories of international investors, including 450,000 Italian investors, customers of approximately 500 banks, involved for a nominal value exceeding 10 billion euro. Banca Intesa customers represented approximately 10% of the national phenomena.

In the interest of Italian investors a “collective initiative” seemed to be adequate. Following a specific resolution of ABI’s Executive Committee, in Autumn 2002, Banca Intesa and seven other banks set up an Association for the Safeguard of Investors in Argentina Bonds, now called Task Force Argentina and known as TFA. Over 450 banks subsequently joined TFA and collected “mandates” from over 90% of their customers, for the purpose of negotiating the restructuring of the debt with Argentinean issuers as representatives of investors, for the purpose of obtaining the best possible recovery and with costs totally bourn by member banks, also in case of legal procedures.

The negotiations led to good results, with limited or non-existent sacrifices on capital invested and/or coupon flows, in the restructuring of the debt of:

- City of Buenos Aires
- Province of Buenos Aires
- Telecom Argentina
- Banco Hipotecario
- Other minor issuers  
(Prov. Mendoza, Acindar, Metrogas, etc.)

They did not produce the desired results with the main debtor, Rep. of Argentina. The latter proposed to the market (January/February 2005) an exchange offer that, though obtaining 76% of acceptances at international level, was not deemed to be acceptable by over 50% of Italian investors (approximately 28% accepted the offer, while approximately 20% preferred to sell the securities at approximately 30% of nominal value).

Negatively valuing this offer and in absence of practicable alternatives, the TFA therefore acted (with the support of legal advisors in Italy and in the USA) to prepare a legal action against the Republic of Argentina. After a long analysis it was decided to enact a form of arbitration by the ICSID (International Centre for the settlement of investment disputes), an international organism set up in Washington in 1966, at World Bank, for the management of controversies relative to investments made by citizens of a country member of the “ICSID convention” in

another country member of ICSID.

The collection of the mandates and the relative documentation occurred in the period from 27th March 2006 to 12th May 2006.

Our customers with residual positions in old bonds issued by the Republic of Argentina as at 31st December 2005 were approximately 0.4%. In addition to sustaining the initiatives of the Task Force Argentina we examine with attention the single cases of complaint and/or contestation sent by customers.

Any controversies are dealt with individually by a dedicated office of the Customer Satisfaction Department which supports the Retail Division and meets Customers with the objective of clarifying, and where possible overcome, reasons for conflict so to reconstruct the basis for mutual satisfaction.

## Mid and large corporates

In 2004 a series of organisations of the civil society promote a pressure campaign against banks and therefore also Banca Intesa. The Campaign requested the exit from the arms sector and suggested greater attention for the indirect impact of lending on the environment and on weaker companies. In particular, it was suggested to extinguish the participation to the financing of three oil ducts or gas ducts (Camisea in Peru, OCP in Ecuador and BTC between Azerbaijan and Turkey) contested for the violation of human and environmental rights.

### Community Arms sector

In March 2004, consistently with the values and principles of ethics which inspire us, we decided to suspend the participation to financial operations concerning export, import and transit of arms and arms systems, though they are permitted by Law 185/90.

Despite these operations are provided for by such Law, according to the principles set forth by the Republican Constitution which rejects war as a means of resolving international controversies, our decision not

Amount authorised	
2003	97.4
2004	23.2
2005	0.2

figures in millions of euro

to take part also wants to respond to a need expressed by wide and diversified sectors of public opinion, which refer to ethical issues both lay and religious.

We have in any case retained the possibility of autonomously assessing operations that – though included in the provisions of Law 185/90 – may have the characteristics to be consistent with “un-armed bank” spirit. In such cases, these operations will be highlighted on our website [www.bancaintesa.it](http://www.bancaintesa.it), in homage to the principles of transparency.

**Community Project Finance**



As regards Camisea in Peru and OCP in Ecuador, the financing were resolved upon some years ago, when Banca Intesa’s presence in South America was significant, through subsidiaries in many Countries. As set out in the 2003-2005

Business Plan we disposed of our equity stakes in Latin America. At the time of the financing the general sensitivity – even of large international institutions – was strongly oriented to favouring economic growth, to accelerate exit from poverty of entire Countries and populations.

In the case of the participation to the financing of the BTC oil duct, the decision stemmed from the fact that the project had obtained the approval of the International Finance Corporation (World Bank) and of the European Bank for Reconstruction and Development, which had considered it compliant with international rules regarding both the respect of the environment and the safeguard of human rights. During 2005 the whole position was sold.

## Commitments for the future

### Quality of the relation

Attentive listening and dialogue

**Customer satisfaction**

We want to extend measurement of Customer Satisfaction and consolidate its use in the company. The objective is to stabilise and develop the organisational and methodological approach that commenced in 2005, as well as aim at differentiating and specialising customer satisfaction measurement indexes by market and means of fruition of the service.

The Indexes programmed for 2006 and referred to single Markets are:

1. *Branch Service Satisfaction Index “Indice di Soddisfazione del Servizio in Filiale - I.S.S.F.”* the index is focused on the measurement of Satisfaction of the Retail customer for the service delivered in his/her visits in the Branch;
2. *SME Satisfaction Index “Indice di Soddisfazione dei Clienti Imprese - I.S.I.”* the index is aimed at measuring the Satisfaction of Customer Enterprises for the service delivered in the structures

dedicated to that market (SME branches);

3. *Benchmarking Survey*

the production of a benchmark index with the market is programmed, to measure quality of service to customers with respect to direct competitors;

4. *Specific Surveys*

will be activated, as required, to verify perceived quality and satisfaction deriving from the use of certain products or from the experience of new organisational or operating means of delivering services.

**Relationship with Consumer Associations**

Dialogue with Consumer Associations has become systematic and continuous in the development of our services, we therefore intend to intensify the relationships not only at national level, but also with regional and provincial representatives of the Associations so to be even closer to local instances.

We intend to activate mechanisms which enable us to increase satisfaction levels and participation of the Bank’s customers in the definition of service quality.

After the particularly appreciated conciliation instrument devised for access to

reimbursement of bonds in default, we also intend to widen the use of the instrument no longer limiting it to the sole management of critical cases.

Lastly, we want to develop projects which enable us to favour informed purchases by our customers to develop a transparent and equal dialogue.



### Complaint Management

A new initiative aimed at sustaining branches to solve dissatisfaction before it leads to complaint is being implemented in three test areas from May 2006. The new nucleus is called 'Assistenza Filiali' and interacts with Branch managers that will have clear reference points for every problem or general interpretation issue.

### Closeness to customers

In 2006 we will continue with the activities we commenced for the new branch lay-out project strengthening the initiatives under way.

## Simplicity and transparency

In this area we have already commenced a series of projects which will be completed in 2006. Such projects range from the revision of the asset management statement of account (which will be characterised by greater clarity on performance) to the simplification of questionnaires for the univocal profiling of customers and the correct determination of their risk profile. Also for SMEs in 2006 we will roll out on all the network a new process for the sale of derivatives developed together with a prestigious University, which will guide our managers in the valuation of the product suited to the characteristics of the customer.

## Excellence in the offering and in the service

### Know the needs of the customer



#### Our Customer Relationship Management

From January 2006 further developments are under way as part of the "Nuovo Arcobaleno" project which entails the continuous involvement of a panel of colleagues of the Retail Division made up of 36 managers (2 for each retail segment and

for each Retail Department) for the purpose of collecting suggestions on how to make our commercial platform excellent directly from the users.

### Extend the offering range

#### Immigrants

We want to make our services with immigrant customers even more consistent with the needs of those who want to put roots in our country. For this purpose we intend to expand the People offer activating qualitative surveys to enable us to extend services provided making them increasingly-suited to the needs of foreigners in Italy.

We also want to develop solutions capable of valorising the abilities of these people to favour their integration and inclusion in the social context and supporting their entrepreneurship.

#### University Students

IntesaBridge and UniversitHouse: we want to extend the partnership to universities which do not take part to the projects, in Italy and in the Countries in which we are present with our subsidiaries abroad and favour, with such initiatives, access of foreign students in Italy.

"A c@ppuccino for a PC": we took part to this initiative promoted by Presidency of the Council of the Ministers – Department for innovation and technologies in the first quarter of 2006. It sets out the disbursement of personal loans at particularly attractive rates to university students for the purchase of a personal computer. Loans are assisted by a guarantee fund to partly cover the risks taken with customers.

#### Workers in Cassa integrazione

"Anticipazione Sociale": the product was activated in 2006 also by Biverbanca for the companies of Vercelli with the support of Fondazione Cassa di Risparmio di Vercelli and of the Province of Vercelli.

We want to extend the project to the whole of Italy with the partnership of Local public administrations.

#### Atypical workers

A typical work contracts are a significant phenomenon which represents approximately 9% of the employed population. Most temporary workers find it difficult to access credit due to their difficulty of proving reimbursement capacity. We have studied an innovative formula – launched in January 2006 – that enables these workers to access

a mortgage to buy their first home. In case of unemployment **Intesa Mutuo Atipico** offers customers the possibility of skipping the payment of instalments for three times in the first seven years of the mortgage.

In March 2006 Banca Intesa Mutuo Atipico was identified, as part of a contest launched by the City of Milano, as the financial product best suited to meet the requirements of couples with one or two temporary workers. The City of Milano has provided a fund amounting to 1 million euro to cover the cost of the insurance policy which intervenes in the payment of the instalments in the second and third period of suspension.

#### **Elderly and disabled**

**Tuttinsieme:** in December 2005 we launched a project with Biverbanca, the City of Vercelli and the Fondazione Cassa di Risparmio di Vercelli, dedicated to families with non self-sufficient elderly which entails loans for home care and mortgages for home restructuring and the purchase of sanitation equipment. We intend to consolidate the project and extend it to the whole of Italy.

Furthermore, we are studying projects to sustain families and operators who assist disabled persons, for the purpose of facilitating their access to credit.

#### **Commercial offering for the third sector**

Consolidation of the Mosaico project dedicated to the sector, in particular by:

- further simplifying product terms;
- diffusing the use of the electronic channel;
- developing the financing area.

for SMEs which intend to make investments in particular in technologic and process innovation via the IntesaNova programme. We have destined a total amount of 500 million euro and Intesa Leasing will provide a further 250 million euro. Beneficiaries of the agreement signed by Banca Intesa, Eurofidi and Intesa Leasing are companies with turnover between 1 and 50 million euro in the Lombardia, Liguria, Marche, Umbria regions and, for this occasion, the area has been extended to the Piemonte, Valle d'Aosta, Toscana, Emilia Romagna and Abruzzo regions.

*IntesaBrand:* Initiative dedicated to brand development and marketing policies of SMEs. It is a complete system of financial and professional services which are offered to SMEs interested in valorising their brand or brand portfolio with specific development initiatives or as part of operations aimed at optimising financial/capital structure.

### Relations with the territory

#### **Products for agricultural companies**

Our commitment is in the valorisation of Italian agriculture chains working alongside companies that even though they may not count on size in any case represent an enormous heritage of typical productions. For this purpose in March 2006, we launched a complete package of products tailored to meet the needs of agricultural companies and agriculturists, proposing specific solutions for eight production chains: beef cattle raisers, dairy cattle raisers, cereals, vegetable and fruit producers, wine, olive oil, agritourisms and gardening nurseries. In addition to commercial actions we use the support of a team of specialists present all over Italy who are willing to dialogue with agricultural entrepreneurs on issues specific to their activities, to better work alongside them in business management.

#### **Development of solutions for the territory**

The objective we have set ourselves is to favour economic and social development adopting a governance model which leads to the establishment of Territorial holding companies.

The Territorial holding company, devised in collaboration with the Italian Association of Local Development and Territorial Marketing Agencies (Associazione Italiana delle Agenzie di Sviluppo Locale e Marketing Territoriale), entails the coordinated intervention of Local

## Support to the development of the country

Offering for small enterprises



#### **Innovation**

*IntesaNova:* we intend to extend the validation of the innovative content of projects to new scientific partners and to the Group's banks abroad. Furthermore, we are experimenting the IntesaNova model for new products to sustain the environment and sustainable development.

*Medium-term credit to support innovation:* in March 2006 we launched a new campaign

administrations, Companies active in the management of real estate, environmental and cultural resources, the local business sector and national and local banking institutions. The aim is to liberate resources to reintroduce in the system to increase its competitive capacity with respect to other competitor territories, even and especially, abroad.

The role of the Territorial holding company is to coordinate financial activities and entrepreneurial development, coordinating the action of Development agencies, Financial players, Merchant Banks and Real estate funds in the territory for the purpose of sharing all the assets of the territory.

### Consultancy and financial solutions for mid and large corporates

Also for the Corporate market the 2005-2007 Business Plan highlights the social responsibility issues which emerge from the business activities of the Corporate Division. The aspects which we want to strengthen in 2006 are the following:

- support companies involved in sustainable internationalisation processes. In 2006 we intend to define guidelines to international expansion to assess the socio-environmental risk of companies and of delocalisation projects.
- continue the activities of IntesaEurodesk strengthening them in the field of EU Strategic Consulting for Research and Development (R&D) in relation to the participation of customer companies to Community programmes. EU Strategic Consulting for R&D covers the following sectors:
  - *Institutional Consultancy*  
Strategic consultancy in contacts with European Institutions, on partnership structuring practices and means of finding research partners. Customer companies are accompanied in the presentation of the projects to the European Commission and monitoring on the 7th EU Framework Programme for R&D.
  - *Technical Consultancy*  
Monitoring and information on the business opportunities of the EU Framework programme for R&D and the other financing programmes. Personalised research of financing sources on the basis of customer requirements (European and Italian non-reimbursable grants, EIB loans,

ordinary or subsidised loans). Assistance in the preparation of the projects. Consultancy on the organisation of sponsorship/presentation events at European level of projects financed by the European programmes. Training programmes for companies on European financings



- As part of the promotion of sustainable development and innovation of the country we intend:
  - take part in the Italian Carbon Fund, established on the basis of an agreement between the Italian Ministry for the Environment and World Bank within flexible mechanisms of the Kyoto protocol;
  - sign the Equator Principles for Project Finance;
  - develop for the mid corporate segment a credit line for the purchase of modules for the production of photovoltaic energy.
- One of the objectives of the Business Plan is also to support our customers in the definition and implementation of business policies which permit a sustainable development in economic, social and environmental terms. In order to do this we propose to diffuse the CSR culture by sending newsletters via web-mail to our interlocutors at customer companies promoting initiatives implemented by the Bank or suggesting external information sources.

### Public Administration

Community In the public and public utility sector the 2005-2007 Business Plan sets out an important contribution in the sectors of primary social relevance in which we already operate.

We intend to continue the activities we have already commenced achieving our objectives through qualified financial offering and structured finance assistance to clients, mainly via a wide use of credit. The Plan sets out the disbursement of over 15 billion euro of funds in favour of the State, Local authorities, public-sector companies and private-sector operators involved in infrastructural projects in public and in public utility services.



# Employees

Gruppo Intesa as at 31st December 2005 employed 60,778 collaborators of which 42,062 in Italy and 18,716 abroad.

Breakdown of Parent Company employees is set out below.

## Banca Intesa SpA

### Employees

Number of employees	30,294
<i>of which male</i>	18,720
<i>of which female</i>	11,574
Term contracts	48

### Average age

Average age	43
<i>average age male</i>	45
<i>average age female</i>	41
Average length of service	19

### Part-time employees

Part-time employees	3,834
<i>of which male</i>	251
<i>of which female</i>	3,583

### Position

	<i>Managers</i>	<i>Officers</i>	<i>Clerks</i>	<i>Other</i>
Position	1.66%	41.60%	55.18%	1.58%
<i>of which male</i>	1.54%	29.29%	29.55%	1.42%
<i>of which female</i>	0.12%	12.31%	25.63%	0.16%

### Education

Degree	20.7%
High school diploma	65.6%
Other	13.7%

Professionalism and motivation of people who work in Banca Intesa represent the decisive factor to reach the value creation objectives for our Group and for all of our stakeholders. In a context characterised by strong competition, the 2003-2005 Business Plan was primarily concentrated on the identification of adequate strategies aimed at:

- on the one hand, structurally reducing labour costs within levels more compatible with the trend of revenues minimising social costs. For this purpose we signed agreements with all Trade unions for a block in turnover, the reduction of overtime, the activation of processes for

efficiency improvement and for professional reconversion, as well as the activation of procedures for access to the Solidarity Allowance;

- on the other hand, improving efficiency and productivity by activating projects and initiatives for the valorisation and growth of human resources.

Personnel quality and the relative management and valorisation processes have progressively reached the value of a strategic asset. The competencies, professionalism, motivation, organisational behaviour and the sense of belonging of all collaborators represented a fundamental element for the success of the Plan.

## These are the objectives we had set ourselves and the implemented lines of action:

### Quality of human resources

- we developed an important training programme to favour cultural change, the acquisition of the managerial competencies necessary to support the improvement process and develop specific professional expertise

### Development of human resources

we:

- perfected the systems to assess attitudes, potential and performances, for the purpose of valorising the behaviour oriented to collaboration, initiative, results and team work;
- identified and valorised “talents” present;
- planned careers identifying and managing specific programmes in particular with reference to officers and managers;
- introduced incentive systems diversified by professional communities;

### Labour relations

- we pursued the development of labour relations also via moments dedicated to information and consultation, favouring the utmost participation in corporate programmes of all Trade Unions

### Internal communication

- we activated a series of internal communication initiatives, developing and consolidating an integrated system of instruments to diffuse in a clear and transparent way knowledge on strategies, to ensure that values and objectives are shared, to facilitate involvement in the company’s change processes, so that people know the reality, the different jobs, the business areas, the products and services offered

### Quality of life in the company

- we undertook initiatives to favour the sense of belonging, a balance between the requirements of work and family life, prevention of risks for our people’s health and security



# Turnover

Consistently with the indications of the first Business Plan which set out a structural reduction in labour cost, one of the

instruments activated as part of the procedure for access to the Solidarity Allowance, was the block of turnover.

Banca Intesa SpA	Dec-03	Dec-04	Dec-05
Number of employees	33,022	30,672	30,294
Number of cessations in the year	4,080	2,603	1,042
N. cessations towards other companies	332	333	308
N. incentive-driven cessations	434	4	1
N. cessations via Solidarity Allowance (MD 158/2000)	3,110	2,074	577
N. retirements (no incentives)	18	3	4
Expired term contracts	74	75	42
Other	112	114	110
<b>Turnover</b>	<b>1.4%</b>	<b>1.6%</b>	<b>1.5%</b>
<b>Job Creation</b>	<b>-3,000</b>	<b>-2,350</b>	<b>-378</b>
N. Hires (Term contracts, Indefinite, Reintegrations)	654	270	306
Balance intergroup transfers	377	-18	350
Other	49	1	8

## Hiring Policy

Hiring policy in the 2003 – 2005 period was significantly affected by the Group's complex reorganisation. With the closing of the procedure for access to the Solidarity Allowance, towards the end of 2005, a new phase commenced aimed at introducing new resources in the Company via the development of the **Professional apprenticeship project** (Progetto "Apprendistato professionalizzante"). The project commenced in September 2005

and set out the introduction in the first months of 2006, of 112 resources in Lombardia, 40 in Piemonte, 43 in Veneto and 30 in Sardegna for the role of Operating Apprentice, Telephone Banking Apprentice, Private Operating Assistant Apprentice and in the Administration Department for the role of Apprentice Officer for the activities to support company administration. Application forms were collected solely using a specifically-created section of the website [www.bancaintesa.it](http://www.bancaintesa.it).

## Quality of resources

### Training

With over 255,000 training days delivered in 2003, 335,000 days in 2004 and 322,000 in 2005 – using in an articulated and synergic way the various ‘channels’ which the Bank now uses - the objective set out by the first Business Plan to deliver over the three-year period – at Group level – over 800,000 training days, was reached and exceeded with over 900,000 training days delivered.

The first Three-year training plan referred to four large training areas each with specific objectives:

- 1. corporate culture*  
to favour shared values consistent with the new competitive situation and vertical and horizontal integration of the structure and its effective functioning;
- 2. development of operating and managerial competencies*  
the management training programme – Maxval – was defined and was targeted mostly to heads of structures in the Marketing, Sales and Credit areas for the purpose of creating synergies by integrating structures, systems, cultures and values;  
Specific training interventions have been developed and destined to ‘chiefs’ and Specialists of the Human Resources Department on the topic of resource management;
- 3. technological development*  
to optimise the contribution of technologies to company operations and to create operating conditions to supply a quality service, with particular reference to the process for the completion of the unification of Banca Intesa’s information technology systems;
- 4. development of product and services*  
to diffuse a commercial culture oriented to value creation for the company and customers, develop the competencies necessary to improve competitiveness in reference markets and the capacity of

establishing long-lasting and satisfactory relations with customers and support the launch of new products and services.

With the completion of the “Arcobaleno” project destined to increase quality of the relations with our customers, we delivered training programmes for approximately 20,000 collaborators. The new commercial model was accompanied by an organic set of interventions destined mainly to the figure of Manager, especially with regard to credit-related issues, among which in particular: the ‘Arcobaleno Imprese’ project, reserved to resources operating in support of the Small and Medium-sized Enterprises segment, training interventions for ‘SME Branch Assistants’ and the projects ‘Credito Affari’ and ‘Credito Privati’. Also the project for the redefinition of the branch lay-out was accompanied by training for the collaborators of all the renovated branches.



### Training channels

The Plan set forth targeted interventions for the single professional families, delivered through diverse and integrated means: classrooms, distance training, Web Tv, Focus Groups, etc.

