PRESS RELEASE

INTESA SANPAOLO: THE 2011-2013/2015 BUSINESS PLAN

- **A €5 billion capital increase with pre-emptive rights to shareholders which makes the Group compliant with what is believed will become the "new normal" in terms of capital requirements: a Core Tier 1 ratio of around 10% immediately and a Common Equity ratio of around 10% (pro-forma for Basel III) by 2011**
- **Sound value creation, without extraordinary transactions:**
  - **net income: €2.7bn in pro-forma 2010 (°), €4.2bn in 2013, €5.6bn in 2015**
  - **adjusted net income (1): €3.2bn in pro-forma 2010 (°), €4.7bn in 2013, €5.9bn in 2015**
  - **adjusted ROTE (2): 12.2% in pro-forma 2010 (°), 12.6% in 2013, 14.7% in 2015**
- **Strong improvement in Group profitability and solidity, with a low risk profile:**
  - **Adjusted ROTA (3): 51 bps in pro-forma 2010 (°), 66 bps in 2013, 77 bps in 2015**
  - **Leverage (4): 24.2x in pro-forma 2010(°), 19.0x in both 2013 and 2015**
  - **Net adjustments to loans / loans: 82 bps in pro-forma 2010 (°), 61 bps in 2013, 56 bps in 2015**
  - **Net non-performing loans(5) / loans: 4.8% in pro-forma 2010 (°), 4.0% in 2013, 3.8% in 2015**
- **Dividend policy**:
  - **going forward, distribution in dividends of earnings not required for 10% Common Equity ratio and not required for any organic growth in excess of that assumed in the Business Plan: €5.3bn in 2011-2013, €13.5bn in 2011-2015**
  - **possible selective acquisitions to be financed by disposal/listing transactions**
- **Concrete action plans designed for minimal execution risk, with investments of about €4bn in 2011-2013 to support growth and productivity:**
  - **operating income: €16.4bn in pro-forma 2010 (°), €19.6bn in 2013, €21.7bn in 2015**
  - **cost/income*:* 56.1% in pro-forma 2010 (°), 46.7% in 2013, 43.0% in 2015**
- **Benefits for all stakeholders:**
  - **personnel expenses: €17bn in 2011-2013, €29bn in 2011-2015**
  - **purchases and investments: €9bn in 2011-2013, €15bn in 2011-2015**
  - **direct and indirect taxes: €8bn in 2011-2013, €16bn in 2011-2015**
  - **new loans to the economy: €53bn in 2011-2013, €95bn in 2011-2015**

Torino, Milano, 6 April 2011 – The Intesa Sanpaolo Management Board and Supervisory Board, which met under the chairmanship of Andrea Beltratti and Giovanni Bazoli respectively, approved - each within the scope of its competences - the Group's **2011-2013/2015 Business Plan**. As part of that, the Boards decided to propose **a €5 billion capital increase** at the Extraordinary Shareholders' Meeting convened for 9-10 May 2011.

The proposal for a capital increase arises from **Intesa Sanpaolo's decision to fully comply with immediate effect with what is believed will become the "new normal" for Basel III, both in terms of capital, with a 10% Common Equity ratio, and liquidity.**

The Group could reach a Common Equity ratio of 10% by 2015 using its own resources and by adopting a very conservative dividend policy and showing some restraint on growth. The regulatory Authorities and some market participants, however, clearly favour an accelerated schedule. In the context of these dynamics therefore, and also taking advantage of the presentation of the new Business Plan, Intesa Sanpaolo has made the decision to take action now, eliminating the uncertainty and placing the Bank in a position of strength, from which to build its future with confidence by immediately complying with the "new normal". All stakeholders will then benefit from the resulting advantages.

This decision is aimed at strengthening the Group's capital base and balance sheet and developing its strategy and hence, will **reinforce value creation** generated by strategies and action plans being carried out to face a **future that is still uncertain but with many opportunities** which Intesa Sanpaolo is equipped to seize when the occasion arises.

(°) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan (sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole Group). Banca Monte di Parma not included
(1) Before integration charges and the amortisation of acquisition cost
(2) Net income excluding integration charges and the amortisation of acquisition cost/Tangible net shareholders' equity excluding Net Income and Minority Interests
(3) Net income excluding integration charges and the amortisation of acquisition cost/Total tangible assets
(4) Total tangible assets/Tangible net shareholders' equity excluding Net Income and Minority Interests
(5) Doubtful, substandard, past due loans

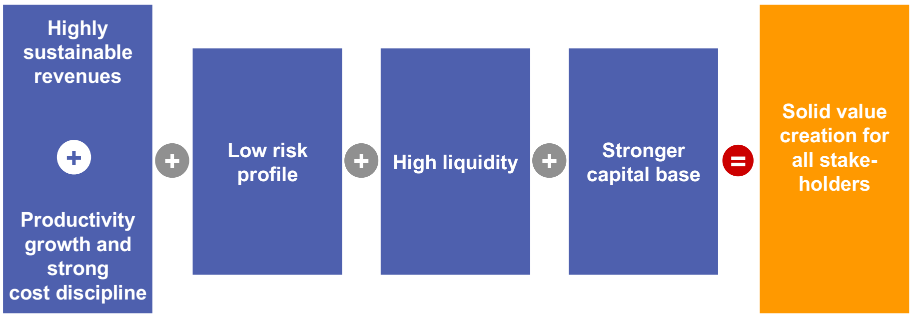
The new Business Plan of Intesa Sanpaolo sets out:

- **2013 targets** which are based on moderate macro-economic growth assumptions and include well-defined management actions (150 projects);
- **2015 projections** which assume a gradually normalising macro-economic scenario for 2014-2015 and show the full results of the projects undertaken during the 2011-2013 period but do not include any new management actions – these will be considered at a later stage.

2013 targets and 2015 projections include only some effects of the €5 billion capital increase.

The Plan does not include extraordinary transactions (disposals, listings, acquisitions, etc.) that may be taken into consideration should the occasion arise.

The formula of our Business Plan



INTESA SANPAOLO

The "formula" of the Plan results in the following targets for the **main indicators,** with a pro-forma 2010 Common Equity ratio target of around 10%:

	pro-forma 2010 [°]	2013 targets	2015 projections	2010-2013 changes	2010-2015 changes
Operating income (bn euro)	16.4	19.6	21.7	+6.1%[(1)]	+5.7%[(1)]
Cost/Income	56.1%	46.7%	43.0%	-9.4 pp	-13.1 pp
Net adjustments to loans/Loans	82 bps	61 bps	56 bps	-21 bps	-26 bps
Direct customer deposits/customer loans	106%	104%	103%		
Common Equity ratio	7.1%[(2)]	10.0%[(3)]	10.0%[(3)]		

(°) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan (sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole Group)
(1) CAGR = compound annual growth rate