In the three years 40% of training was delivered through the so-called ‘traditional channels’ (e-learning and classroom). Training through Banca Intesa’s web-tv had a great expansion. It was used to broadcast programmes on the new ‘Basel II agreement’, on the new assessment system ‘Valore’, on ‘Security’ issues and, last but not least, proposing reflections on ‘Corporate culture’, financial investments (‘Investire Oggi’), E.V.A. and Anti-money laundering regulations.

Distance training represents a fundamental element in Banca Intesa’s integrated training model. Training courses were provided via the e-learning channel on: regulations on the distribution of financial and insurance products, the introduction of new information technology procedures for credit management, regulatory updates on Anti-

money laundering, privacy and security.  
The e-learning programme relative to the 2003-2004 period generated the activation,

by employees of approximately 10,000  
fruition requests.

## Figures on training

Banca Intesa SpA		2005
<b>Training (classroom + distance training)</b>		
Training days delivered in the year		295,630
Training days per employee/year		12
<b>Training by content (classroom + distance training)</b>		
Managerial		23.7%
Commercial		9.1%
Operating		25.0%
Credit		6.4%
Finance		24.0%
Abroad		0.7%
Information technology		2.2%
Specialised		0.7%
Linguistic		8.3%
<b>Training by means of delivery</b>		
Classroom		45.2%
Distance		23.9%
Web		30.9%

## Banca Intesa SpA Training of employees in 2005 by professional category

Training	Managers		Officers		Professional areas		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
N° participants	450	33	8,816	3,720	9,350	7,791	18,616	11,544
Total number of training hours	40,938	3,169	388,429	147,416	267,911	209,864	697,278	360,449

## Development of human resources

The common theme which links the initiatives for the advancement of human resources was the development of a corporate culture founded on values – such as: customer-orientation, responsibility-taking, authoritiveness, rigour, integrity and team work – that can be consistently translated into behaviour inspired to result-orientation, cost-effective management and operating excellence.

### Performance assessment

The wealth of competencies and experiences of collaborators are a key success factor: professionalism, motivation and sense of belonging of our people are unsubstitutable elements to be leveraged on via valorisation processes to improve competencies and professionalism. For this purpose specific assessment systems and personnel management initiatives have been designed. With the adoption of the performance assessment system called “**Valore**” – which started implementation already in 2002 – we perfected a system capable of:

- measuring individual performance via homogenous and consistent criteria aimed at a merit-driven management of personnel;
- favouring the improvement of competencies and professionalism;
- enabling an effective communication between chief and collaborator with regard to results achieved and to the identification of professional development initiatives;
- promoting a shared organisational culture in line with the guidelines of the Business Plan.

To support a correct diffusion of the method and to strengthen the valuation culture – in addition to the preparation of a manual for chiefs, distributed in approximately 3,000 copies – in 2004 and 2005 a specific training initiative was delivered and involved all the

valuators of the Gruppo Intesa’s entire organisational structure.

The “Valore” performance assessment system involved the whole population of Banca Intesa – and also of numerous Group companies – for a total of over 34,000 people assessed in 2004 and 2005.

The assessment of the performance of Executives and the Managers is based on a specific system which entails the identification by the Manager of his/her objectives and the relevant action plans and the assessment of results achieved made by the Head of Function.

The system called **Direction by Objectives** – “Direzione per Obiettivi - DPO”- which commenced in 2004 with reference to the executive positions of Banca Intesa, of Intesa Sistemi e Servizi and of Intesa Gestione Crediti – was extended in 2005 to the Officers in responsibility positions involving at Group level a total of 673 people, of which 477 Executives and 196 Officers of Banca Intesa, Cassa di Risparmio di Parma e Piacenza, Biverbanca, Intesa Gestione Crediti, Intesa Private Banking and Intesa Mediocredito.

### Assessment of potential

We have activated two projects for assessment of potential. **Assessment of the managerial potential** destined to heads and **Potential value** reserved to Officers and to resources of the third Professional Area deemed to possess high development potential:

- “Assessment of the managerial potential” has the objective of measuring the consistency of managerial competencies to the values of the Business Plan. The project in the three years involved a total of approximately 1,000 heads. Leadership in change, authoritative communication and

team work are the key competencies in which there may be room for improvement;

- “Potential value” is aimed at a more effective management of human resources in terms of mobility and professional development. During the project approximately 11,200 assessments were conducted. This assessment was carried out at Banca di Trento e Bolzano, Banca Popolare FriulAdria and Banca CIS, with the methodology and criteria of the Potential Value system, devised by the Parent Company.

## Valorisation policies

As part of the initiatives aimed at valorisation and recruitment of “**Young Talents**”, the “LEONARDO” programme, which commenced in 2003, was included in the implementation lines of the Business Plan as concerns the development of human resources of the Corporate Division and has the objective of:

- identifying young graduates (maximum age 34 years), capable of excellent performances and considered to be with high potential, for whom to proceed with the verification of personal qualities via adequate tools (Developmental Assessment Centre – D.A.C.) and define individual development programmes and specific proposals;
- in parallel, activate recruitment channels suited to building a pool sufficient to hire 10/15 young external talents in a programme lasting 18 months;
- involve and attribute responsibility to those in charge of the phases of the process in order to aid the young talents in the development of their growth potential as an investment in “intangible assets” useful for the Company and the individual.

For the selection of talented resources to be inserted in local structures of the Group’s European Banks: VUB, PBZ, CIB, Banca Intesa Beograd, KMB, in 2005 we fine-tuned the “Tomorrows’s Talents” programme and set up a “Multinational Recruitment Board”, made up by our recruitment specialists.

In 12 assessment sessions approximately one hundred resources were assessed and two presentations were organised at Universities.

## Incentives

Consistently with the resources available considering the targets for labour cost reduction in the 2003-2005 period, we devised specific performance measurement systems that are diversified and consistent with the specific characteristics of the communities and professional families present in the Company.

As of 2004, the systems – designed considering the specific characteristics of the various business areas and inspired by equitable treatment criteria and the recognition of individual merit – are based as follows for personnel of:

- the Retail Division: on team results, though they include certain elements concerning individual performance
- the Corporate Division, Banca Caboto and the Treasury and Finance Department: primarily on individual merit through incisive selection rules, which recognise excellent contributions with bonuses similar to those of the targets of the respective reference markets, and include team solidarity mechanisms
- Head Office Departments and staff of the Italian Subsidiary Banks Division and International Subsidiary Banks Division: in addition to being subordinated to the results achieved by Banca Intesa and the Group, in terms of Net interest and other banking income-EVA and Cost-Income, consistently with standard practice – identified through a specific benchmark – of the Italian banking industry.

### Plan bonus – company bonus

An important and innovative agreement was signed in May 2005 with Trade Unions. It assigns shares to employees for free as part of the Plan’s extraordinary bonus.

It is a significant initiative, which also involved, though to different extents, the colleagues of the Italian subsidiaries and which is part of a more general commitment aimed at involving people in the life of the Company, rewarding them in relation to the contribution made for the realisation of the 2003-2005 Business Plan with the assignment for free – in June 2006 – of Banca Intesa ordinary shares equal to a countervalue of 2,000.00 euro.

## Compensation and career advancement policies

We adopt systems of valorisation of behaviour and competencies according to increasingly transparent and meritocratic criteria.

The merit culture is a primary and essential objective for us since we believe that only an organisation founded on merit and on professional development, can attract the best resources.

We have activated projects for job analysis and job evaluation of management roles for the purpose of harmonising treatment and ensuring competitiveness in the market in relation to the specific characteristics of the professional families and the various business areas. These projects entail:

- job analysis, aimed at identifying the correct dimensions of each job in economic, organisational and management terms;
- job evaluation, that is the identification of the respective weight or degree of relevance that the job has in the organisation.

This articulated approach enables the adoption of management policies that are equitable and competitive with the reference market, to guarantee an adequate management of compensation systems.

Banca Intesa SpA	2005
<b>Gross average wage by sex/category</b>	
Managers (male)	125.48
Managers (female)	120.37
Officers (male)	50.54
Officers (female)	44.53
Clerks (male)	33.06
Clerks (female)	29.52
Other (male)	29.74
Other (female)	24.66

figures in thousands of euro

Banca Intesa SpA	2005
Number of employees in professional programmes ex integrative agreements	11,424
Male	6,192
Female	5,232

Banca Intesa SpA: promotions	2005
Number of promotions in the year pursuant to National Labour Contract/ Company Contracts	
	1,737
Number of promotions in the year pursuant to National Labour Contract/ Company Contracts (%)	
	5.7%
Number of promotions in the year for merit	
	648
Number of promotions in the year for merit / Total employees (%)	
	2.1%

# Labour Relations

Relations with Trade Unions – which are a way of developing adequate moments to exchange views, participating and sharing company plans and programmes – are inspired by principles of mutual respect and loyalty. The policies and consequent guidelines of the Company in the management of relations with Trade Unions are therefore oriented to utmost transparency as concerns both strategic and managerial decisions, and governance of the processes to increase efficiency and promote growth necessary to achieve company objectives also to create uniform and consistent rules for all Banca Intesa personnel.

With these convictions and in these areas, relations with Trade Unions in the three-year period went through three fundamental moments and have laid the foundations for the development of a relation capable of conjugating the traditional area of labour relations with corporate social responsibility and this, consistently with the level of maturity of reflections on these two areas, reached at national level, with the stipulation of the Protocol on sustainable and compatible development of the banking system of 16th June 2004.

- **The phase aimed at increasing efficiency:** agreements were signed with all Trade unions aimed at reconducting personnel costs within levels more compatible with the trend of revenues, also via the procedure to manage the exit of personnel eligible to access the Solidarity Allowance and via the identification of other instruments to reduce labour costs.
- **The phase of integration of the Banks merged in Banca Intesa:** during the three-year period important moments of dialogue with Trade Unions led to the realisation of single regulatory framework for personnel, eliminating differences in treatment. In agreement with all Trade unions certain fundamental topics were completely revised: roles within the organisation, “hours bank”,

training, territorial mobility, lunch tickets, loyalty rewards, company bonuses, shift regulations – availability with the rationalisation of the related indemnities.

In particular, the Agreement of 31st October 2003 as concerns roles within the organisation – after particularly long and complex negotiations – provides for an overall reorder of the company's regulations, defining a new and unitary discipline of roles for the company's main professional figures. Based on this agreement, already in 2004, promotions referred to over 3,900 collaborators of Banca Intesa (12.9% of employees of the Parent Company).

- **The phase of consolidation and innovation.** The Protocol on Labour Relations of 29th December 2004 introduced the possibility for Trade unions of appointing Territorial coordinators, for the purpose of developing to the best trade union relations at local level. For this reason Banca Intesa set up specific territorial “Trade Union Relations Offices” which manage, in addition to other issues, directly at local level the “half-year meetings” set out by the National Labour Contract and the various Trade Union instances with the objective of solving the conflicts locally. In this context, in 2005, relations with Trade Unions were characterised – at central and territorial level – by an intense training and consultation activity on important issues such as the rationalisation of branches, antirobbery security, new work and branch hours as well as the Arcobaleno project and professional training for Directors, the incentive system, the opening of Back Office poles and advances on TFR (employee termination indemnities), hiring of young collaborators with professional apprenticeship contracts, the review of the organisational model of Branches and SME branches.
- As concerns the increase in efficiency of Group companies, which continued in line with the guidelines set out in the first Business Plan as well as with the strategies of

the 2005-2007 Business Plan, in many cases Trade Union agreements have been defined that regulate the terms for transfer to the new companies of the workers involved,

setting, in certain cases, specific employment protection clauses.

<b>Banca Intesa SpA</b>	<b>2005</b>
employees members of Trade Unions	80.2%
Strike	21,293
Assemblies	17,258
Trade union leaves	64,226
<b>Absences for trade union reasons</b>	<b>102,777</b>
Number of meetings company / Trade Unions per year	560
Number of trade union agreements signed in the year	28
Litigations under way	346
Requests set to the Direzione Provinciale del Lavoro	196

---

## Internal communication

We developed and consolidated an integrated set of instruments to diffuse strategies clearly and transparently, to ensure that values and objectives are shared, to facilitate involvement in the company's change management processes, so that people know the company, the different jobs, the business areas, the products and services offered.

As regards in particular the most widely-used instruments, certain traditional and other innovative: Intranet guarantees timely information; the house organ is charged with in-depth analysis and knowledge

development; meetings and conventions are dedicated to the area of involvement and relations.

**Satellite television,** WebIntesaTv is received by over 42 thousand personal computers in 2005. It proposes a daily palimpsest made up of the News, with news from Italy and the world and internal information on the Group and two programmes aimed at in-depth analysis of issues connected to Intesa and its wide reference market. The figures extracted directly by the IT system, prove an average of over 8,500 daily accesses in 2005.



**Internal press**, with various publications and a Group's house organ: "Idee e persone" (Ideas and People), sent to all colleagues. Idee e Persone is dedicated mostly to events and strategic projects for the Bank and the Group, important initiatives for the banking industry, economic and corporate culture issues and flash news from the whole Gruppo presented in a streamlined and immediate fashion for a better fruition.

**The Intranet portal**, active from 2001, diffuses with timeliness and regularity news coming from inside but also from outside the Group. With over 50 sections the portal is the information point most utilised by personnel: over 28,000 average daily accesses place it in the top 15 Italian websites - Audiweb figures – in terms of number of visits. All colleagues may take part in the interviews to management made by WebTv by sending their questions via the Internet.

**Meetings and conventions**, are effective instruments to transfer knowledge and values, they are also a moment for exchanging views with colleagues from other organisational units. In the three-year period thousands of colleagues took part in meetings and conventions.

Particular attention was paid to the cultural values and objectives which make up our identity. Thus, thousands of colleagues of the Divisions and Group companies met the Managing Director and CEO in 2004 in his Tour of Italy dedicated to "Our results. Our values". Approximately 5,200 colleagues took part in these meetings, which were moments dedicated to direct dialogue and also the occasion for answering the questions posed through the Company's intranet.

The management was dedicated two

meetings in which the Managing Director and CEO illustrated financial statement figures and the results of the implementation process of the 2003-2005 Business Plan, as well as the objectives and development lines of the new Business Plan.

**Climate surveys.** To improve the level of communication and monitor internal critical issues various corporate climate surveys have been conducted with particular attention to ethical, social and environmental issues through a specific questionnaire destined to a sample of 12–13 thousand colleagues.

The results testify both the difficulties intrinsic in the integration process and the first signs of improvement.

From the survey conducted in December 2004, employees who said they were very or rather satisfied with their job were under 50%. In the subsequent survey, in September 2005 – after the launch of the second Business Plan and with an accent on the issue of development and growth - this percentage increased to 69.2%.

The company journal, the Intranet portal and Webtv supported practically all the main company projects realised in the year, diffused information on initiatives of national interest to involve colleagues and strengthen their sense of belonging. The ultimate aim is value sharing as in the case of the initiative conducted with Fondo per l'Ambiente Italiano "I luoghi del cuore" (Places of the heart), of the initiative with Mediafriends Onlus in favour of Onlus Associations which take care of children "La Fabbrica del Sorriso" and the initiative in favour of the poor and the needy "La Colletta Alimentare".

Banca Intesa SpA	2005
Communication channels	
Daily average accesses to the company's intranet	28,384
Daily average accesses to webIntesa TV	8,534
House Organ diffusion	44,000

## Improvement of quality of life in the company

Numerous interventions and initiatives aimed at offering a more serene workplace have been taken, these protect the health and safety of employees, and conjugate the requirements of personal and professional life.

### Incentives

The measures in favour of personnel are listed below:

- policies for professional and extra-professional injuries which cover both the case of death and permanent disability;
- financial incentives regarding both interest rates, and the type of product requested;
- provisions for collaborators who have disabled children or economically-

dependent relatives.

Furthermore, we improved the pension plan system which operates alongside the plans originally set up by the banks which make up the Group.

Moreover, all colleagues have the possibility of taking part in forms of health assistance which integrate public assistance. For this purpose specific agreements have been signed with Trade unions which set out the inclusion of all existing structures in a single Cassa and ensuring that all collaborators already starting from 2003 receive the same benefits. The decision to join is voluntary, may be continued upon retirement and may also refer to the personnel of Group companies.

Banca Intesa SpA	2005
<b>SUPPLEMENTARY ASSISTANCE, SECURITY AND CORPORATE CLIMATE</b>	
Contributions in favour of employees	8,586,462
Insurance policies	417,043
Health policies	3,846,778
Loyalty rewards	1,006,851
Disbursements to support studies of children of employees	1,183,301
Diversely able children of employees	621,550
Contributions paid by the company for health policies	24,506,961
Health assistance: number of assisted employees	32,455
Contributions paid by the company for pension funds	63,765,758
Pension funds: number of assisted employees	28,528
Credit incentives in favour of employees: number of MORTGAGES	2,109
Credit incentives in favour of employees: MORTGAGES (total disbursed)	288,683,000
Credit incentives in favour of employees: number of LOANS	4,473
Credit incentives in favour of employees: LOANS (total disbursed)	46,801,000

## Corporate nursery school

In addition to promoting the PAN (Progetto Asili-Nido) project all over Italy, we have set up the first corporate nursery school. Like all nursery schools with the PAN brand, the one in Milano for employees presents a set of requirements contained in a quality manual which guarantees not only educational but also organisational aspects. Tariffs are set using criteria of equity, accessibility and sustainability for families. The pedagogical project is shared with parents; diet is studied according to nutrition tables in the respect of the specific requirements of infancy; operators are qualified and, where necessary, have further qualifications suited to specific requirements (e.g. psychomotricist). The nursery is capable of accepting 40 children between 1 and 3 years.

renewable for a further 3 years, and only for severe personal or family needs, for 6-month periods, renewable for up to 1 year).

We also programmed various types of part-time contracts:

- horizontal  
(from 20 to 32.30 hours per week);
- vertical on a weekly basis  
(from 15 to 32 hours per week);
- mixed on a weekly basis  
(from 27.30 to 32.30 hours per week);
- or cyclic on an annual basis: which entails presence on all or certain working days of the week in certain periods of the year.

Furthermore, we have adopted policies which favour the best management of work hours through greater flexibility such as the elasticity of the lunch hour for personnel which does not operate directly with the public.

For part-time workers with at least 25 weekly hours we recognise the rewards set out in the respective career advancement plans according to the same timing as the colleagues with full-time contracts.

## Balancing of family needs

There are various forms of part-time contracts, both permanent and with fixed term (for a minimum period of 3 years,

Banca Intesa SpA	2005
<b>PART-TIME</b>	
Part-time employees on total employees	12.7%
<b>BREAKDOWN OF PART-TIME CONTRACTS BY GENDER</b>	
Male	6.5%
Female	93.5%
<b>BREAKDOWN OF PART-TIME BY TYPE</b>	
Horizontal part-time	71.2%
Vertical part-time	8.2%
Mixed part-time	20.7%

## Low-sight or blind personnel

We have programmed and realised various projects and initiatives for these colleagues (approximately 130). IT workstations for low-sight or blind personnel have a "screen reader", basically a cutting-edge software, called "Jaws", which translates what is on the monitor into Braille or audio language.

For the purpose of giving access to all work instruments, these colleagues receive on their e-mail a digital version of the Group's House Organ "Ideas and People" which is made readable via the "screen reader" function.

Also as concerns the issues of health and safety in the work environment, we prepared a version in Braille of the "Security manual for Gruppo Intesa companies", improved ergonomics of the work environment, equipment and the relationship areas. Furthermore, we prepared specific exit aids appointing specific emergency staff dedicated to disabled personnel.

## Health and safety

In 2005 we commenced a permanent training plan on the issue of safety: the plan involves all the internal resources for the purpose of creating a "safety culture" and, thus, facilitate attentive behaviour and vigilant attitude for risks which may be run daily.

We improved the assessment and identification of intervention measures for the health and safety of employees with a management system awarded the ISO9001 certification, we hired consultants with high scientific profile (Clinica del Lavoro of Milano University) and used dedicated IT systems also diffused via the company's Intranet. Management systems personnel also takes part to the activities of the most important technical associations on this matter (UNI, AIAS, AIIDI, SIMLII).

### Radon gas emission management

We proceeded to the identification of risk situations with measurements of radon gas concentration in approximately 1,400

company premises. Radon is a natural gas which issues radioactive particles.

In only 34 premises our qualified experts found values higher than the threshold which may lead to a health hazard and identified intervention and mitigation techniques. We also sponsored research projects which were presented in collaboration with Milano University in international and national conferences and published in scientific journals.

### Risk assessment in Call Centres and Switchboard

In collaboration with the competent doctors and with the consulting of Milano University, we prepared a research with innovative methodologies for risk assessment aimed at supporting initiatives for the improvement of work conditions of disabled personnel working at the switchboard and personnel working in call centres.

Via the assessment of the types of disabilities – conducted in relation to the types of tasks, work environments and role – we identified organisational and ergonomic intervention measures, as well as the need for equipment and aids to support activities, facilitating the use of instruments and relationship areas.

Furthermore, specific health surveillance protocols were established and prepared by an *ad hoc* emergency structure which was also illustrated in national conferences. Lastly, specific training was delivered in collaboration with the "Istituto dei Ciechi di Milano" printing a specific manual in Braille.

### Intesa Salute

Health surveillance, performed already from 1994 by competent doctors distributed on the territory, involved over 4,000 employees with the establishment of a paper health archive which permitted us to elaborate scientific data on the health of office workers – with particular reference to videoterminal workers – with epidemiologic surveys (with anonymous and aggregate data and with full guarantee of confidentiality and protection of personal data) on the vast company population for targeted actions to improve health conditions.

Banca Intesa SpA	2005
<b>BREAKDOWN OF ABSENCES BY MOTIVATION</b>	
Disease and injuries	44.6%
Maternity	19.5%
Personal and family reasons	9.6%
Trade union reasons	14.9%
Leave for public appointments	1.5%
Leave for blood donations	0.5%
Handicap (L.104/92)	8.9%
Other	0.7%
<b>INJURIES</b>	
<b>Total injuries in the year</b>	<b>382</b>
Number of injuries in the year (inside the company)	159
Number of injuries in the year (outside the company)	223
<b>Training on safety in the work environment</b>	
Number of training days	1,537

## Sensitive Areas

### Increasing efficiency and reorganisation process

For the purpose of solving the Group's critical issues – critical issues which had also emerged in an economic context characterised by a considerable slowdown in growth and increasing competition – in addition to the maximum commitment to enact the processes aimed at increasing efficiency, simplifying the structures and modernising the company, we searched for solutions to structurally decrease labour costs via a continuous, transparent dialogue with Trade Union representatives inspired by the principles of mutual respect and fairness.

The first important issue debated with Trade Unions related to increasing efficiency stemmed in the Agreements of 5th December 2002 and 15th January 2003 which implemented the management of the 5,700 Banca Intesa collaborators declared to be in excess, activating the procedure to access the Solidarity Allowance.

Furthermore, other instruments to be activated, even together, to reduce labour costs were identified: block of turnover, interventions on company bonuses, use of part-time work, reduction of overtime and deposit in the "hours bank" of the first 100 hours (instead of only the first 50) of

additional work rendered in the year, processes aimed at increasing efficiency and professional reconversion, use of flexibility in work hours, territorial mobility, innovative solutions in terms of labour flexibility.

In 2005 a further agreement was reached which set a new access window – on a merely voluntary basis – to the Solidarity Allowance.

### Cohesion and involvement

The integration of diverse organisational structures and cultures following the merger of the three Banks and the need to turnaround and relaunch the Group entailed a great effort by everyone to take part in the change process, for the development of an organisational culture based on shared views, for the vertical and horizontal integration in the structure and the improvement of competencies for the development of the company. To overcome the difficulties and the discomfort intrinsic in this complex change process we established a massive training programme and activated all the internal communication channels – traditional and innovative – to sustain the reorganisation, favour the integration of Group resources and support the creation of a single and shared corporate identity.

### Distribution model and commercial action

Collaborators – as emerged in series of focus groups on the perception of the Bank's values which took place in the second half of 2005 – recognised themselves in the tension to professionalism, in the construction of relations based on trust and long-term relations, however, they highlighted the difficulty in fully adopting this dimension in a practice that privileges operating efficiency and performance measurement. Trade unions, in turn, suggested in more than one occasion, a reflection on the importance of laying values as the foundations in the conduction of the company's commercial action.

In such context, in April 2006 – as part of the constructive dialogue with Trade Unions – an important agreement was signed which commenced a path for the continuous improvement in the quality of relations inside the Company.

The agreement, with which we made the commitment to identify, in the definition of commercial programmes, achievable objectives and to also introduce objectively measurable qualitative objectives, wants to favour correct implementation of commercial policies, development of competencies, value creation, quality of services offered and correct interaction with customers, in full consistency with Business Plan objectives.

For this purpose, the agreement sets out specific moments dedicated to: information; attentive listening, for example through the activation of focus groups; consultation, with the formation of a Company/Trade Unions Observatory (Osservatorio Azienda/Sindacato) to monitor and prevent critical situations and promote support and improvement interventions; training/orientation to supply indications on the correct behaviour to follow.

### Antirobbery security

Considering the evolution and the increase in criminal offences, Trade Unions and employees strongly requested an improvement in the general level of antirobbery protection.

The Company – in addition to establishing the Security Department which is charged with the governance and direction of security activities in the field of physical, logic, IT and operating continuity – in May of the current year defined with Trade unions a specific Protocol with the aim of further improving work conditions and sustaining the motivation of collaborators and the quality of relations within the Company.

The agreement represents a concrete contribution to the search of solutions regarding antirobbery security for the purpose of providing branches with increasingly-adequate protection and security conditions. It is a precise reference point for initiatives for the rationalisation and strengthening of security measures and for training/information interventions, it sets out moments for information and consultations with Trade Unions in local markets and attributes to the newly-established Company/Trade Unions Observatory also monitoring and proposing functions on the eventual critical issues regarding antirobbery security.

## Commitments for the future

The 2005-2007 Business Plan assigns to people a fundamental role for the development and implementation of company strategy, in the conviction that the achievement of challenging economic objectives – pursued consistently with the decision to ensure a sound long-term relation with customers – is directly correlated to the contribution of excellence that the Company may receive from each collaborator through an action capable of developing involvement, motivation and sense of belonging, aimed at the continuous improvement of the quality of relations within the Company.

In this perspective, we made a commitment to develop a series of projects which provide concrete evidence of our values in our organisation. The most significant examples are listed below.

### Consideration of people, valorisation of the differences and uniqueness

#### Web TV on demand

We are developing a new instrument for internal communication and distance training which gives each employee the possibility of requesting, based on the time he/she can dedicate, information programmes on his/her PC. The objective is to increase the quality and quantity of information to enhance competencies and simplify operations.

#### Archimede project

The project to be implemented within the Corporate Division, sets out the formation of a Knowledge Management platform which will enable the sharing of innovative ideas proposed by colleagues and their realisation. The areas of intervention range from product innovation, to processes, to relations with customers etc.

#### Mobility management

In collaboration with the competent Province, we developed a Project for sustainable mobility in Milano and Province, aimed at researching solutions for the most efficient home-work transfers for colleagues and with the lowest socio-environmental impact for the community.



We therefore took part to the “Coordinamento intercomunale d’area sulla mobilità sostenibile” promoted by the Milano Province and appointed a Mobility Manager charged with coordination of these activities and, in particular, of the preparation of the Annual Plan of Home-Work Transfers, a document that analyses issues and proposes solutions, drawn up thanks to the data collected via a Questionnaire prepared by the Milano Province.

Communication and awareness campaigns are planned on all available means (Intranet, WebTV and House Organ) and incentive campaigns are also programmed.

#### Project to facilitate the diffusion of company regulations

We are programming and implementing new processes and instruments to realise and diffuse company regulations, rationalising them and facilitating search and consultation for colleagues.

#### Intesa sicura con te – post robbery support

The Project sets out – consistently with the commitments made with Trade Unions as part of the Agreement on antirobbery security issues – the realisation of initiatives to manage/support to the health of personnel who have suffered this type of traumatic events which may cause significant stress. Medical and psychological support is activated on request of the person involved.

#### Intesa formazione sicura

Training activities on security will continue – again consistently with the commitments



made with Trade Unions as part of the Agreement on antirobbery security issues – and in particular, we will produce interactive courses with distance training e-learning modules for colleagues working in branches and permanent training initiatives for all personnel via Web-TV which are aimed at improving the security culture and the check of risks in branches by Managers.

### Intesa salute

From January 2006 we commenced a project for IT management of the paper archive on health surveillance performed by the competent doctors distributed on the territory, with the objective of developing initiatives for the promotion of health suited to the needs which emerge from our evidence and improving the efficiency of health surveillance.

### Intesa no smoking

It is a project to support the disaddiction from smoking to safeguard the health of colleagues and their family-members via:

- information activities in collaboration with no-smoking centres of ASL (Local Health Authorities);
- preparation of questionnaires (using Intranet and web tv) to identify the smokers willing to join a disaddiction programme;
- participation to counselling programmes organised by ASLs or non-profit organisations;
- initial and final monitoring for the measurement of effectiveness.

## Valorisation, motivation and career advancement

### 2005-2007 training programme

To support the new Business Plan a Three-year training programme has been defined to systematically develop the professionalism of colleagues with reference to the competencies necessary to cover specific posts and to face increasing responsibility levels, integrating career advancements with training programmes, as well as conjugating to the best company requirements and individual expectations in view to diffusing learning as a lever for personal and not only corporate growth.

### Role training programmes

Specific training programmes have been developed for certain professional figures involved in the management of the commercial relation with customers. In order to better orient training interventions, the “ideal profile” of knowledge has been differentiated identifying 3 diverse levels of “coverage” in the roles due to various levels of experience matured: Junior (introduction in the role) – with experience – Senior.

Fruition of training programmes may occur in modular sequences, alternating classroom periods to periods of activity, for the purpose of permitting branches a better sustainability of training programmes and to participants the application of acquired knowledge in their operating activities.

### Coverage of Roles of Responsibility

The project has the objective of identifying the qualifying competencies for the role of Branch Manager in the Retail Division.

Based on the organisational classification of Branches (Basic, Retail, Average and Large) ideal profiles for the coverage of the role have been identified and the training interventions necessary for the achievement of the optimal level of coverage determined.

### Training on the Code of Ethics

Training initiatives on the recently-approved Code of Ethics – which will be diffused to all employees – will be delivered via the combined use of the various didactical channels (web tv, classrooms, workshops etc.) chosen on the basis of target professional families.

### Valorisation of potential and attraction of young talents

In this area, the projects for the valorisation of high potential resources of various Group structures and for the identification of young talents in the Retail and Corporate Divisions will be extended with the development of a modular programme which alternates the diagnostic and training moments set out by the individual development plans.

### Valorisation of seniority – “E.V.E.R.”

The project wants to stimulate senior resources to remain in service via the definition of instruments which, based on an orientation to continued employment, favour flexibility, knowledge management, involvement and renewal of competencies.



### Performance assesment: Value and Direction by Objectives (DPO)

Progressive extension of the performance assessment system and the DPO project to Group companies.

## Attentive listening and dialogue with our people

In this area initiatives are aimed at developing instruments for attentive listening according to structured and continuous means.

### Observatory on commercial actions and atirobbery security

Following the Agreements signed with the Trade Unions the Company/Trade Union Observatory (already described in Sensitive areas) will be fully operational and will be charged in particular, with the task of analysing any possible critical issues on commercial actions and antirobbery security and formulating proposals.

### Structured listening initiatives

We will conduct internal climate surveys, focus groups and a general Group survey every six months. Furthermore, surveys on single areas will be carried out.

### Listening groups

The project entails the activation of a network of correspondents who receive the proposals, the criticisms, the suggestions and the observations of the colleagues on the territory and act as spokespersons of management strategies.

## Cohesion to augment and consolidate the sense of belonging around a strong and shared corporate identity

### Intranet portal for services to collaborators

Activation on the company's intranet of a section dedicated to services for collaborators: help on line, wages, 730 on line, business travel and missions, useful information for free time, blogs, forums.

### In Intesa – Workshop on belonging and integration

The initiative, to be activated periodically, entails a structured training course, lasting three days, which cuts across the various organisational areas and aimed at sharing our corporate identity, culture and values for the purpose of strengthening sense of belonging and identity. The initiative is targeted to the people hired by Banca Intesa, Banca Intesa Private Banking and Banca Caboto starting from 2003 (QD1, QD2 and Third professional areas).

### Value of intangibles – Workshop

Initiative aimed at reinforcing the effectiveness of managerial actions with particular reference to the field of intangibles: leadership, authoritative communication, motivation checks and corporate culture, merit management. The initiative is targeted to approximately 2,000 managers.

### Institution of a solidarity allowance

The project sets out the institution of a Solidarity allowance in favour of employees, ex-employees as well as pensioners of Group companies and economically-dependent or coinhabiting relatives, which due to and following particularly severe diseases and extraordinary events find themselves in conditions of need or in situations of physical, psychic, social or family disadvantage.

### Equal Opportunities Observatory

As provided for by the Protocol on Labour Relations of 29th December 2004, the Equal Opportunity Commission will be formed with the task of conducting studies and analyses on the work conditions of men and women inside the Company, with a propositive and consultation function.

# Shareholders

## Shareholder base and voting syndicate

The share capital of the Bank as at 31st December 2005 amounted to 3,596 million euro, divided into 5,983,374,287 ordinary shares and 932,490,561 unconvertible saving shares, with a nominal value of 0.52 euro each.

Banca Intesa's shareholder base as at the same date – detailed in the following table – includes reference shareholders which are part of a Voting syndicate and hold 43.64% of the Bank's ordinary shares (43.27% is vested in the Syndicate) and approximately 194,000 shareholders holding 56.36%.

Name	Shares included in the Voting syndicate	Shares not included in the Voting syndicate	Total shares	% of shares included in the Voting syndicate on total	% of shares held on total
Crédit Agricole S.A.	1,064,827,301	2,596,258	1,067,423,559	17.80	17.84
Fondazione Cariplo	554,578,319	–	554,578,319	9.27	9.27
Generali group of which	435,229,478	–	435,229,478	7.27	7.27
Assicurazioni Generali	1,782,764	–	1,782,764		
Alleanza Assicurazioni	248,236,838	–	248,236,838		
Other subsidiary companies	185,209,876 <sup>(a)</sup>	–	185,209,876		
Fondazione Cariparma	254,375,410	6,139,792	260,515,202	4.25	4.35
“Gruppo Lombardo” of which	279,926,547	13,693,759	293,620,306	4.68	4.91
- Banca Lombarda e Piemontese	139,963,274	5,059,638 <sup>(b)</sup>	145,022,912		
- I. O. R.	29,578,536 <sup>(c)</sup>	1,675,058	31,253,594		
- Mittel Partecipazioni Stabili	15,000,000	6,959,063 <sup>(d)</sup>	21,959,063		
- Carlo Tassara	95,384,737	–	95,384,737		
Total Shareholders in the Syndicate	2,588,937,055	22,429,809	2,611,366,864	43.27	43.64
Total other Shareholders	–	3,372,007,423	3,372,007,423		56.36
<b>Total</b>	<b>2,588,937,055</b>	<b>3,394,437,232</b>	<b>5,983,374,287</b>		<b>100.00</b>

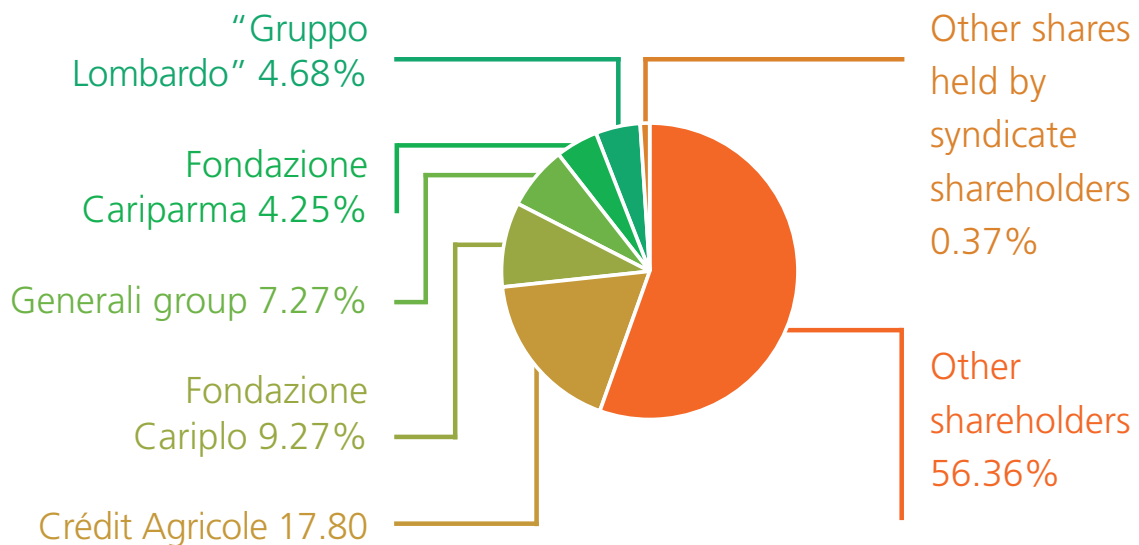
<sup>(a)</sup> Aachener und Münchener Lebensversicherung AG, Assitalia S.p.A., Central Krankenversicherung AG, Cosmos Lebensversicherungs AG, FATA - Fondo Assicurativo Tra Agricoltori S.p.A., Generali Assurances Iard S.A., Generali Versicherung AG (A), Generali Versicherung AG (D), Generali Vita S.p.A., GPA-VIE S.A., Ina Vita S.p.A., La Venezia Assicurazioni S.p.A., UMS - Generali Marine S.p.A., Volksfürsorge Deutsche Lebensversicherung AG, Volksfürsorge Deutsche Sachversicherung AG .

<sup>(b)</sup> Including 4,855,302 shares via the subsidiary Banco di Brescia.

<sup>(c)</sup> Shares with beneficial interest in favour of Mittel.

<sup>(d)</sup> Via the subsidiary Mittel Generale Investimenti.

## Voting syndicate



On 3rd May 2005 the main shareholders of Banca Intesa signed an updated text with some amendments and integrations of the Voting syndicate previously in force.

None of the parties to the Agreement may individually control the Company. The Syndicate operates through: a) the General Meeting, comprising representatives of the parties to the Syndicate and which meets to consider any matter of common interest relating to the management of Banca Intesa and its subsidiaries; b) the Management Committee, which is composed by a number of members equal to the number of parties forming the Syndicate, plus a Chairman, if not elected among the Committee members. The Management Committee establishes Group budget, policies and strategies, financial reporting and dividend policies, capital increases, mergers, changes to the Company's Articles of Association, acquisitions and divestments of controlling interests and of financially or strategically significant businesses and, generally speaking, it expresses its view – in advance – on all relevant decisions for Banca Intesa and its subsidiaries. Furthermore, it designates the Chairman, the Managing Director and/or the General Manager of Banca Intesa and the Chairmen, the General Managers and the Managing Directors of the principal subsidiaries; c) the Chairman, elected by the

Management Committee, by an absolute majority of syndicated holdings.

The transfer of the syndicated shares is subject to pre-emption, with the exception of the transfer in favour of parent, subsidiary or sister companies as well as for the transfer of shares syndicated within "Gruppo Lombardo". On 20th December 2005 Carlo Tassara S.p.A. entered "Gruppo Lombardo" vesting in the syndicate a 1.59% stake of ordinary share capital.

The Agreement in force expires on 15th April 2008 and it may be tacitly renewed every three years, save for cancellation six months before the expiry date.

## Transparency with the market

Starting from the presentation of the Business Plan and the objectives of the Bank for the 2003-2005 period communication to financial markets and media became even more timely and frequent to facilitate access to updated information on the Group and comprehension of company results and strategies.

This is the objective we had set ourselves with the 2003-2005 Business Plan and the actions taken and results reached:

Establish an even more transparent relationship with the market, the financial community and public opinion

- We intensified communication with financial markets and media and developed new channels to make information available with timeliness;
- Group transparency with the market and all stakeholders has become a central element in the Bank's communication;
- Investor Relations had an even more frequent presence in the timely reporting of company trends.

---

## Relations with shareholders and the financial community

Banca Intesa adopts a corporate governance system based on maintaining managerial autonomy and independence that – through continuity and stability of guidelines and policies – is oriented to long-term value creation for all stakeholders. In relations with shareholders, this means that we do our best to make sure that for all shareholders:

- value of capital invested in Banca Intesa is safeguarded and augmented in a sustainable way over time;
- equal access to information and utmost and constant attention are ensured, without any discrimination and privileged treatments;
- informed and aware participation to the decisions which involve the life of the

Bank is favoured.

To guarantee equal access to information to all shareholders and stakeholders, information is made available and may be accessed in a timely, easy and non-expensive manner through a plurality of channels: for example, Internet, PDA, conference calls with free toll number, brochures, letters to shareholders, free postage of annual reports upon request through the Bank website. In particular, the following documents are available on the Banca Intesa website ([www.bancaintesa.it](http://www.bancaintesa.it)):

- the Annual, half-year and quarterly reports;
- the Annual corporate governance report;
- information to shareholders on the terms

and means of exercise of their rights, such as the participation to the Shareholders' Meetings, collection of coupons, transactions on capital etc.;

- press releases and presentations of corporate results and strategies to the market;
- main company documents;
- stock price performance of the Banca Intesa share, information on shareholder base and the voting syndicate;
- the ratings assigned by specialised agencies.

In 2005 in the Hallvarsson&Halvarsson Webranking tables, Banca Intesa was in 5th position out of 80 in Italy and 47th out of 150 in Europe, with a significant

improvement with respect to the 9th position out of 40 and 306th position out of 500, respectively, registered in 2002.

In compliance with international best practices, we periodically have meetings and conferences (both conference calls and webcasts) with the financial community, Italian and foreign, for the purpose of strengthening long-lasting and continuous relations which contribute to creation of sustainable value over time. To this aim, also "perception" analyses are periodically conducted with financial analysts and institutional investors, which enable to perceive their opinions-needs-expectations.

<b>Communications</b>	<b>2005</b>
Institutional presentations	46
Financial communications released	101
Road shows (number)	21
Europe	19
United States	2
Meetings with investors and analysts (number)	202
Requests received and satisfied	12,000

Communication with the financial community – which focused on the strategic objectives of the 2003-2005 Business Plan (presented in September 2002) and those of the 2005-2007 Business Plan (presented in July 2005), as well as on the timely reporting of company trends and of the extent to which objectives have been achieved –

facilitated the acknowledgement of our results by financial analysts, rating agencies and investors.

The recommendations of the approximately 30 financial analysts that cover Banca Intesa recorded a significant improvement starting from the presentation of the 2003-2005 Business Plan:

<b>Recommendation</b>	<b>April 2006</b>	<b>December 2002</b>
Buy	58%	38%
Hold	42%	28%
Sell	–	34%

Also the rating assigned by specialised agencies recorded a significant improvement:

- in June 2004 Moody's improved outlook from stable to positive on the A1 rating for long-term debt;
- in July 2004 Standard & Poor's improved its rating to A (from A-) for long-term debt and to A-1 (from A-2) for short-term debt and in October 2005 it again upgraded the rating of long-term debt to A+ (from A);
- in December 2005 Fitch improved outlook from stable to positive on the A+ rating for long-term debt and upgraded the individual rating to B (from B/C).

As regards investors, the quotation of the Banca Intesa ordinary share almost tripled from 12th November 2002 (date of the presentation of the first quarterly results

subsequent to the launch of the 2003-2005 Business Plan) to 31st March 2006 and the capitalisation (including saving shares) increased by approximately 23 billion euro (from approximately 11 to approximately 34 billion euro).

Considering also the amount of dividends paid – both in cash and with free share distribution – in the 2003-2005 period value creation for shareholders equalled 25.5 billion euro.

Priority strategic objectives indicated in the 2003-2005 Business Plan – value creation for shareholders, risk profile, asset quality, capitalisation and the formation of platforms for sustainable growth – were achieved and, in certain cases, exceeded as for example:

	2005 objectives in the 2003-2005 Plan	Actual 2005 results
Earnings per share	€ 0.32-0.35	€ 0.44 € 0.37 <sup>(1)</sup>
Increase in the "weight" of retail on total assets	68%	70%

<sup>(1)</sup> Excluding capital gains related to Nextra Investment Management and the sale of the loan servicing business of Intesa Gestione Crediti, non-recurring charges connected to the assignment, for free, of shares to employees and non-recurring provisions for risks and charges.

On approval of 2005 financial statements, which closed with a consolidated net income of 3 billion euro, the Shareholders' Meeting held on 20th April 2006 resolved upon – in line with the objective indicated for 2005 in the 2005-2007 Business Plan – the distribution of over 1.5 billion euro of dividends, more than double the 0.7 billion euro distributed in 2005 on 2004 results, which had registered a consolidated net income of 1.8 billion euro.

With the implementation of the 2005-2007 Business Plan, we strengthen our role of partner in growth for all stakeholders, via the increase in the return on the capital invested by shareholders, the development of long-

term relations with customers based on mutual satisfaction, the offer of professional growth opportunities in a motivating environment for the whole personnel and the support to the development of the Countries in which we operate, first and foremost, Italy.

Also for strengthening of long-term relations with shareholders and customers, in 2005 we introduced special terms for shareholders who possess at least 1,000 Banca Intesa shares in a deposit under administration with the Bank, with costs of the Conto Intesa current account that are halved with respect to standard conditions.

## Relations with the media

The definition and management of the Group's communication actions with the media and Italian and foreign opinion makers is conducted by the Media Relations Office. The central objective of the activity is that of communicating initiatives of strategic and operating importance for the Group to all stakeholders and developing a relation of utmost transparency with the financial community and Italian and foreign public opinion.

The communication actions of the Media Relations Office are aimed at providing information in a timely, detailed and transparent fashion on:

- the new values of corporate identity and the role we have in the support to the development of the country;
- the Business Plans;
- the presentation of the quarterly/half-year/annual results;
- the launch of new products/services of particular relevance for all stakeholders;
- the development of cultural or social initiatives of particular importance.

To ensure utmost transparency with all stakeholders, all of the Group's strategic information is made available with timeliness via the dedicated section of the Group's website that is updated daily.

Communications	2005
Press releases (Group total)	462
Press conferences	109
Presentation of products and initiatives	82

## Research and relations with the finance world

The knowledge of economic and financial phenomena, of the corporate, industrial and territorial situations in which we operate is fundamental for understanding the main trends of the reference markets, identifying

their growth potential and contributing to orient our activities.

However, Banca Intesa's research is also aimed at promoting public initiatives with the objective of stimulating the debate on

economic and financial issues and, where possible, to offer suggestions to competent authorities. We make an effort in this direction by leveraging on the wide knowledge base that derives from our activity and from the professionalism of our collaborators, participating to the economic and financial debate, both national and international, via studies and research prepared in house which we diffuse to the public and the financial community.

In particular, in the last few years initiatives aimed at increasing the awareness of public opinion and economic operators on the role of factors such as research, innovation, marketing, ICT, human capital in the development of competitiveness not only of large companies, but also of SMEs.

The relations with category associations, other associations and research centres represent an opportunity to exchange views fundamental for Group development. For this reason we back and promote external analysis and research initiatives by both providing direct collaboration and supplying economic support.

**Rinnovare il modello di successo del Made in Italy (Renovating the model of success of Made in Italy)** Conference organised in collaboration with Pambianco-Strategie d'Impresa,  
Milano, 8th November 2005

**Processi di decentramento e rilancio dello sviluppo: Investimenti pubblici, infrastrutture, competitività (Processes of decentralisation and relaunch of development: public investments, infrastructures, competitiveness)**  
Roma, 19th October 2005

The independence and reputation of research are values which are increasingly requested by financial markets and, in particular, by investors. We are committed to ensure that our economists and financial analysts express independent judgement and, for research we diffuse to the outside, we have prepared certain templates to protect investors, on governance and conflicts of interest. The solution adopted in the organisation sets out the formation of a single research structure, the Research Department, independent and autonomous from the business units.

## The conferences organised by Banca Intesa in 2005

**62° Rapporto Analisi dei settori industriali (62nd Report on Italian industrial sectors)**  
Milano, 7th April 2005

**I distretti industriali italiani: strategie per vincere sul mercato globale (Italian industrial districts: strategies to win in the global market)**  
Milano, 14th June 2005

**64° Rapporto Analisi dei settori industriali (64th Report on Italian industrial sectors)**  
Milano, 20th October 2005

### Stock market indexes

Every day we diffuse a series of stock market indexes which have a long tradition – the index called Comit Global, the most renown was launched in 1972 – and represent a reference point for investors and the financial community. Currently 25 Italian mutual funds use them as benchmarks. In June 2006 a new series of indexes was launched, destined especially to be used as benchmarks by Mutual Funds, devised in the respect of the concentration limits (so-called 10/40) of the UCITS III Directive. Currently 31 stock market indexes are calculated and diffused.



# Suppliers

In the relationship with our suppliers we adopt a policy which privileges quality, service reliability and proposed innovation.

Rationalisation of supply contracts to achieve savings and increase efficiency of organisational process and models

The lines of development which we have followed in the Group's procurement policies are listed below:

We redefined the procurement management system aiming at an effective expense containment, optimising processes, introducing innovative technological solutions that enabled us to increase transparency and pursuing a consumption model oriented at waste reduction.

In 2005 we maintained commercial relations with approximately 5,000 suppliers for an

overall total of orders equal to approximately 1.8 billion euro.

Banca Intesa SpA 2005	Goods mil/€	Services in mil/€
Orders	300	1,500

Banca Intesa SpA Breakdown suppliers/country 2005	n. suppliers	Amount Ordered in mil./€
Italy	4542	1,730
Europe	313	54
North America	82	13
South America	12	2
Asia	10	1
total	4959	1,800

<sup>(1)</sup> Figures referred to the sole Parent Company.

## A new procurement model for stationery material: e-procurement

As part of the optimisation process, already in 2003 an e-procurement process commenced which, via the elimination of warehouses and the relative stocks of materials, proposes a new consumption model. In this way each requesting person is directly responsible for his/her consumptions. E-procurement is used to manage orders and procurement of the entire bank for four macroclasses of materials: printed material, stationery, EDP accessories and cheques and saving deposits booklets.

The project was made possible by the collaboration of suppliers. The path that we wanted to take was also "cultural", aiming to diffuse a greater awareness on consumption and make the entire organisation accountable for an efficient reduction in waste.

## Transparency in the procurement processes and in supplier selection

Our attention in introducing innovation in procurement processes enabled us to make the valuation criteria we use for offers even clearer. Starting from 2003 we experimented with good results an eSourcing portal which offers traceability and full functional coverage of the negotiation process in all its phases: from management of supplier selection to the organisation of the negotiation process; from publication of the procurement list to the invitation of participants; from collection and analysis of offers to the automatic preparation of reports and end-of-tender reports.

On the Home page of our website ([www.bancaintesa.it](http://www.bancaintesa.it)) in the "contacts" and "suppliers" area we are testing the possibility of signing up to the portal and proposing one's candidacy to the suppliers register. Following acceptance it is possible to take part in negotiation processes. From 2003 to date, 66 on-line tenders have been completed, for an overall transacted value of 146 million euro and 1,216 suppliers invited to take part.

---

## Commitments for the future

In 2006 we intend to further develop the supplier qualification process on our Internet portal introducing, in addition to the acceptance of Banca Intesa's general supply conditions, the request to share the principles set out in our Code of Ethics.

We will progressively introduce a rating for the selection of suppliers based on the possession of quality and environmental certifications.

We intend to strengthen a relation with our suppliers based on dialogue to favour relations of mutual quality through supplier satisfaction surveys.

# The relationship with the environment

Attention to the environment is one of the dimensions of the responsibility which we intend to take on in the valuation of the consequences of our decisions.

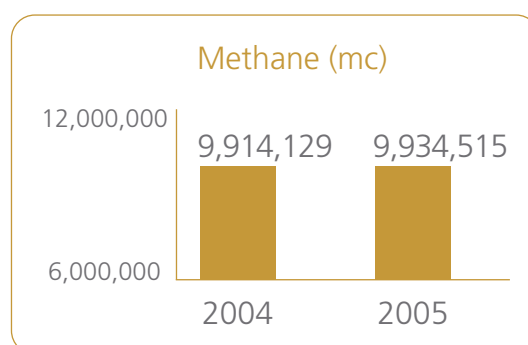
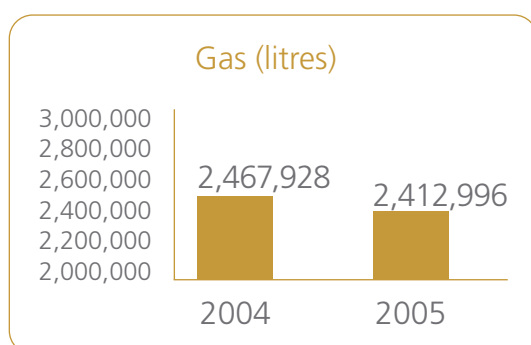
We are at the beginning of a path that will take us to the full identification and management of the impacts that our activities have on natural resources. We will consider both indirect and direct impacts. The former are related to our role in social and economic development and translate into the possibility of supporting initiatives which are or are not environmentally

compatible. These aspects are illustrated in the various chapters in the stakeholder account.

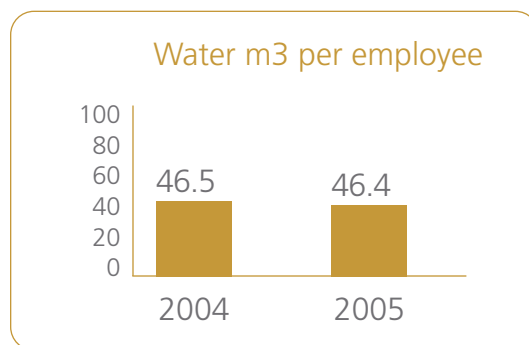
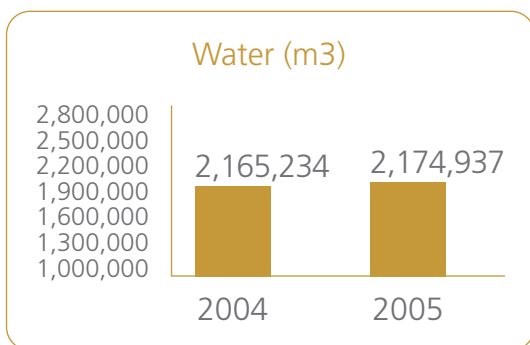
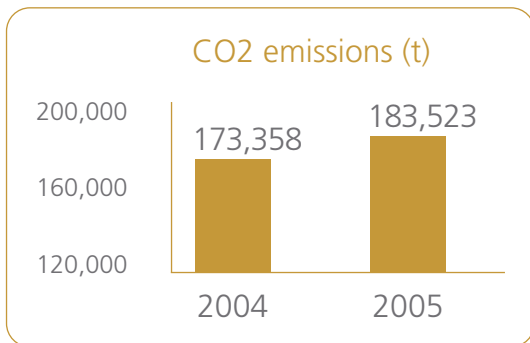
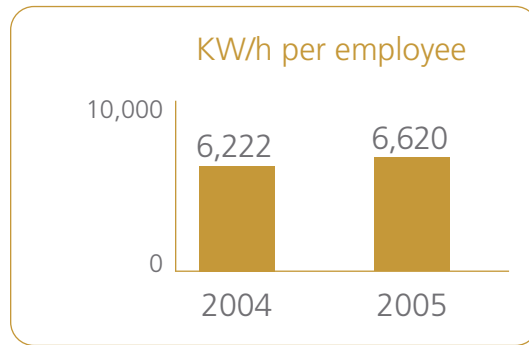
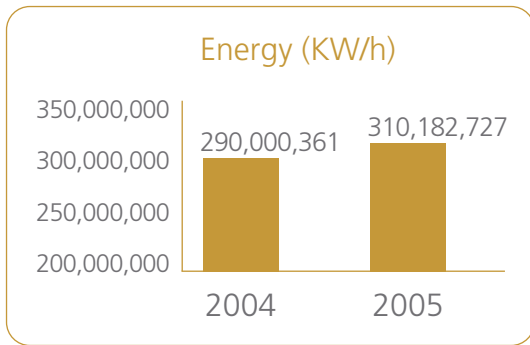
Instead, the direct environmental impacts are connected to our daily operations: the consumption of resources such as paper, energy or atmospheric emissions deriving from heating or air conditioning in buildings. In this field we pursue a consumption rationalisation policy, through education actions and internal training, to make all employees aware of responsible behaviour.

The 2003-2005 Business Plan did not set specific objectives as concerns the environment but our attention to the growth of the country in terms of value creation, for us and our stakeholders, underlies the capacities of economic, social and environmental development of the communities with which we have relations, limiting the negative impacts of our activities.

## Environmental Performance Indicators <sup>(1)</sup>



<sup>(1)</sup> Figures refer to the Parent Company, Italian Subsidiary Banks and International Subsidiary Banks. Intesa Casse del Centro and the related Saving banks, Banca Intesa Beograd and KMB are not included.



Banca Intesa SpA - SPECIAL WASTES: Total quantity disposed		2005
Obsolete appliances	Kg	263,366
Obsolete electronic equipment	Kg	89,994
Accumulators	Kg	2,070
Dangerous toners	Kg	1,463
Solvents	Kg	300
PCB accumulators	Kg	2,410
Infirmary waste	Kg	84
Packaging in plastic	Kg	14,059

## Energy use: electric energy, cogeneration and energy saving

To rationalise supply contracts and achieve expense savings and optimise consumption, a model for the management of electric energy problems was realised within the Group.

For the purpose of concretely benefiting from the liberalisation of electricity (see Bersani Decree, Legislative Decree 79/99 and Law 57/01), that among other things, establishes the penalties in case of programmed use thresholds are exceeded, we are experimenting a control system for monitoring the energy consumption of single operating units, highlighting any consumption or operational anomalies. This also enables us to have fundamental figures to estimate energy required.

We have activated a plan which sets out the substitution of gas oil thermal power plants with methane gas power plants or heat pumps, which enable to achieve – in addition to the economic advantages deriving from the reduction of operating costs – the emission in the atmosphere of less polluting substances, contributing to the safeguard of the environment.

One of the main interventions was the realisation in Parma of a new **cogeneration plant** run with methane, capable of producing electric energy (for 1,800 kW) recovering thermal energy (for 2,070 kW). This source of energy is used for heating in winter and air conditioning the buildings in summer. The plant has a system which enables to optimise its functioning for energy saving and reducing the emissions of harmful gas thanks to the recourse to thermal energy.

### ABI ENERGIA consortium

Already from 2004 we took part to ABI Energia, the Consortium formed for the purpose of defining targeted actions for an optimised use and procurement of energy. The Consortium aggregates banks and technological partners operating in the

energy sector which have the following objectives:

- reduction of energy procurement costs;
- reduction of energy consumption;
- reduction of environmental impact of energy consumption;
- reduction of operational risk associated with the use of energy.

In addition to agreements signed with energy suppliers on the market, ABI Energia dialogues with Institutions, Universities and Research Centres for knowledge sharing and identifying best practices in the field of energy management.

## Waste treatment

From 2002 we commenced the differentiated collection of paper, plastic and special wastes, introducing differentiated containers for type of waste in work environments. IT material (PCs, obsolete electric and electronic appliances, printers and toner cartridges) is disposed of by credited companies for their reuse/recovery.

## Use of eco-compatible products

We are committed to a progressive reduction in paper consumption, giving impulse to the development of IT supports in internal communications and to increase the use of ecologic paper, both recycled and made with low environmental impact.

At the end of 2004 we commenced the “eco-compatible consumption products” project which sets out the progressive substitution of the convertible forms in use with products certified by “Ecolabel” – the EU logo which characterises the products which respect environmental quality criteria defined by the European Commission.

<b>PAPER CONSUMPTION</b>	<b>2004</b>	<b>2005</b>
<b>BANCA INTESA SPA</b>		
Kg of paper consumed	4,200,000	4,029,456
Paper: consumption per employee (kg)	137	133
Recycled paper / Total (%)		2,96%
<b>ITALIAN SUBSIDIARY BANKS</b>		
Kg of paper consumed	697,364	706,682
Paper: consumption per employee (kg)	89	87
<b>INTERNATIONAL SUBSIDIARY BANKS</b>		
Kg of paper consumed	856,436	896,414
Paper: consumption per employee (kg)	86	85

## Integrated logistics

Already from 2003 we started implementing an integrated logistic project for the purpose of rationalising the delivery processes of stationery materials, internal correspondence and files to be archived, consolidating orders,

optimising travel scheduling and movement of auto vehicles. The project enabled us to obtain, in addition to waste reduction and cost optimisation, also a reduction in environmental impact.

## Commitments for the future

We intend to develop Internal guidelines dedicated to the management of the direct and indirect environmental impact of our activity. The specific projects we have already started working on are:

### Direct Impact

#### Energy use

##### **Energy consumption**

Progressive extension of the transformation of gas oil thermal power plants.  
Realisation of a system of remote management of freezethermic plants on a group of test branches, aimed at energy consumption containment.



##### **ABI Energia: education to saving**

As part of the Consortium, we intend to implement the training initiative for the sustainable use of electronic energy in the work environment diffusing the Guide drawn up by ABI Energia "save the environment with a click".

#### Use of eco-compatible products

Completion of the introduction of Ecolabel paper on a wider range of products.

#### Mobility management



The project which is under development for our colleagues has the objective of improving quality of life and at the same time it is an instrument to reduce the levels of urban traffic congestion and of atmospheric pollution.

### Indirect impact

#### Adoption of the instruments provided for by the Kyoto Protocol

As part of the Kyoto protocol, which has now entered its operational phase, various industrial sectors must respect carbon dioxide

quotas, reducing them or purchasing them, if reduction is not possible. For the purpose of sustaining Italian companies in reducing the purchase cost of such quotas, we intend to join the Italian Carbon Fund, fiduciary fund managed by World Bank within Carbon Finance.

##### **Italian Carbon Fund**

Formed in November 2003 from the agreement with World Bank and the Environment Minister, who paid a start-up contribution of 15 million dollars, it is operational from March 2004.

The Fund sets out, for public-sector and private-sector companies, the possibility of purchasing credits (at competitive prices) for the reduction of emissions produced, by investing in project which determine advantages for the environment and employ sustainable technologies in Emerging or Transition Countries; projects which must comply with requirements of the Kyoto Protocol.

#### Adoption of international protocols

We intend to adopt international protocols that define conduct criteria in financing projects which may have significant environmental impact:

- Equator Principles, which set out a common reference framework for international project finance, based on an external benchmark contained in the guidelines of World Bank and IFC (which set out prevention and reduction of pollution and safeguard of environment, health and security);
- The environment programme of UN - UNEP FI which sets out the development and promotion of relations between the environment, sustainability and financial performance;
- Global Compact of United Nations which, among other principles, sets out the promotion of environmental sustainability.

# The relationship with the community

We want to be close to the projects and expectations of people, companies, entities which work for the development of the local markets in which we operate, open to the increasingly-integrated dimension of civil life at national and global level.

A concrete approach to achieve this objective is the constant attention to social issues, culture, knowledge development to improve quality of life and relations. The 2003-2005 Business Plan gave particular evidence to the valorisation of the social role of our bank:

Development of partnerships with organisations of the third sector for the purpose of favouring civil society initiatives which promote social cohesion

- We developed synergies with social enterprises, non-profit entities and the third sector realising projects in favour of the community together.

Focalisation of our support to initiatives which are particularly significant from a social and humanitarian viewpoint

- In 2005 we destined over 60% of donations to social and humanitarian interventions. In this field we defined the three-year commitment – in partnership with Fondazione Cariplo – for the humanitarian initiative “Project Malawi”;
- We provided continuous support to worthy initiatives such as for example research on cancer and the fight to indigence, improving the knowledge of the way that supported initiatives operate, consolidating the collaborations and developing new initiatives together.

Support to the development of cultural policies for the production of value and utility for the community

- We developed initiatives in the field of promotion of Italian culture via the safeguard of the Italian historical and artistic heritage, to protect and valorise our artistic and historical-documentary heritage, the promotion of the activities of entities and institutions with significant cultural and educational profile. We were inspired by the principle of realising a common and useful good making it accessible to a greater number of people.

## Synergies with the third sector

We feel the duty to make a commitment to facilitate access to credit and safeguard the rights of citizens. For this we formed

“Laboratorio Banca e Società” (Bank and Society Laboratory), a structure in staff to the Managing Director and CEO, dedicated to the study and realisation of a series of projects for people who risk exclusion from credit and social marginality.

In certain projects, the Laboratory commenced



new “public-private” collaboration means with entities (non-profit, Public Administrations, Institutions, Trade Unions and industrial associations) which offer services to the person.

The wealth of knowledge we have formed in the continuous search of synergies with the world of the third sector enabled us to launch banking instruments with a strong innovative content and high social impact, realised in collaboration with the Bank structures which deal with relations with customers.

Certain projects have already been realised and others are under development in the field of support to social enterprises:

### Construction of nursery schools

#### **Consorzio PAN (Progetto Asili Nido)**

PAN is non-profit consortium, established in March 2004 by the collaboration of Banca Intesa with the major social enterprise networks (Consorzio CGM (Gino Mattarelli), Federazione dell'Impresa Sociale di Compagnia delle Opere and Legacoop) aimed at forming new nursery schools and structures for infants over the whole national territory.

PAN has the double objective of supporting enterprises which offer services to infants and the families that use them by:

- supporting the “start-up” phase of the structures with loans up to 100,000 euro for restructuring and adapting premises to the new nursery schools. It finances furniture and requalification of existing structures up to a maximum of 50,000 euro;
- providing assistance in the preparation of the business plan and in the training of personnel;
- enabling families which send their children to a PAN structure to obtain special financial services, such as “diluzione della retta” (dilution of the fee): a loan which enables to pay the nursery school in small monthly instalments for 6 years instead of facing a strong expense concentrated in the 2/3 years in which the child attends nursery school.

The new structures will use the PAN quality brand, which guarantees the quality of the premises, of the educational project, of refectory and medical assistance as well as the congruity between prices and services. The maintenance of the brand is subordinated to a periodic accurate verification by Consortium inspectors.

As at 31st December 2005 PAN formed 178

nursery schools with approximately 5,000 children and over 1,000 employees, almost exclusively young people with high school preparation.

Approximately 1,000 new requests coming from all over Italy are being screened.



In 2005 we inaugurated the first corporate nursery school with the PAN brand for Banca Intesa employees.

### Project Malawi

We devised an international cooperation project in favour of one of the 15 poorest Countries in the world, the African State of Malawi.

Project Malawi, developed with Fondazione Cariplo, sees the direct involvement of local Government structures and certain important Italian and international non-Government Organisations and is articulated in four macro-areas of intervention, each assigned to a single implementing partner:

- Community of Sant'Egidio is responsible for AIDS treatment and care;
- Save the Children Italy has been assigned assistance of orphans;
- two Malawi scout associations (MAGGA-SAM Scout) have been assigned education and prevention;
- CISP (Comitato Internazionale per lo Sviluppo dei Popoli) is in charge of local development and microfinance.

Banca Intesa and Fondazione Cariplo have the role of cofinancer and coordinator of the project.

The main action is focused on the development of interventions for the purpose of contrasting the vertical mother-child Aids transmission, and will be coordinated by the Community of Sant'Egidio through the protocol D.R.E.A.M. (Drug Resources Enhancement Against Aids and Malnutrition). Dream is based on a quality diagnostic-therapeutic approach identical to that used with success in the West, and that already led to important results in the neighbouring Mozambique.

Project Malawi will start a pilot project in the Blantyre area (in South Malawi), where, within June 2006, it will establish a molecular biology laboratory and a health centre for the screening of pregnant women, the distribution of anti-retroviral medicine and the monitoring of the ill. Simultaneously a centre providing assistance to orphans and a consulting centre for microfinance to support

families hit by AIDS will be formed and a prevention campaign will be launched and managed by the scout associations.

In the two subsequent years the project will be extended to most Malawi districts in close collaboration with the Malawian democratic Government.

Banca Intesa and Fondazione Cariplo have allocated three million euro in favour of Project Malawi. Based on results achieved, the financing may be raised to 9 million euro in 3 years. Other resources will be added via international cofinancing and other fund raising initiatives in Italy. The Project is monitored in its every component by an external auditor, the Cooperation and Development School of Università degli Studi of Pavia.

Colleagues have been constantly informed about the development of the project that, in order to enable everyone to express their solidarity, was accompanied by a fundraising initiative via the donation of the equivalent of one or more lunch tickets. Approximately 7,200 colleagues took part to the initiative and permitted raise approximately 140,000 euro.

Collaborators

Connected to Project Malawi is another initiative which sets out a new concept of saving, intended not only as accumulation but as the responsible use of resources for a more balanced development of society and for solidarity with the Countries of the world in extreme conditions of need.

### A scuola di risparmio (Learning to save)

Environment

In December 2005 Banca Intesa (with 13 Group banks) and Fondazione Cariplo launched "A scuola di risparmio" (Learning to save), a new project for the children of II, III, IV and V grade of elementary school.

Teachers guide their pupils in the discovery of the individual and social advantages of an aware use of resources (energy, food, consumables, and water). And this is the "door" through which we want to introduce a new concept of saving, intended not only as an egoistic accumulation but as the engine of the economy and society.

The objective is that of explaining how saving is created and how it enters the economic circuit and is translated into economic growth or into the solution of social problems.

"Resources saved may be transformed into loans and therefore in public and private investments, with benefits for people and

society". This thought, simple but not simplistic even for adults, is presented to children through games and simulations which are centred on the bank and its role, including its social role.

The daily activities of the pupils – guided by teachers and registered in a class diary – lead to a mark. The mark realised will be converted in concrete aids to the children in Malawi: toys, school materials and furniture.

The website [www.ascuoladirisparmio.it](http://www.ascuoladirisparmio.it) is the window, open in real time, on project objectives, activities and results.

## Liberal donations through the allowance for charitable contributions

**S**hareholders The Articles of Associations set out a specific allowance for charitable, social and cultural contributions. It is an instrument which involves all shareholders since every year the Shareholders' Meeting decides to allocate a portion of net income to this allowance.

The amount of resources available is variable and connected to our economic results.

Management of the allowance for charitable contributions is organised through an articulated operating model which attributes the decision-making role to specific bodies in the company's top management with specific levels of autonomy. In 2005 we invested, solely for Banca Intesa, donations of 4.6 million euro.

With the 2003-2005 Business Plan, the management of the Allowance for charitable contributions recorded a profound change aimed at i) focusing on social and humanitarian initiatives, ii) developing close relations with territorial relation structures to build intelligent antennae on innovative and socially appreciable experiences and projects and iii) consolidating relations with institutions that are socially and culturally active in the areas where the Bank is present to guarantee continuity over time of the main projects.

In 2005, Banca Intesa supported various projects grouped according to two different branches of responses to the emerging needs of society. These are the main areas and some of the most significant interventions for the social and cultural value sustained:

Projects of great humanitarian impact to favour the rights of all people to a dignified life and to a better future

- on this specific issue noteworthy is the three-year support to “Project Malawi”, illustrated above.

Training and research, alongside universities, specialised centres in its functions of innovation and technology transfer

- support and collaboration with AIRC (Associazione italiana per la ricerca sul cancro); attribution of scholarships to Fondazione Alberta Pompei Onlus of Roma to support scientific research for the diagnosis of osteoporosis and fracture risk prediction.

Development of services to the person, favouring innovative projects so to help the needy, in the respect and safeguard of the dignity of the weak

- support to the Fondazione Opera Immacolata Concezione of Padova active in the sector of assistance to the elderly; support to the Fondazione Banco Alimentare, with reference to the organisation of the National food collection day

Protection and development of projects of religious communities, at their side to support their service on the territory and their objectives of social and humanitarian commitment

- contribution to the Bishop of Parma for the restructuring of the presbytery of the Cathedral; project for IT control of the volumes in the Vatican Apostolic Library; restoration of the Mascioni organ in the Cathedral of Cagliari.

Cultural and civil promotion of the territory, through the development of new collaboration models between public and private entities to valorise local traditions and contexts

- collaboration with the Associazione Interessi Metropolitanani for the promotion of the Milano area; support to the Federico Faruffini School of Art of the City of Sesto San Giovanni.

Concrete help to those who make an effort, to those who are able and needy to reach the highest schooling and professional training even if without the necessary economic means

- Scholarships to the Fondazione “Comunità Domenico Tardini” active in the support of able and needy young university students.

Favour access, by a large public, to the language of music that represents a fundamental aspect of our culture and a fascinating testimony of our heritage

- contribution to the annual edition of the International Piano Festival “Arturo Benedetti Michelangeli” of Brescia and Bergamo; support to the activities of the Association Amici della Scala di Milano.

Attention to the European dimension of our heritage, to favour economic, cultural, and social integration and cooperation

- contribution to the organisation of the XIII international convention of orthodox spirituality of the Monastic Community of Bose.

## Sponsorships

As concerns sponsorships we rationalised investments unifying their coordination and most of the management. Our intervention mainly concentrated on activities in the social and cultural field, to support the new image of the Bank and the new identity of the Group.

In 2005 we sponsored various activities to ensure our active participation to the life of the country and to contribute to its economic, social and cultural development. Sponsorships disbursed by the sole Parent Company in 2005 amounted to approximately 8.5 million euro.

## Economic growth

Interventions in this area confirm our will to favour the development of companies sustaining initiatives promoted by entities, institutions and primary organisations to feed the virtuous circle of trust.

Among the most significant initiatives noteworthy are our partnership with Confindustria, to consolidate the relation with the main Association of Italian companies; the collaboration with Compagnia delle Opere, to support the initiatives and meetings of the organisation – among which the Meeting in Rimini; Premio Impresa e Cultura (Business and culture prize), to promote the cultural investments of companies. Also the

activities alongside Universities to sustain research are part of this plan.

### Social development

For the purpose of a renewed culture we develop our participation to activities of high ethical and social value, in line with social responsibility values. These initiatives testify the Bank's commitment and capacity to invest in new growth opportunities for the country, setting up strong links with Italian society as the Bank's main asset.

Among the initiatives in this area particularly significant are: Fabbrica del Sorriso (The smile factory, in favour of needy children), the support to AIRC for the realisation of the Giornata dell'Azalea (Day of the Azalea), our support to Fondazione Banco Alimentare for the realisation of the Giornata della Colletta Alimentare (National food collection day).

### Cultural development

In collaboration with primary cultural institutions in Italy, we conceive the promotion of the Italian culture as an integral part of our responsibility through projects to safeguard the Italian historical-artistic heritage and support the activities of entities and institutions of significant cultural and educational profile. Among the initiatives in this area we highlight: the partnership with Teatro alla Scala for the support of the opera, concert and ballet season; the collaboration with FAI-Fondo Ambiente Italiano for the realisation of the initiative "I Luoghi del Cuore" (Places of the heart); the agreement with Fondazione Giorgio Cini to support the scientific and cultural activities promoted by the association; and all the initiatives in favour of theatres as a contribution to the diffusion of culture on the territory.

## The main initiatives sustained

Italian Association for Cancer Research (Associazione Italiana per la Ricerca sul Cancro - AIRC)



### Day of the Azalea of Research

We support AIRC in the realisation of the traditional Day of the Azalea of Research in occasion of Mother's day, from 1997. We actively promote the initiative at all our branches and involve all colleagues. The Italian Association for Cancer Research, non-profit private-sector entity, was founded in 1965 thanks to the initiative of certain researchers of the Cancer Institute of Milano,

among which Professor Umberto Veronesi and with the support of eminent Milanese entrepreneurs. From the year of its establishment AIRC was always committed to promoting cancer research in Italy. Its progressive expansion leads it now to count on 17 Regional Committees and over 1,800,000 members. In short, the activities of AIRC consist in raising and distributing funds in favour of cancer research and in diffusing correct information on cancer to the public. Funds raised are distributed annually to research projects and scholarships deemed to be valid in terms of scientific content by the AIRC Technical-Scientific Committee, made up of cancer scientists coming from all over Italy, helped in their valuation and selection activities by 350 European and American researchers.

### Fondazione Banco Alimentare – National food collection day

We support the Foundation in the organisation of the National food collection day (Giornata Nazionale della Colletta Alimentare), the collection of food is carried out in collaboration with the main supermarket chains in favour of the needy.

The purpose of Fondazione Banco Alimentare Onlus is the collection of excess food and its redistribution to Entities and initiatives which, in Italy, provide assistance and aid to the poor and emarginated. The Fondazione is on the one hand, at the service of companies that have problems of stocks and excess food and, on the other hand, to Associations and Assistance Entities which distribute meals on a continuous basis.

Banco Alimentare is therefore the ideal go-between for any "waste" of the agro-alimentary chain to be turned into value for assistance entities.

### Fabbrica del Sorriso

Three years ago we started our partnership with Mediafriends Onlus for the realisation of Fabbrica del Sorriso, a great solidarity initiative promoted in the main programmes of the Mediaset television channels aimed at raising funds in favour of disadvantaged infancy.

We are the reference bank of the project and all our channels – branches, cash dispensers, telephone, Internet – may be used for the collection of donations.

Mediafriends Onlus is the association established by R.T.I. SpA, Mondadori SpA and Medusa SpA for the realisation of events aimed at raising funds to be destined to

charity and financing projects in the following sectors: social and health assistance; charity; instruction and training; safeguard, promotion and valorisation of culture, art and goods of artistic and historical interest; safeguard and valorisation of nature and the environment; international cooperation.

**E**  
Environment

#### FAI – I luoghi del cuore

We are partners of FAI for the realisation of the project “I Luoghi del Cuore”, an initiative promoted for the valorisation of Italy’s artistic, cultural and environmental heritage. With this initiative we intend to identify the places that have had a particular importance in the life of people which they would like to be conserved. For this purpose, via the branches on the territory, we promote the project providing the main collection channel and we favour signalling of places. All indicated places are communicated to competent authorities to stimulate their involvement. We participate in the recovery of the most signalled places: to date we have supported the restoration of Mulino di Baresi (Bergamo), of the Bridge and the Oratory of San Martino in Clavi (Imperia) and the Church of the Very Saint Trinity in Valfurva (Sondrio).

#### Teatro alla Scala

We are the Sole Partner of the opera, concert and ballet season and at the same time supporters of Fondazione Teatro alla Scala, renovating a collaboration which has lasted now for over ten years, consistently with the particular attention we reserve to the relation with the territory and society.

## Cultural heritage

The interventions we have devised in the area of artistic culture mostly move along two directions: the safeguard and valorisation Italy’s cultural heritage and the restoration and historical-critical in-depth analysis of our art collections for the purpose of exposing them to the public.

#### Interventions to safeguard and valorise Italy’s cultural heritage

In this area of intervention, we gave continuity to the “**Restitutions**” project, which has the objective of restoring works of art destined to be seen by the general public. The project commenced at the end of the

80s and was promoted and managed in collaboration with the competent safeguard organisms, that is, the Territorial Superintendences. In its various editions Restitutions enabled to salvage more than five hundred works, a sort of ideal museum with works which range from proto-historic times to the threshold of the contemporary era, from archaeology to jewellery, to plastic arts and painting, initially of the Veneto region, then from Lombardo-Veneto and, lastly, from the whole of Italy.

The same project also includes the interventions to restore monuments, selected accurately from the particularly relevant places under the historical and artistic profile. Significant examples of realisations in recent years are the paleochristian floor mosaics of the Aquileia Basilica, the frescos of Altichiero e Avanzo in the Chapel of Saint James in the Basilica of the Saint in Padova, the court of honour of Villa Bozzolo in Casalzuigno belonging to FAI, the little studio of Gian Giacomo Poldi Pezzoli in the homonymous museum in Milano, the Frederican atrium of the Svevo Castle in Bari and the Civil Tower of Bassano del Grappa.

#### Banca Intesa’s art collection and public fruition

Our artistic heritage is the singular result of a diversified series of collections, each connected to the history and tradition of the Institutions which merged to form Banca Intesa. Inheriting such collections, we commenced reflecting on the delicate problem of the management of important treasures considering a potential public fruition. Conscious that the conservation of the works of art may not be disjoint from their study and historical-critical in-depth analysis, each collection was put under the scientific safeguard of a specific committee made up, for each sector, by the most important national and international experts and researchers, with the objective of achieving a systematic cataloguing of the works deemed to be of relevant cultural interest.

We have adopted different directions to permit the diffusion of knowledge of our art collection:

- on-line publication of the information, relative to the collections already scientifically-catalogued, with an interactive system capable of offering museums, researchers and scholars, knowledge and in-depth analysis, as well as the publication



- of printed catalogues with the results of the studies and that systematically present the single collections;
- realisation of temporary exhibitions using part of the collections such as “Poetry of reality” at the Pushkin Museum in Moscow in winter 2002/2003, the exhibition “Greek Myths” which was held in autumn 2004 at Palazzo Reale in Milano, the itinerating exhibition “The Last Caravaggio. The Martyrdom of Saint Orsola restored”, that during 2004 permitted to a public of 150,000 people – in the three locations, Galleria Borghese in Roma, Pinacoteca Ambrosiana in Milano and Gallerie di Palazzo Leoni Montanari in Vicenza – to admire a painting restored to its original beauty by the challenging restoration performed by the Italian Central Restoration Institute;
  - the establishment of our museum site. The project transformed Palazzo Leoni Montanari in Vicenza, from spring 1999 in the homonymous Galleries to permit for the first time stable and continuous access to the public. The rooms of the baroque palace host on the noble floor a precious collection of 18th century Paintings of the Veneto school, expression of the last, splendid painting season of the Serenissima, among which a significant corpus of paintings by Pietro Longhi, urban scenes and architectural “capriccios” by Canaletto, Luca Carlevarij, Francesco Guardi. Instead, the top floor of the palazzo hosts approximately one-hundred and thirty Russian icons from the XIII to the XIX century - a significant selection of the collection regarded by scholars as one of the most important in the West – presented according to the most updated museum and didactical standards.

The works which are not exhibited - approximately three-hundred and fifty - are preserved in a warehouse studied according to the best conservation criteria in specific grids which are easily consultable by scholars and art-lovers. This structure is complemented by the restoration lab, which just concluded the restoration of the entire collection, the cataloguing centre and the specialised library, reference point for those who are interested in analysing aspects related to the art of icons. The library provides access to the Index of Christian Art, Princeton University, the most important archive of medieval art in existence and the most specialised resource for the iconographer.

Particularly rich is the didactical programme – for pupils of local elementary and high schools as well as interested adults – and the programme of specialised conferences.

Temporary exhibitions programmed refer to a multiannual project which has the objective – in each exhibition – of analysing the artistic expressions which developed over the centuries, including the present that stemmed from the advent of the Christian Faith.

For further details, please consult the website [www.bancaintesa.it](http://www.bancaintesa.it) – culture section or [www.palazzomontanari.com](http://www.palazzomontanari.com)

In 2005 Banca Intesa invested approximately 2.4 million euro for activities in the direct support of Cultural heritage in addition to indirect costs (for example management costs of the artistic, architectural and real estate heritage, insurance costs etc.), for approximately 15 million euro.

## Editorial initiatives

The banks which merged to form Banca Intesa may boast a long-lasting tradition in editorial initiatives. From the end of the 19th century our Institutes felt the need to pursue alongside financial and lending activities an organic cultural policy which was expressed in a variety of ways and represented an important part of a corporate life which is strongly oriented to the outside. The need to establish a contact with stakeholders – customers and shareholders – was reaffirmed identifying publications as the most adequate gift to promote studies on history, art, local traditions in the reference territory and thus contribute to sharing the sense of belonging and of identity.

In this area, various initiatives must be mentioned: the multiannual project promoted by Banca Commerciale Italiana in collaboration with Electa for a systematic cataloguing of the collections in the Museums and Galleries of Milano; the series of volumes dedicated to *Painting in Lombardia*, to *the History of Ambrosiana*, to *Provinces of Lombardia*, promoted by Cariplo; the collections *Foreigners and Italy* and *In direct take the masters of Italian art*, prepared for Banco Ambrosiano Veneto; and lastly, for Banca Intesa, the editorial-musical project which to date has proposed unpublished registrations of Arturo Benedetti Michelangeli, Valery Gergiev, Claudio Abbado, Gustav Mahler and Luigi Cherubini,



accompanied by volumes which provide an in-depth musicological and historical-artistic analysis.

With the multimedia project *Vox Imago* we intend to continue in our intent of diffusing and stimulating the knowledge of cultured music. Another important sector refers to economic and financial publications that, among others, published a vast series of studies dedicated to Italy's economic history and the socio-economic, political and cultural transformation of the various regions with the studies and monographic research series. To complete the picture, a contribution to the international economic debate is given with the sponsorship and organisation of a series of "Lessons", called *Lezioni Raffaele Mattioli*, which are held by the most eminent world economists.

### Vox Imago

The *Vox Imago* collection – born in 2004 as part of support to Teatro alla Scala – is a multimedia project which proposed via active movie DVD, a visual diffusion path. The starting point is music and around it revolve further analyses. The work is proposed in the integral version in compact disc, while the volume offers ideas and topics to widen the knowledge of the contents proposed by the visual programme and listening. The project has an overall sense: it is a structured solution aimed at valorising our relation with Teatro alla Scala, with executing artists and internationally-renown authors and which wants to diffuse music and opera outside Teatro alla Scala, with divulgation potential and also didactical prerogatives.

### Museums and Galleries of Milano

Born in 1973, this project of cataloguing the Museums and Galleries of Milano is a real systematic exploration of the city's artistic heritage and includes over 60 published volumes, dedicated to large museums or to smaller collections, outlining an extremely vast panorama, from archaeology to contemporary art, touching the most diverse artistic expressions and consolidating the extremely high international importance of

Milano's art collections. We therefore contributed to the knowledge, study and valorisation of art collections, which have no comparisons in terms of vastness, both in "horizontal" terms, with the progressive involvement of all museums, and in "vertical" terms, for the analysis conducted in-depth for all works of art, from the more famous masterpieces to the less renown pieces to the objects conserved in deposits.

### Lezioni Raffaele Mattioli

Set up in 1976, in memory of Raffaele Mattioli, and realised in collaboration with Bocconi University, the lessons have been given by the most eminent world economists, such as Modigliani, Kahn, Kindleberger, Simon, Stiglitz, to mention just a few. This initiative is intended to create a moment of reflection and debate on economic and financial issues that are particularly interesting at international level, which might stimulate ideas to face the increasing challenges posed by a continuously transforming economic scenario. The publication and the diffusion of the proceedings at international level are managed in collaboration with Cambridge University Press.

In 2005 we formalised the sale of the rights for the Italian versions of the proceedings of the Lessons "Towards a New Paradigm in Monetary Economics", Joseph E. Stiglitz - Bruce Greenwald, CUP, 2003 to Vita e Pensiero and "The Economics of Information Technology – An Introduction", Hal R. Varian - Joseph Farrell - Carl Shapiro, CUP, 2004 to Etas (RCS Libri).

As part of support reserved to entities which promote culture, Banca Intesa renewed the collaboration with certain among the most prestigious and ancient musical organisations recognising the high quality of the programmes presented and of the executions: Associazione Alessandro Scarlatti – Naples, Milano Musica – Associazione per la Musica Contemporanea and Società del Quartetto di Milano."

In 2005 Banca Intesa invested in editorial and musical initiatives over 974 thousand euro.

## Commitments for the future

### Project for social enterprises

We intend to consolidate the initiatives under way, with the establishment of 500 nursery schools with the PAN brand within 2007, and to activate fundraising mechanisms for "Project Malawi" which guarantee its sustainability over time.

*Laboratorio Banca e Società* also intends to develop interventions aimed at favouring access to credit of social enterprises, to support their activities in the field of welfare and international cooperation services.

### Donations

We intend to develop the sectors of intervention we have already identified. In particular, in addition to the important humanitarian initiative Project Malawi, we intend to develop the following areas in Italy and Europe:

- support to Italian research, in collaboration and alongside specialised centres in technological innovation and transformation, especially in the social and health field, for projects aimed at improving the quality of life and competitiveness of our country;
- participation to the fight against social exclusion, favouring and stimulating education/training and programmes for inclusion in the labour market;
- support to families as an essential instrument for protection and growth of infancy and young generations;
- development of projects to face situations at risk for elderly people in frail conditions, supporting families in assistance and cure

### Sponsorships

Banca Intesa confirms also for 2006 the commitment to favour the growth of the system in which it operates by developing and sustaining initiatives in the following fields of communication:

- Culture: intended as the area in which to express the capacity to offer society a useful and necessary intermediation to seize the trends of future growth;
- Research: support to research – university and non – is another of the fundamental commitments of a bank which intends its role as that of forerunner of new opportunities for economic and social development;

- Social: this is the area in which we directly express our responsibility with weaker members of society, who also have the merit of participating to the growth of the system.

### Cultural heritage

We launched two important initiatives in the artistic culture area:

- the last painting by Caravaggio, the Martyrdom of Saint Orsola, within 2006 will return to Naples, the city in which it was painted, and where it will find its definitive location at Palazzo Zevallos Stigliano, once the restructuring currently under way is concluded. A space on the noble floor of this historical building – which is also the site of one of our branches – will become a specific section with museum characteristics, to permit a wider public to see a masterpiece of the great artist;
- the publication of the reasoned catalogue of the collection of the Attic and Apulian ceramics. Banca Intesa's collection of Attic and Apulian ceramics (5th - 3rd century b.C.) includes more than five hundred pieces, among vases and other items. The substantial corpus was formed in the first half of the 19th century following the discovery in Ruvo di Puglia of important necropolis of the 6th and 3rd century, pertaining to an ancient peuceta settlement flourishing from 6th century b.C. until the Roman period. The editorial initiative continues the programme of scientific and systematic cataloguing of all of Intesa's art collections.

### Editorial initiatives

In 2006 we intend to continue our activities focusing on two significant projects that are particularly complex, both in terms of realisation and divulgation: Vox Imago and Musei e Gallerie di Milano. We intend to consolidate the presence of published volumes in the public distribution circuit, perfecting communication on editorial initiatives, continue to diffuse the books we promote both in Italy and abroad (itinerating exhibitions of bank publications in Eastern Countries, contribution to the formation of the reborn Library of Alexandria of Egypt).



# Italian banks

## Cassa di Risparmio di Parma e Piacenza

Cassa di Risparmio di Parma e Piacenza (Cariparma e Piacenza) is the result of a series of successive mergers of 6 different banking institutes - Cassa di Risparmio di Parma, Cassa di Risparmio di Piacenza, Cassa di Risparmio di Vigevano, Banca Emiliana, Banca Fratelli Ceriana and Credito Commerciale - operating primarily in the

provinces of Parma, Piacenza, Pavia, Cremona, Torino and Milano, all of which deeply-rooted to their territories of origin.

In 1999 Cariparma e Piacenza joined Gruppo Intesa, and today, is the first of the various Italian banks which make up the Group, in terms of territorial expansion and volumes.

### Employees

Number of Employees	3,413	Employees with a degree	723
<i>of which Male</i>	1,797		21.2%
<i>of which Female</i>	1,616		

Average age	44
<i>Male</i>	45
<i>Female</i>	43

### Customers

Number of customers	640,000	Number of Branches	307
Individuals	510,000		
SMEs/Corporates	130,000		

### Mission and strong points

The mission of Cariparma e Piacenza is to favour the economy of the local markets in which it operates and to favour social wellbeing, in the respect of efficiency and profitability parameters. The Bank intends to pose itself as "Bank of the Territory", testifying at local level the vaster commitment of the Parent Company Banca Intesa as "Bank of the country".

For this purpose Cariparma e Piacenza developed a series of new initiatives:

- support to the development of important infrastructures (e.g. Parma Airport, Parma Fairs, Reggio Emilia Fairs) to sustain the internationalisation and the growth of the provinces in which it is present;
- definition of interventions to overcome corporate distress, sustaining employment;
- support to local entrepreneurs also via use of local suppliers;
- search of transparency and clarity in relations with customers, also by participating in the conciliation groups with Consumer associations;
- support and promotion of projects with high social and solidarity contents:
  - Progetto Solidarietà (solidarity project): 160 children adopted in Togo for three years (2004-2006);
  - Progetto Etico (ethical project): the project developed in collaboration with CAAM Sgr, sets out the destination of 10% of entry commissions on the Cariparma-Nexta funds to support projects with a high solidarity content; for the first two

years (September 2004-August 2005 and September 2005-August 2006) Banca Intesa's Project Malawi was identified as beneficiary;

- exclusion from its activities of loans to arms commerce;
- support to local communities via donations and sporting and cultural sponsorships;
- promotion of cultural initiatives, among which the realisation of publications aimed at valorising the artistic heritage of the local areas.

### Commitments for the future

Cariparma e Piacenza intends play its role in the support of the economic and social growth of local territories in the future.

In particular, Cariparma will continue to:

- support employment by hiring young people (700 in the 2003-2007 period);
- develop synergies with Fondazione Cariparma in terms of "financial sociality" and local welfare:
  - April 2006 - Stipulation of the agreement Cariparma-Fondazione-Provincia di Parma to support families and workers in conditions of particular economic difficulty;
  - May 2006 - "Credito sulla fiducia" (credit on trust), in agreement with Fondazione and City of Parma;
- study products and services targeted to socially-weaker categories: atypical workers, immigrants, young people;
- confirm its commitment in favour of culture and society.

## Cassa di Risparmio di Biella e Vercelli

Biverbanca was formed from the merger, in 1994, of two saving banks Cassa di Risparmio di Biella and Cassa di Risparmio di Vercelli; before then the two banks operated on the territory as two distinct entities, but with various complementary aspects: their initial common purpose was the collection of savings of the working and middle classes to destine to secure and productive investments; the strong vocation for their territory and the financial support, on the one hand, to the textile industry and, on the other hand, to the agro-alimentary sector and especially to the cultivation of rice.

The new bank leverages on the important traditions of the two historical local banks which, for over a century, contributed to the economic and social development of the areas of Biella and Vercelli.

In 1997 Banca Commerciale Italiana entered in the shareholder base of Biverbanca. In 1999 55% of the capital of Biverbanca was held by BCI, 33.22% by Fondazione Cassa di Risparmio di Biella and 11.78% by Fondazione Cassa di Risparmio di Vercelli. In 2001, with the merger between Banca Commerciale Italiana and Banca Intesa, Biverbanca joined Gruppo Intesa.

### Employees

Number of Employees	691	Employees with a degree	54
<i>of which Male</i>	331		7.8%
<i>of which Female</i>	360		
Average age	44		
<i>Male</i>	44		
<i>Female</i>	43		

### Customers

Number of customers	160,000	Number of Branches	102
Individuals	140,000		
SMEs/Corporates	20,000		

Biverbanca's relation with the reference territory, the closeness to the districts and the need to interpret its local territory and adapt offering to external expectations, meant that the presence of the bank in various fields – social, cultural and of support to local communities – was particularly strong.

### Relationship with associations and non-bank foundations

In this area Biverbanca developed collaborations to supply incentives and services in favour of associations of retailers and citizens such as for example ASCOM of Biella and ASCOM of Vercelli, so that retailers, their companies and families may access dedicated products and services (current accounts, loans, consumer credit, new technologies, e-commerce, investments and supplementary pensions).

### Social contributions

In 2005 Biverbanca destined to sponsorships in favour of the community over 380,000 euro in various types of interventions.

### Recreation activities

Activities for the support of speciality fairs, village fairs and local events such as: the Carnival of Biella, Borgosesia and Vercelli, Alpàa – summer event which is held at Borgosesia, Golosarte – event organised by the City of Varallo, the May Fair organised by Confesercenti (the retailers association) of Vercelli, Batailles des Reines, important event which takes place in Valle d'Aosta, Andar per Borghi, the Ratatplan music festival.

### Culture

The most significant interventions in favour of publications, museums, theatre performances and music events are: the preparation of the 3rd volume "Figurative arts in Biella and Vercelli: 13th century," the exhibition "On a

thread of wool", the Exhibition "Urbana, the city in transformation", the Concert season Circolo Lodovico Lessona, the Christmas concert of the Filarmonica of Vercelli, Music at Villa Durio in Varallo.

### Sport

In 2005 Biverbanca sponsored a series of Associations, sporting companies and events at amateur and professional level among which: the event Il Testimone ai Testimoni organised by the Tennis Club of Ivrea, the tennis tournament Renzo Bramanta, in June 2005 in Biella, the international cycling race, organised by Unione Ciclo Alpina Biellese, Cross of Cossato organised by Società G.S.Splendor. Again in the field of sport, Biverbanca supported in 2005 the following Associations or Companies: Pallacanestro Biella, Biella Volley, Junior Libertas Pallacanestro of Casale Monferrato, Pallacanestro Vercelli, Olympia Volley Ball Club di Vercelli, Pro Vercelli calcio, Associazione Scherma Pro Vercelli, A.S. Biellese Calcio.

### Instruction

Biverbanca destined two scholarships in favour of able students of Biella University who require economic support, enabling them to live in the college of Città Studi Biella. It also took part in the "A scuola di risparmio" (Learning to save) project in collaboration with Banca Intesa and in the Sponsorship of the Noble Fibres Master.

### Social solidarity

In this field the bank contributed to the realisation of various projects among which: the Bank of Toys in the Christmas season, Children's Day, the international day of interculture organised by the Welcome Association.

## Banca di Trento e Bolzano

Banca di Trento e Bolzano originates from Banca di Trento, established in December 1934, at inception operating solely in the city of Trento but interested in developing its actions also in the province of Bolzano.

The bank took on its current name in 1947 but its historical origins may be dated back to over a century ago, with the experiences of Banca Cattolica and Banca Cooperativa, which in 1927 were merged in Banca del Trentino e dell'Alto Adige, dissolved in 1933

during the great depression and the precarious economic equilibrium of the period.

In December 1995 the bank joined Gruppo Intesa maintaining its autonomy and founding principles: acting as an engine to guarantee an autonomous development of the economic and social context of Trentino, of Alto Adige and from December 2003 with the establishment of a branch in Innsbruck, also of Tirolo.

### Employees

Number of Employees	541	Employees with a degree	100
<i>of which Male</i>	377		18.5%
<i>of which Female</i>	164		
Average age	43		
<i>Male</i>	43		
<i>Female</i>	42		

### Customers

Number of customers	90,000	Number of Branches	79
Individuals	70,000		
SMEs/Corporates	20,000		

Banca di Trento e Bolzano is active in the cultural, sport and social field with particular focus in the area of research. Every year a part of its net income is destined to donations in favour of religious entities, non-profit organisations and cultural associations (Red Cross, White Cross, Caritas, Villaggio del Fanciullo, Banco Alimentare, Fibrosi cistica, Mutilated and invalids and many others).

Some of the initiatives of 2005 are listed below:

### **Young people**

It takes part to the initiative also sponsored by the Autonomous province of Trento "Viva la Sfida" (hurray for the challenge), dedicated to high school students for the purpose of showing them the culture of football to increase awareness of its social and educational aspects. Another important event, promoted by Banca Intesa and Fondazione Cariplo to which the bank took part is "a Scuola di Risparmio" (Learning to save), dedicated to all the elementary schools of Trentino and Alto Adige.

### **Culture**

From 2004, every year, it started to publish in Italian and German, a series of four volumes dedicated to the four elements of nature in Trentino, Alto Adige and Tirolo. Furthermore, five years ago it started publishing "La Banca e il Territorio" which expresses the relations that the institute has with its territory. In 2005 it participated as primary sponsor to Quotapoesia, one of the most important poetry festivals for young talents in Italy.

### **Music**

The bank supports musical events paying particular attention to certain local events, such as for example the "Ferruccio Busoni" international piano competition in Bolzano, the '900 Music Festival of Trento and Rovereto, the "Zandonai" ensemble, the Trento chamber orchestra and the "Christmas concerts" with the Haydn symphony orchestra of Bolzano and Trento.

### **Voluntary work associations**

In 2005 the bank organised in the offices in Palazzo Bassetti in Trento and Palazzo Pock in Bolzano certain concerts – such as the Spring of classical music with three opera singers, the jazz concerts "The Philosophy of Wine" and "The world around Duke Ellington" – dedicated to voluntary associations which operate in the territory. Furthermore, Banca di Trento e Bolzano took part to "Project Malawi" promoted by Banca Intesa and Fondazione Cariplo, raising funds from its employees and customers.

### **Sport**

In 2005, strengthening its image of a bank always close to its customers, it sponsored a series of amateur and professional sport events, such as the "BTB Golf Cup" – golf circuit organised with the Itas Assicurazioni group starting 15 years ago. Again in sport BTB participates from inception to "Donna Sprint" international women athletics event.

### **Creation of the Eurobs Observatory**

With the formation of the representative office – now branch – in the capital of Tirolo, Banca di Trento e Bolzano aims to become a qualified reference point in the support of activities of entrepreneurs and professionals interested in operating in the trade of products and services between Italy and Austria and vice versa.

To analyse the potential of the cross border territory, the bank requested the collaboration and involvement of the three Universities of Trento, Bolzano and Innsbruck to favour the formation of a Permanent observatory – with the objective of studying with a scientific method the relations and the economic, financial and cultural flows existing inside the territory made up of the three respective areas which form the so-called "Euregio" region.

Eurobs already offers Communities the results of the studies which are of public use. In March 2005 it presented the first publication "Euregio: dinamica dell'export" (Euregio: export dynamics) to Communities.

## Banca Popolare Friuladria

Formed in 1911 as Banca Popolare di Pordenone, between 1990 and 1995 – following various mergers – it expanded its area of influence to a regional dimension and took on the name of FriulAdria. In 1999 it joined Gruppo Intesa subsequently becoming

the first local bank with a widespread shareholder base also due to the effect of the aggregation of the branches of former Banco Ambrosiano Veneto present in the Friuli Venezia Giulia region.

### Employees

Number of Employees	1,312	Employees with a degree	343
<i>of which Male</i>	825		26.1%
<i>of which Female</i>	487		
Average age	41		
<i>Male</i>	44		
<i>Female</i>	37		

### Customers

Number of customers	270,000	Number of Branches	148
Individuals	230,000		
SMEs/Corporates	40,000		

The constant presence alongside operators of all economic categories is the basic characteristic of the Institute that traditionally actively takes part in the life of the community also with numerous social and cultural initiatives consistent with the general customer- and territory-oriented strategy. These are the areas of interventions and some of the most important initiatives:

### **Culture**

With the publication of the volume *Il Museo Storico del Castello di Miramare*, (The history museum of the Miramare castle) in the series "Scientific catalogues of the museums of Friuli Venezia Giulia" that started publication in 2001, the project for cataloguing the regional museum heritage continued.

In 2005 it renovated its support to the archaeological excavation campaign in the site of the Great Thermae of Aquileia, with a three-year commitment for a total of 75,000 euro aimed at sustaining the excavation's didactical activities conducted by the Udine University and the initiatives to introduce the findings in museums.

In 2005 FriulAdria took part in the "Longobardia – Regione Virtuale Europea" project for the purpose of valorising a "network" of sites of Longobard matrix which the Ministry nominated for the "World Heritage" award from Unesco.

FriulAdria also supported the events organised by the City of Pordenone for the inauguration of the new city theatre "Giuseppe Verdi" and sponsored its first theatre season.

### **Enogastronomy**

The new problems related to the need to compete on the global market lead the economic system of Friuli Venezia Giulia to invest increasing resources on quality productions and process and product innovation. For this purpose, FriulAdria promoted with the Chambers of commerce of the region the preparation of the *Guide to Wines of the Friuli Venezia Giulia region*.

This intervention is part of an integrated plan for the promotion of tourism called "Golf wine and more", in collaboration with the Region and including the most qualified enogastronomic events organised in Friuli Venezia Giulia.

### **Sport**

In 2005 FriulAdria was the main sponsor of the European Young People Olympic Festival, which took place in July 2005 in Lignano Sabbiadoro and in other locations of Friuli Venezia Giulia. FriulAdria continued its partnerships with the Regional and Provincial Committees of Coni (Italian National Olympic Committee) and the Winter Sport Federation (of which FriulAdria is sponsor), and with all other Sport federations and companies, from the most famous professional sport companies to local amateur companies.

Collaborations were also developed with the world of golf for the second edition of the FriulAdria Golf Challenge. Great visibility for the territory also came from the Nations Cup organised in the Trieste gulf which FriulAdria sustained.

### **Innovation**

Most important are the collaborations with University of Udine, Trieste and with the University Consortium of Pordenone. FriulAdria renovated its contribution to the multimedia development policies carried out as part of the Consortium, including the project to form a sole data base of the regional artistic heritage. In 2005 FriulAdria also sold to the City of Pordenone its office in Palazzo Badini for the realisation of an adequate location for the needs of the Degree in Multimedia Sciences and Technologies.

### **Solidarity**

As part of attention paid to the world of disability, the Bank supported various initiatives, including "Con Coki aiuti lo sport" (With Coki you help sport), that is the sale in all branches of the mascotte of the European Young People Olympic Festival, through which the bank raised the sum of 10,000 euro for the Paralympic Committee of the Friuli Venezia Giulia region. FriulAdria also took part to "Project Malawi" with an awareness campaign for its employees and customers. Furthermore, it promoted the connected initiative "A scuola di risparmio" (Learning to save).



## Intesa Casse del Centro

Intesa Casse del Centro is a company formed by Banca Intesa at the end of 1999, which, for the purpose of rationalising and strengthening the Group's presence in Central Italy, was contributed the equity stakes held in the banks in the Umbria (Cassa di Risparmio di Città di Castello, Cassa di Risparmio di Foligno, Cassa di Risparmio di Spoleto, Cassa di Risparmio di Terni e Narni), Lazio (Cassa di Risparmio di Rieti, Cassa di Risparmio della Provincia di Viterbo) and Marche regions (Cassa di Risparmio di Ascoli Piceno and, from July 2005, Cassa di Risparmio di Fano). Such project, agreed upon with all the Fondazioni which have

stakes in the Saving banks, saw from the inception the participation, as minority shareholders, of the Foundations of Cassa di Risparmio di Città di Castello, of Cassa di Risparmio di Foligno and of Cassa di Risparmio di Spoleto.

Intesa Casse del Centro follows a federal organisational model inside Gruppo Intesa and has an "impulse and direction" role with subsidiary banks for which it also manages "non core" functions<sup>(1)</sup>, while it leaves them the autonomy to strengthen and develop relations with the territory, for the purpose of creating value for the company and the community in which it operates.

### Employees

Number of Employees	2,211	Employees with a degree	450
<i>of which Male</i>	1,117		20.4%
<i>of which Female</i>	1,094		
Average age	45		
<i>Male</i>	46		
<i>Female</i>	43		

### Customers

Number of customers	550,000	Number of Branches	307
Individuals	470,000		
SMEs/Corporates	80,000		

<sup>(1)</sup> Internal Auditing, Human Resources, Payment Systems Back Office, Finance Back Office, Credit Back Office, Information Technology Services. Furthermore, the centralisation at ICC of the Administration and Internal Auditing services is under way.

Initiatives developed in 2005 responded to the objectives of the first Business Plan in terms of excellence of service offered to customers, value creation for shareholders and the market and valorisation of employees.

As regards the objective of active participation to the socio-economic development of the territory, in addition to the participation to initiatives of Gruppo Intesa (IntesaNova and Intesa Eurodesk in the sectors of research and innovation, Project Malawi and "A scuola di risparmio" – Learning to save – for humanitarian initiatives), humanitarian initiatives were developed that are autonomous, but coordinated, involving the Saving banks and Intesa Casse del Centro. These include:

- the active collaboration to the initiatives of the "Pact for innovation, development and social cohesion" in Umbria, with the purpose of sustaining and improving the competitiveness of the regional economic system and protecting its integrity via mechanisms for the prevention and management of corporate distress;
- cofinancing (to integrate EU financing) of regional industrial policy measures aimed at strengthening with market mechanisms, the shareholders' equity of companies;
- cofinancing of allowances to guarantee loans to companies, also to strengthen the guarantee capabilities of collective guarantee consortiums and cooperatives;
- strengthening of regional industrial policy measures through dedicated lending, at particularly favourable terms, to sustain investments in innovation of small and medium-sized enterprises, internationalisation processes, aggregation initiatives of companies belonging to production chains, strengthening of particular competitiveness conditions, strengthening of the capitalisation of companies;
- active participation to awareness initiatives, information and training destined to small and medium-sized enterprises to prepare them adequately to the application of Basel 2 criteria for the assessment of credit risk;
- formation, by each of the eight Saving banks, of a reserve from retained earnings, destined to interventions to promote and sustain initiatives for the socio-economic development of local, regional and interregional territories;
- contribution with no reimbursement, to the cost for the project of infrastructural works, in particular roads, deemed to be essential to improve viability and traffic of people and goods in the reference territories to improve connections with the more developed areas of the country;
- contribution, again with no reimbursement, for the project of logistic plates to favour intermodality and giving the territory infrastructures capable of qualifying the opportunity of establishing new companies, of favouring the development of existing companies and improving, overall, the economic environment of the reference territories;
- initiatives to contrast the phenomenon of usury, in collaboration with Associations, Entities and Foundations active in this field;

In the more specifically "social" field noteworthy were:

- the project "newspapers in school", which in 2005 was in its third edition, promoted and realised by the 8 Saving banks and by Intesa Casse del Centro, so that young people may try reading a newspaper and informing themselves daily: a project which involves 68 schools in Central Italy and approximately 14,000 students of 572 classes mostly in high schools;
- support to Foundations which conduct didactical and training projects (including the "Science Centre" of Fondazione Villa del Bali of Fano, among the most important at national level);
- support to young people who face work for the first time, in particular graduates, via stages, training initiatives and diffusion of information on final dissertations worthy of particular attention;
- initiatives to support cultural events, in particular festivals and concerts of high artistic value (Festival dei Due Mondi in Spoleto, Festival delle Nazioni di Musica da Camera in Città di Castello, Christmas concert in the Higher Basilica in Assisi, Umbria Jazz and Stagione della Canzone d'Autore in Perugia);
- support in re-evocations of historical interest (Giostra della Quintana in Foligno and Ascoli Piceno, Giostra dell'Anello in Narni, Festa del Porto in Fano);
- contributions for the valorisation of the local art heritage (Modern Art Museum in Foligno);
- contributions and support to initiatives for the promotion and valorisation of local productions, in Italy and abroad, also through the participation, as supporting

- shareholders, to consortiums for export;
- sponsorships of sporting activities, mainly at junior and amateur level;
- financial participation to initiatives and projects for disabled persons and for support to terminal patients and their families;
- definition of bank products for specific customer segments (current account and integrated products for immigrants, current account and mortgage for atypical workers, dedicated products for pensioners and elderly people).

### Commitments for the future

In the programmes of Intesa Casse del Centro and of the Saving Banks in which it holds equity stakes social responsibility issues will proceed along the following lines:

- strengthening of support to local economies both in terms of new finance and of products and initiatives to favour the technological innovation and the competitiveness of enterprises and industrial districts on the international markets. In collaboration with the Parent Company, IntesaNova – the loan for companies which invest in process or product innovation and that also favours the development of collaboration agreements between companies and Universities – will be launched;
- start of new initiatives in the field of private equity, with the objective of sustaining the growth of companies which may potentially be the “drivers” of the economic-productive development of the local territory;
- further strengthening of initiatives for the development of infrastructures in the reference territories;
- continued collaboration with regional authorities for the realisation of local development policies;
- strengthening of the collaboration with industrial category associations for projects to strengthen and develop entrepreneurship;
- improvement of transparency and communication to customers and diffusion of best practices in the management and solution of complaints ;
- enhancement of the initiative and the offering of products dedicated to the needs of young people, in particular of university students, via student loans to support the student in his/her studies and for housing in the city of the University;
- enhancement of the initiative and the offering of products dedicated to the needs of specific customer segments (immigrants, weaker categories, assistance to elderly people, assistance to families, promotion of and support to the establishment and management of nursery schools);
- strengthening of actions in favour of the public administration to propose efficient financial solutions for the investment needs of the following sectors: health, environment (water, wastes, urban requalification), road and air infrastructures;
- further advancements on the issues of training and valorisation of professional resources and safety and security of the work environment.

# International banks

## Privredna Banka Zagreb

It is one of the oldest financial institutions of the Croatian Republic, established in 1962 and privatised in 1999 when Banca Intesa acquired control from the Croatian Government.

PBZ has its registered office in Zagreb and is the second-largest Croatian bank in terms of total assets.

PBZ operates both directly, via a grass-root network of branches present all over Croatia,

and via a subsidiary bank, Medimurska Banka in the area close to the frontier with Hungary, for a total of approximately 205 branches.

In its shareholder base, in addition to Banca Intesa with a 76.3% stake, there is also EBRD with a 20.8% interest.

Privredna Banka Zagreb is the Parent Company of local banks and product companies active in various customer segments.

### Employees

Number of Employees	4,170	Employees with a degree	1,880
<i>of which Male</i>	1,114		45.1%
<i>of which Female</i>	3,056		
Average age	39		
<i>Male</i>	39		
<i>Female</i>	39		

### Customers

Number of customers	1,910,000	Number of Branches	205
Individuals	1,840,000		
SMEs/Corporates	70,000		

PBZ publishes as part of its Annual report a section dedicated to Corporate Social Responsibility. These are its values and mission:

### Vision

Be an example and centre of excellence in the creation of new values and in continuously maintaining high standards in all its fields of operations to offer advantages to customers, the community, shareholders and employees.

### Mission

The mission of PBZ is that of using all available resources in an efficient way for a sustainable progress in its operations, in all fields from collaborators to technology and business activities.

### Values

**Commitment to the customer:** orientation to the recognition of customer needs.

**Teamwork:** sharing of the best capacities of individuals to reach excellent results.

**Innovation and knowledge:** continuous investment in knowledge, promotion of progress and innovative creation.

**Reliability and responsibility:** adoption of responsibility and reliability criteria in its activities, with both customers and the community in which PBZ operates.

**Ethics and transparency:** respect of social and ethical standards and adoption of criteria of transparency with customers and the public.

The Board of Directors of the Bank decided to adopt the "Procedure to prevent

financing of barred activities". With this decision, the Bank does not approve direct or indirect financing of projects, products or commerce of goods that do not respond to environmental protection criteria or which breach moral values such as for example products or activities which imply forms of exploitation of child labour, production or commerce of arms or military equipment, alcohol and tobacco, gambling etc.

Together with other banks and UNDP, Privredna Banka Zagreb is actively involved in a project for the introduction of social responsibility in the banking industry carrying out an active role in the preparation of a training programme. The pilot project will be concluded within 2006.

PBZ was judged among the top 10 Croatian companies for transparency and communication in social responsibility activities.

The survey was conducted on the 48 most important Croatian companies by Zagreb School of Economics and Management (ZSEM) and by East-West Management Institute (EWMI) and refers to 2005.

Researchers acted as socially responsible investors and analysed all accessible information including websites, annual reports and publications on this issue.

The important award recognises the activities of Croatian colleagues, among the first in the country to undertake projects and initiatives in corporate social responsibility, now united under the logo PRIJATELJ (FRIENDS).

The research also highlights strong growth of activities and interest in Croatia on the issue of social responsibility.

## Vseobecna Uverova Banka

Established in 1990, it was acquired by Banca Intesa in 2001, in the privatisation process. It has a grass-root presence on all the national territory with 208 retail branches, 26 corporate centres and a wide network of alternative distribution channels, including over 450 ATMs. It is also present in the Czech Republic with a branch in Prague. Very active in the retail segment, where it is market leader with numerous products, VUB is one of the first Slovakian banking institutions to have offered customers, from 2000, call centre services, Internet banking and GSM banking. VUB offers specialised products for individual customers in areas

such as asset management, credit cards and bancassurance. It also developed in-depth competencies in the corporate area, which make it a privileged partner for both SMEs and large national and international companies active in the Czech and Slovakian market. Leveraging on its belonging to our Group, VUB is also the privileged interlocutor of Italian companies (also through a dedicated desk) and international corporations, to which it offers qualified assistance to investments and commercial and financial transactions with Slovakia and the Czech Republic.

### Employees

Number of Employees	4,346	Employees with a degree	1,596
<i>of which Male</i>	1,357		40.4%
<i>of which Female</i>	2,989		
Average age	35		
<i>Male</i>	33		
<i>Female</i>	36		

### Customers

Number of customers	1,840,000	Number of Branches	234
Individuals	1,750,000		
SMEs/Corporates	90,000		

In 2005 VUB focused its social responsibility activities in various sectors:

#### Community

##### **Support to social enterprises which employ disabled persons**

- VUB diffused an informative bulletin which informs Slovakian companies on the possibility of providing support to these companies as a possible alternative to hiring disabled persons.

#### Environment

##### **Safeguard of Tatra mountains**

VUB issued the debit cards “Helping High

Tatras” using which customers destine commissions on transactions to a project for the safeguard of the Tatra Mountains, one of the symbols of the country.

The VUB Foundation also financed four projects for the revitalisation of the area.

#### Suppliers

##### **E-procurement project**

- The project, that offers the possibility of conducting online auctions, guarantees transparency and equitable treatment in access conditions to suppliers.

# Central-European International Bank

CIB is the fourth-largest Hungarian bank in terms of total assets. Formed as a bank specialised in short-term lending to corporate customers, CIB is now a wide and diversified banking group which offers, through a

network of 77 branches distributed all over the national territory, a complete range of products for corporate and individual customers.

## Employees

Number of Employees	2,489	Employees with a degree	1,221
<i>of which Male</i>	831		49.1%
<i>of which Female</i>	1,658		
Average age	33		
<i>Male</i>	32		
<i>Female</i>	33		

## Customers

Number of customers	460,000	Number of Branches	77
Individuals	415,000		
SMEs/Corporates	45,000		

In 2005, social responsibility activities focused on three great areas of intervention:

- employees;
- operations (in favour of environmental protection, of non-profit organisations etc.);
- sponsorships, donations and financial support to sport, culture and financial education.

CIB is particularly active in the field of training and research. In summer 2005 the Retail Division launched a series of products

for credit to young people, it also activated the "BankStart" programme to attract young graduates in economics and finance to be hired for the key sectors of its organisation.

The social responsibility strategy, elaborated by CIB for the 2006-2008 period and approved by the Direction Committee in February 2006, set the objective of diffusing social responsibility principles to the entire organisation.



# Banca Intesa Beograd

Established in 1991, with the name Delta Banka. Banca Intesa as at June 2006 held 83% of its share capital and, in December 2005, renamed the bank Banca Intesa Beograd. It is the first subsidiary with Banca Intesa's name and logo operating in Central-

Eastern Europe. Banca Intesa Beograd is the second-largest bank of the country in terms of total assets. Its territorial network is made up of 152 branches uniformly distributed on the territory.

## Employees

Number of Employees	2,246	Employees with a degree	696
<i>of which Male</i>	735		31%
<i>of which Female</i>	1,511		
Average age	37		

## Customers<sup>(1)</sup>

Number of customers	800,000	Number of Branches	152
Individuals	723,000		
SMEs/Corporates	77,000		

In 2005 social responsibility initiatives supported projects with particular relevance for local communities and focused on the following sectors:

### Environment

donations to various associations for environmental protection destined to the National Park of Fruska gora in Vojvodina: a natural complex which has become a protected area of exceptional importance for the Serbian Republic from 1990. Funds have been donated also to the National Park of Tara on the boundaries of Serbia and Montenegro.

### Sport

support to both small local associations and clubs of the first Federal League, local basketball, volleyball and other sport teams.

### Humanitarian aids

in favour of orphans and people in a particularly disadvantaged situation. We developed activities in favour of the ONG "Nasa Srbija" to which the Bank offers a percentage of commissions of its MasterCard services.

### Education

contributions to support young people in their education programmes and activities and events for various University faculties.

(1) Figures as at March 2006

# KMB

Founded in 1999, in September 2005 Banca Intesa acquired 75% minus one share of the voting share capital. In the Russian Federation it carries out a forefront role in financing and leasing to small and medium-sized enterprises, with a 25% market share. KMB is present with 52 branches in all the main cities.

Through its network KMB serves 40,000 customers.

To date, KMB remains the sole foreign bank in Russia, specifically established to promote micro businesses and SMEs. Its specific

features are: "Western bank technology for SMEs" that KMB has been able to adapt successfully to the Russian market and the vast distribution network which extends to 25 regions, from the Western boundary to the Far East.

Currently KMB has over 1,100 employees, mostly working outside Moscow. Young collaborators are on average 30 years old and women are 76% of resources. Worth mentioning is the fact that women are represented at all management levels, including top management.

## Employees

Number of Employees	1,160	Employees with a degree	957
<i>of which Male</i>	275		82.5%
<i>of which Female</i>	885		

Average age	30
<i>Male</i>	32
<i>Female</i>	30

## Customers

Number of customers	40,000	Number of Branches	52
Individuals	14,000		
SMEs/Corporates	26,000		

KMB boasts a good reputation on the labour market, since it always believed in programmes dedicated to professional development and in staff training as a success factor for the entire organisation. For this reason, just in the last year, almost 200 colleagues participated to specialised training courses and almost 500 took part in basic professional training seminars.

In 2005 Banca Intesa participated in fundraising for the UNICEF programme "Children's Fund Tame Your Desire" aimed at preventing the diffusion of AIDS among young people. The purpose of the programme is to increase awareness of risks of diffusion of the disease among young people, develop prevention techniques and increase the level of responsibility.



*BANCA INTESA  
CODE OF ETHICS*



# Contents

<i>Banca Intesa Code of Ethics</i>	135
<i>OUR VALUES</i>	136
Corporate mission	136
The Company's ethical vision	136
Reference values	137
<i>CONDUCT PRINCIPLES IN RELATIONS WITH STAKEHOLDERS</i>	138
Conduct principles in relations with customers	138
Conduct principles in relations with shareholders	139
Conduct principles in relations with employees	140
Conduct principles in relations with commercial partners	141
Conduct principles in relations with suppliers	142
Conduct principles as concerns the environment	142
Conduct principles as concerns the community	143
<i>IMPLEMENTATION</i>	144
Adoption, implementation and internal control mechanisms	144
Adoption of the Code of Ethics	144
Implementation of the Code of Ethics	144
Internal control	145





# Banca Intesa

## Code of Ethics

*There was never so much interest in the relation between economics and ethics as in our times. This is the key issue on the agenda of academic research and public debates, conferences, seminars, university courses.*

*The practice, which has spread among listed companies, of complying with self-regulatory codes and presenting their "Social Reports" at Shareholders' Meetings testifies growing attention.*

*The reason for this trend is absolutely clear. The market economy, after the collapse of the collectivistic system experimented in Communist Countries, spread all over the world: thus the era of globalisation began, but at this point the need to introduce ethical and social rules in economic models emerged, conjugating profit targets and value creation while respecting the requirements and interests referring to all subjects involved in corporate activities. This occurred for the purpose of correcting the distortions that the mere application of market mechanisms tends to produce (not only in international relations, but also within the firm). The change, testified by this fervour for research and initiatives, is extremely important. However, if we consider the picture of real behaviour, one wonders to what extent this change is actually taking place.*


*In the first place, one can wonder if it all boils down to a grand marketing operation, merely functional and intrinsic to the logic of the system, programmed for the sole purpose of enhancing the achievement of the profit targets pursued by companies and single operators.*

*Even more one feels the risk that actual behaviour in no way corresponds to proclaimed principles, also because this inconsistency is hardly verifiable considering the generality of values enunciated and commitments made, which are referred to in the same terms by all companies.*

*The code of ethics we are presenting reflects the awareness of such limits and shortcomings and intends to offer more advanced solutions.*

*On the one hand, in fact, we indicate specific and concrete objectives; and we are also preparing instruments capable of "measuring" the consistency of behaviour with respect to commitments made.*

*On the other hand, we explicitly state that corporate social responsibility must be intended extensively, and must imply consideration for the entire context in which the company operates. Apart from the primary objective of generating efficiency and growth in wealth, companies are increasingly responsible for the diffusion of wealth to the benefit of all subjects (internal and external) and of the communities that are for any reason involved in their activities.*



Giovanni Bazoli

# OUR VALUES

## Corporate mission

Supplying customers with excellent banking and financial services at the same time activating the levers for the development of the country's economic system.

We want to be a European bank, deeply rooted and attentive to the needs of its local territories whilst guaranteeing utmost efficiency and long-term return on capital employed.

The professionalism of our people and the quality of our services characterise our way of conducting banking business. We are taking on the responsibility of prudent management of the savings of families, of solutions for entrepreneurial activities, especially when our decisions have effects on the community and on the natural environment.

Our focus is on the creation of a virtuous circle based on the trust and the satisfaction of customers and shareholders, the sense of belonging of our collaborators and on the closeness to the real needs of the community.

## The Company's ethical vision

Banca Intesa operates on the market and aims to deal with it, while strongly believing in the capabilities of market mechanisms to generate efficiency, economic growth and wealth.

Accepting the rules and the challenges of the market does not mean relating just with the market. The market is, in fact, a fundamental factor, but not the only one that a company must face. Economic systems have reached extremely complex levels, augmented by unprecedented interdependence between all areas and populations of the world. The consequences of economic activity extend

beyond the perimeter of the companies determining them and cross boundaries of States, as competition now also includes the comparison between country Systems.

In this context, companies, including Banca Intesa, may not be considered responsible just for themselves, but have a concrete "social and environmental responsibility" with all those entities whose rights and interests are touched by their activities.

Therefore, in order to truly accept the value creation challenge, the expectations of all entities, internal and external, influenced by Banca Intesa's operations must be considered and managed because i) they contribute – each in a different and specific way – to the realisation of the Bank's mission, and ii) their wellbeing reflects the effects, positive or negative, of Banca Intesa's activities: first of all customers, shareholders, collaborators but also suppliers and commercial partners, the environment – or, to be more precise, the rights of future generations with respect to the environment – and the entire community. The moment Banca Intesa sets itself the objective of achieving ambitious targets, it also feels with urgency the need that these targets be reached while respecting certain fundamental values, which are expressed in this Code and therefore become part of the relationship which the bank wants to have with all stakeholders.

Recognising the value of the expectations of all the entities which directly or indirectly have a relation with the bank is an operation which is closely related to ethics, a concept which, in its more genuine meaning, makes sense only in the relation with someone else, who is recognised to have rights and dignity, and in a context in which reference values are clear.

However, it is not an easy task, since expectations and interests, though legitimate may contrast with each other. The coexistence, inside and outside the bank, of positions, purposes and interests which are sometimes contradictory, which press to be heard, must be considered physiological in a

context of freedom, both economic and, in a wider sense, political; working for a solution which strikes the best possible balance between the various instances, means laying the foundations to ensure that this occurs in conditions of mutual respect and equilibrium. With this Code of Ethics Banca Intesa wants to express the values in which it believes and on which it wants to make a commitment. These are the filters, the "lenses", through which to observe and interpret all situations and also represent the criteria for balancing interests and for assessing behaviour.

These values are part of the rich and complex history of our Bank. Their increasingly-widespread realisation represents an objective to tend to. The awareness and explicit statement of our values increases the level of consistency which each of us must prove to be increasingly worthy of the trust of all our stakeholders.

## Reference values

### Trust

Trust is the key value in Banca Intesa's activity. We want to look for trust and increase trust, in i) relations with customers, to whom we offer the certainty of continuously finding an adequate response to their needs, ii) relations with collaborators, to whom we offer a work environment which valorises their professionalism, and iii) relations with society at large, for which we intend to be a reliable partner for responsible and sustainable growth.

### Value of the person

The value of the person is a fundamental value which guides the way Banca Intesa acts: we are committed to making attentive listening and dialogue the key levers for the continuous improvement of the solutions we

offer customers, and the professionalism and competence of the people who work with us.

### Integrity

We pursue our objectives with honesty, fairness and responsibility, while respecting rules and professional ethics, ensuring independent judgement in our system of relations.

### Sustainability

In our growth strategy we intend to pursue solid and sustainable value in economic and financial, social and environmental terms built over the long term on the trust of our customers, the motivation of our collaborators and a responsible and constructive relation with the country system.

### Excellence

We aim at constantly improving the quality of our products, services and contact channels, we constantly promote the personal and professional development of our collaborators and we are committed to improving the efficiency of our organisation, with a view to optimising also costs and timing.

### Equitable treatment

We are committed in eliminating every discrimination in our conduct and in respecting the differences in gender, age, race, religion, political opinion, trade union participation, language or any other ability.

### Transparency

We believe that transparency in our communication, in our contracts and in the criteria on which we base our behaviour is fundamental to permit all our stakeholders to make autonomous and informed decisions.

# CONDUCT PRINCIPLES IN RELATIONS WITH STAKEHOLDERS

## Conduct principles in relations with customers

### Attentive listening and dialogue

We believe the customer must always be at the centre of our attention and that only a constant dialogue may enable us to perceive his/her real expectations and maintain our product offering at an excellent level:

- in the development of new products and services we make particular efforts to activate systematic dialogue instruments in order to take up the suggestions of customers, consumer associations and associations representing specific customer categories;
- through dialogue with our customers we accurately determine risk profile, a fundamental starting point for every sale of financial products;
- we react punctually to questions and complaints, aiming at an effective and not only formal solution to controversies.

### Transparency

We believe that a communication that always enables the customer to understand the characteristics of products and services he/she buys is at the base of a lasting relationship and of trust:

- we facilitate the comprehensibility of contracts, we reduce the possible misunderstandings and ambiguities with clear and detailed information. We immediately inform the customer of any change in the contract and its terms;
- we simplify communication on all available channels, giving value to the time of the customer and avoiding that he/she wastes it or that he/she must make an effort to understand.

### Equitable treatment

We believe that our services must be accessible for everyone:

- we do not discriminate in an arbitrary way

between our customers on the basis of their nationality, religion or gender

- we module our offering so that all social strata may find an answer to their needs
- we do our best to apply a price policy congruous with the quality of service offered
- we make our branches accessible to disabled persons and endeavour to eliminate all architectural barriers.

### Access to credit

We believe that the expansion of access to credit to social strata that have traditionally been paid insufficient attention by financial institutions represents a fundamental lever for social inclusion, enabling people to improve their conditions and exercising their rights of citizenship to the full.

Even considering the principles of prudence in the assessment of creditworthiness which safeguard not only our interest but also those of customers themselves, we:

- expand our offering, integrating it with dedicated products and services and for this purpose we constantly monitor social trends under evolution to identify possible areas of intervention;
- support the development of new enterprises for the purpose of favouring activities which have an unexpressed economic and social value creation potential;
- pay particular attention to social enterprises, non-profit and the third sector recognising that their activity represents an extremely important factor in social cohesion and promotion of the person.

### Support to the development of the country

We believe that a large bank has a specific responsibility, related to its size, in promoting the country's economic and social development and thus we:

- assist companies in developing an adequate competitiveness and a greater internationalisation of the business
- support companies with entrepreneurship

and a valid project even at difficult times, helping them to achieve innovative turnaround and relaunch solutions

- support the public sector and local authorities, according to criteria of fairness, collaboration and non-interference, promoting financial solutions which ensure a long-term equilibrium, in a vision of growth and modernisation which concurs to the improvement in the quality of life of citizens
- in project finance activities and in particular for infrastructural projects we apply the best standards and guidelines internationally recognised for the valuation of the environmental and social impact
- develop innovative medium-term financing mechanisms to favour innovation and the entrepreneurship of those which, though they do not have the capital, have winning ideas and projects
- not only provide credit, but we invest in the equity of entrepreneurial projects with strong growth potential in innovative sectors.

#### Promotion of local economies and establishing roots on the territory

We believe that an effective support to the territory which combines economic results while respecting fundamental values of local communities may activate the unexpressed potential of the entrepreneurial backbone made up of small and medium-sized companies and we:

- develop innovative financial agreements and solutions with associations and organisms for local development, not only proposing to provide capital but also as a partner for promotion and development
- constantly monitor the evolution of local economic systems to support companies in their strategic decisions
- rationalise the territorial distribution of branches, a traditional meeting point between the bank and its customers, to facilitate the accessibility of our services and also develop multichannel possibilities to increase availability

#### Socially responsible investments

We believe that our customers must also have the opportunity to choose between a specialised range of products dedicated to so-called Socially Responsible Investments (SRI). We believe that the expansion of our product range with products with low socio-environmental risk may offer a diversification opportunity and activate a virtuous circle between progressive sensibilisation of

customers and commitment by companies:

- we extend our offering with the distribution of ethical funds and bonds.

#### Safeguard security

We believe that the safeguarding of the security of our customers, of their goods and of their information not only represents one of our main duties but also is at the base of the fiduciary relation which we want to maintain with them and we:

- do our best to protect people, valuables and goods, information and internal organisational processes so as to supply a service which satisfies to the best the requirements of reliability, continuity and confidentiality
- ensure constant compliance to legal provisions and the timely adoption of regulatory updates;
- guarantee transparency in informing customers on their rights to privacy and on the means with which we treat their personal information.

#### Assessment of socio-environmental risk

We believe that our investment and lending decisions must also consider socio-environmental risks in the application of the principle that an asset that produces economic value may only be sustainable if it does not simultaneously destroy social or environmental value and thus we:

- adhere to internal and international protocols for the respect of the norms on socio-environmental safeguard
- exclude financial relations to support economic activities which contribute to violate the fundamental rights of the person and hinder human development
- support projects with high environmental and social value

## Conduct principles in relations with shareholders

Banca Intesa adopts a corporate governance system that complies with provisions set forth by the law and CONSOB regulations and is in line with the contents of the Corporate Governance Code of listed companies, to which it adhered voluntarily.

This corporate governance system is oriented to value creation for all shareholders and stakeholders who, for various reasons, have an interest in the Group's operations, also via

the achievement of excellence levels in the provision of services to customers and in transparency with the market.

In this perspective the Board of Directors plays a central role since it is in charge of the functions and has responsibility for strategic and organisational guidelines and ordinary and extraordinary operations, in addition to the adequacy of the controls system for the management of credit, financial and operational risks.

The current corporate governance system is inspired by an increasing valorisation of independent and non-executive directors, also via their participation to advisory committees set up within the Board of Directors.

The Corporate Governance Report contained in the Annual Report details the number and identity of independent and non-executive directors, as well as the criteria adopted to assess their independence.

### Equitable treatment

- We do our best to make sure that for all shareholders the value of capital invested in Banca Intesa is safeguarded and increased in a sustainable way over time.
- We ensure equal information and utmost and constant attention to all shareholders, without any discrimination and privileged treatment.
- We do our best to favour informed and conscious participation of all shareholders to the decisions which involve the life of the bank.
- The Chairman of the Board of Directors chairs and directs the activities of Shareholders' Meetings with the function of safeguarding the rights of all shareholders.

### Transparency with the market

All of Banca Intesa's financial communication as well as all information to Italian and non-Italian Supervisory and Control Authorities, is characterised by transparency, exhaustiveness and timeliness, in addition to the full respect of current regulations:

- We guarantee shareholders and the financial community a transparent communication aimed at providing correct, clear and timely information to update them on the implementation of the strategies and on the results of Banca Intesa.

To guarantee equal access to information to all shareholders and the stakeholders who, for various reasons, have an interest in the Group's operations, information is made available through a plurality of channels, including the website where in particular the

following are available:

- the Annual report and the compulsory interim reports;
- the Annual report on corporate governance;
- information to shareholders on the terms and means of exercise of their rights, such as participation to Shareholders' Meeting, collection of coupons, transactions on capital etc. ;
- press releases and presentations of corporate results and strategies to the market;
- main company documents;
- the trend recorded on the market by the Banca Intesa share, information on shareholder base and the voting syndicate.

In compliance with international best practices, we periodically have meetings and conferences (both conference calls and webcasts) with the financial community, Italian and foreign, for the purpose of strengthening long-lasting and continuous relations which contribute to creation of sustainable value over time.

## Conduct principles in relations with employees

Banca Intesa bases relations with collaborators on the respect of rights and people and expressly declares that it complies with international provisions regarding human rights and rights of workers (ILO, GC, regulations in force)

### Consideration of people

We believe that respect of the personality and dignity of each collaborator is the fundamental building block for the development of a work environment permeated by reciprocal trust, loyalty and contribution of everyone, therefore we:

- give all collaborators the possibility of expressing their individuality on the job and valorising the differences and peculiarities of each person, as an essential contribution to the Group's growth
- pursue excellence in results under both the quantitative and qualitative profile, through commercial actions and budget policies aimed, planned and monitored consistently with the ethical principles of the present code and while respecting the



professionalism and dignity of each employee

- pay utmost attention to assignment of targets and any target variations, for the purpose of promoting correct and transparent behaviour in the relation with customers
- set up, in compliance with contract provisions in force, objective and transparent incentive systems setting possible and achievable targets
- simplify the job by simplifying products, procedures and means of communication and guaranteeing health and security with increasingly-effective measures
- promote policies which enable the possible balance between personal and professional life, favouring flexibility and carrying out initiatives for the compatibility between work and private commitments, in the awareness that work represents just one fundamental part of the interests of each person and must be harmonised with the others.

### Valorisation and motivation

We want to put equitable treatment and merit at the base of assessment, valorisation, motivation and career advancement of our people and thus we:

- select and manage collaborators maintaining with them equitable and consistent behaviour, preventing favouritisms, abuses and without any discriminations based on gender, race, religion, political opinion, trade union participation, language, age or other ability
- adopt systems to assess behaviour, competencies, knowledge and potential according to transparency and meritocracy criteria
- guarantee equitable treatment and equal opportunities in role attribution, using mobility on various job positions as an element to favour professional advancement
- develop training designed to consider individual needs, convinced that attentive listening of the needs expressed by collaborators is fundamental in the definition of training programmes
- put everyone in the position of interpreting their role to the best, favouring the constant improvement in the level of competencies and developing the capacity to work in teams to contribute to the achievement of corporate targets.

### Attentive listening and dialogue

We believe that attentive listening and dialogue are at the base of relations that generate trust and thus we:

- design communication to meet criteria of correctness, completeness and transparency
- do our best to develop, in those who have roles of responsibility, a specific sensibility in seizing the occasions for improvement and growth which derive from giving everyone the possibility of expressing opinions, suggestions and needs.

### Cohesion

Cohesion is the distinctive element of a community of people who work well together and are proud of being part of a large company.

To develop and consolidate the sense of belonging of all collaborators, around a strong and shared corporate identity we:

- provide each collaborator with information on corporate and Group strategies and objectives, with the purpose of sharing the elements which characterise our identity
- increase in those who have roles of responsibility the capacity of proposing themselves as guides in adopting actions which are increasingly consistent with corporate ethical principles
- have in place systems which enable to identify the contribution of the individual and the group to the achievement of objectives
- have in place forms of shared participation, also economic, in the company's success
- promote solidarity initiatives to support colleagues in difficulty and/or socially-relevant aims

## Conduct principles in relations with commercial partners

We know that our responsibility does not simply end with the activities which we directly and autonomously conduct, but also invests all the cases in which we operate via commercial partnerships.

### Trust

- we share with our partners the strategic aims of the projects/activities we conduct together

### Integrity

- we are committed to ensuring that Group companies operate in compliance and never in contrast with the values and principles of this Code. In particular, when the subsidiary is outside Italy, we confirm our commitment to respect and valorise the territory and local communities
- we feel committed to operate according to principles and values in this code and to diffuse them in the companies in which we have minority stakes

### Sustainable growth

- we promote initiatives with high social value, in partnership with players that have specific competencies in the fields of intervention

## Conduct principles in relations with suppliers

### Attentive listening and dialogue

We believe that behaviour characterised by attentive listening and dialogue with our suppliers favours a continuous improvement in the relation, strengthening it and generating reciprocal value:

- we adopt behaviour based on attentive and constant dialogue;
- we regularly conduct surveys to assess the level of satisfaction of suppliers, identifying the areas for improvement in order to involve them proactively, in particular as concerns transparency, communication and respect of payment terms.

### Transparency

We believe that a clear and transparent attitude is the precondition to guarantee respect of integrity, a peculiar aspect in the relation with suppliers and also contributes to maintaining the relationship with them over time:

- we choose our suppliers on the basis of clear and documented criteria, via an objective and transparent procedure
- we apply corporate policies which require utmost fairness, in relations especially in the management and finalising of contracts, avoiding, even potential, conflicts of interest
- in the specific case of professional consulting, we base our decisions on criteria of professionalism and competence avoiding, even potential, conflicts of

interest

- we do our best to communicate our policies as concerns relations with suppliers to the outside

### Selection and management of contracts

We believe that a large bank must be capable of managing in a particularly responsible way its position of power and ensure its correct use, by offering suppliers and equitable treatment, by:

- guaranteeing equal opportunities in the selection of suppliers and commercial partners, considering their compatibility and adequacy to the size and needs of our company
- we do our best so that contracts stipulated with our stakeholders are based on equitable treatment, especially with reference to terms of payment and difficulty of administrative requirements

## Conduct principles as concerns the environment

### Sustainability

One of the dimensions of our social responsibility policy is the refusal of wastage and attention to the environmental consequences of our decisions.

We believe that a large company, such as ours, may have a strong impact on environmental and social sustainability both over the short and long term, impact due to both its activities (direct impact), and activities which it does not control directly (indirect impact):

- we positively assess the suppliers which conduct their activities in consideration of environmental sustainability and therefore adopt the necessary measures and instruments to minimise negative impacts;
- we do our best to sensitise our suppliers to adopt a responsible behaviour that favours awareness of the environmental, social and ethical risks and opportunities deriving from their activities;
- we guarantee management that is conscious of the impacts which may worsen environmental issues related to resource consumption, waste production and issue of dangerous substances, by performing constant measurement and monitoring and providing clear and transparent reporting;
- we promote the constant search for utmost



efficiency objectives, introducing plant optimisation systems aimed at limiting environmental impact, which comply with the best technological standards available.

## Principles of conduct in relations with the community

### Dialogue with the associations representing stakeholders

We believe that dialogue with associations is of strategic importance to developing our activity in a sustainable way:

- we set up a stable communication channel with all the associations which represent the interests of their stakeholders, with the objective of cooperating in the respect of the reciprocal interests and preventing possible conflict situations;
- we attentively listen to and consider the observations of all the associations expressed by the community in which we operate;
- we inform and involve, on issues of specific interest for our stakeholders, the most important and representative category associations.

### Support to local communities via contributions and sponsorships

We are aware of our responsibility to the community, whose needs we attentively assess and that we support not only via direct interventions, but also by contributing to programming initiatives of particular social interest:

- in the selection of the initiatives in which we take part we pay particular attention to consistency with our reference values;
- sponsorship activities refer to social

initiatives, the environment, sport and art, and are destined to events which offer guarantee of quality, and favour the involvement of a wide number of citizens;

- we are aware of the importance that restitution has as a social action and as a sign of solidarity, and we destine part of the Group's income to the realisation of worthy initiatives over the whole territory, with particular reference to social exclusion and malaise;
- we adopt a specific procedure for granting contributions and sponsorships, to guarantee their consistency and also to avoid every possible conflict of interest both of personal and company nature (for example, blood relations with parties involved or relations with organisms which may, due to their duties, favour in some way the activity of Banca Intesa).

### Institutional relations

Our institutional relations with the State and its local authorities, International organisms and Italian and non-Italian Supervisory and control authorities, are exclusively forms of communication aimed at assessing the implications of legislative and administrative activities for Banca Intesa, to respond to informal requests and inspections (interrogations, interpellations, etc.), or in any case to disclose its position on relevant issues, we therefore:

- set up dedicated and authorised communication channels with all institutional interlocutors both at international, domestic and local level
- represent our interests in a clear and consistent way
- adopt specific organisational models to prevent crimes against the Public Administration and thus safeguard the interests of the company and all its stakeholders.

# IMPLEMENTATION

## Adoption, implementation and internal control mechanisms

The adoption, implementation and control mechanisms set out below pursue the following objectives:

- integration of corporate strategies, policies and procedures with shared ethical principles and values;
- verification and control of compliance of actions and behaviour to the shared ethical values.

## Adoption of the Code of Ethics

The Code of Ethics, and any future update, is approved by Banca Intesa's Board of Directors. The responsibility for the update of the code is attributed to the Social and Environmental Responsibility Office.

## Implementation of the Code of Ethics

### Means of diffusion, participation and involvement

The Code of Ethics is published on both the Internet site ([www.bancaintesa.it](http://www.bancaintesa.it)) accessible to customers and interested parties, and in the specific section in the company's Intranet. A printed copy of the Code is handed to each director, statutory auditor, employee or external collaborator, respectively at the time of appointment, employment or inception of the collaboration.

All internal communication channels (Web Tv, House organ, etc.) are committed to diffusing

clearly the values of the Code of Ethics with the objective of achieving widespread and profound sensitivity.

The values and principles which Banca Intesa intends to affirm via the Code of Ethics will be transfused in training activities and intervention aimed at sharing the contents of the Code of Ethics, also supplying tools to increase awareness and knowledge of the mechanisms and procedures to translate ethical principles in concrete behaviour in daily activities.

In particular, training initiatives will be realised with means and contents tailored to the role of each collaborator in the company and developed according to a programme aimed at completing his/her professional training and increase his/her personal development.

The assessment of the performance of those who have roles of responsibility will also consider the respect of ethical principles on which the relation with collaborators is based, in the conviction that Banca Intesa's success is the result of the effective relations which, through chiefs, it establishes with all its collaborators inspired by principles of rigorous ethics.

### Means of management of the Code of Ethics

The model which inspires Banca Intesa is based on self-responsibility of structures which pursue and defend the reputational value of socially-responsible behaviour.

Therefore, every corporate structure is directly committed to identifying a concrete plan of actions and projects aimed at tangibly translating the principles of conduct which inspire the Bank in all its relations, considering the interests of all stakeholders.

*Social and Environmental Responsibility Office* supports corporate structures in such activities and is responsible for the preparation of effective monitoring means. The latter are guaranteed by the identification, in agreement with the Planning and Control Department, of specific indicators which enable to assess progress in the achievement

in social and environmental objectives for the purpose of reporting, to guarantee commitments made. Furthermore, it collaborates with the Human Resources and Organisation Department in the development and diffusion of the culture and the values of the Code.

The *Human Resources and Organisation Department* ensures the preparation of internal information for the purpose of developing and diffusing the culture and values of the Code of Ethics, coordinating the circulation of institutional information intended for personnel through the programming and realisation of adequate internal communication tools. It defines, together with all other structures, the directions and guidelines for training consistently with the Code of Ethics, with the objective of diffusing its principles and values and motivating collaborators to adopt compliant behaviour.

Furthermore, Banca Intesa adopted the Group's Internal Code of Conduct which, in compliance with the ethical values and principles of this Code, defines the essential norms of the behaviour of directors, statutory auditors, employees and external collaborators for the realisation and the safeguard of the values of the Code of Ethics.

## Internal control

### Duties of corporate functions

The internal controls system – the set of rules, procedures and organisational structures – to manage the Code of Ethics involves the following functions:

**Organisational structures:** in keeping with the “self-responsibility” principle, every Banca Intesa organisational structure manages and guarantees the adherence of its actions and activities to the principles of the present Code of Ethics, with particular reference to those deemed to be of great ethical impact. Furthermore, each function is responsible for any non-compliance which occurs internally and reporting it to the competent office as provided for by the Company.

**Social and Environmental Responsibility Office:** it performs a role of support and consulting to corporate structures to ensure consistency of policy, products and processes to the Code of Ethics.

It conducts monitoring on progress in the achievement of social and environmental responsibility objectives assigned to the

various structures together with the Planning and Control Department. It is, furthermore, responsible for a continuous and systematic verification of strategies and actions taken as concerns social and environmental responsibility.

It provides a continuous flow of communication to the Managing Director and CEO and the Steering Committee and periodic information to the Internal Control Committee, with reference to both ordinary operations and the management of unexpected events.

**Internal Auditing Department:** the function, responsible for supervising over the functioning of the system of corporate controls, intervenes following a reported non-compliance and/or via “ethical” auditing activities: ensures – in close cooperation with its mission – a surveillance action on the regular progress of the Bank's operations and processes, as well as on the respect of the rules that discipline the Internal Code of Conduct and the safeguard of the value of activities which include those closely related to the ethical and social responsibility commitments of the Bank.

It supports the Internal Control Committee in the task, it has been assigned by the Board of Directors, of surveillance over the respect of principles and values contained in this Code of Ethics. For this purpose, it receives and analyses the reported violations of the Code of Ethics.

**Internal Control Committee** – set up as required by the Corporate Governance Code – receives a periodic report by the Social and Environmental Responsibility Office as concerns the results of controls, internal adaptation processes carried out by each corporate structure and in management of corrective actions; furthermore, it receives reports of anomalies/non-compliance deemed to be serious by Audit.

### Interventions in case of non-compliance

In case of non-compliance with the present code, Banca Intesa will take the following actions, adopting – if there is no conduct which implies fraud or violation of specific legal, contractual or regulatory provisions – a constructive approach which, also via the delivery of training, strengthens sensitivity and attention of individuals as concerns the respect of the principles and values affirmed in the present Code of Ethics.

### Reporting non-compliance

Any non-compliance with the present code must be addressed to the e-mail address [CodiceEtico@Bancaintesa.it](mailto:CodiceEtico@Bancaintesa.it), or to the Customer care and Complaints Office at the following address Banca Intesa, Ufficio Assistenza Clienti e Reclami, Via Giambellino 135 – 20147 Milano (MI).

Banca Intesa guarantees that those who report any non-compliance in bona fide will not suffer any form of retaliation, discrimination or penalty, ensuring utmost confidentiality, without prejudice to regulations in force.

# Contacts

## **Banca Intesa S.p.A.**

Registered Office  
Piazza Paolo Ferrari 10  
20121 Milano  
Telephone +39 02 879 11  
Fax +39 02 879 37892  
e-mail: [info@bancaintesa.it](mailto:info@bancaintesa.it)  
[www.bancaintesa.it](http://www.bancaintesa.it)

General Management  
Via Monte di Pietà 8  
20121 Milano

CSR Office  
Telephone +39 02 8796 3435  
e-mail: [csr@bancaintesa.it](mailto:csr@bancaintesa.it)

Investor Relations  
Telephone +39 02 879 43180  
Telephone +39 02 879 42622  
e-mail: [investorelations@bancaintesa.it](mailto:investorelations@bancaintesa.it)

Media Relations  
Telephone +39 02 879 63531  
Telephone +39 02 879 63010  
e-mail: [stampa@bancaintesa.it](mailto:stampa@bancaintesa.it)

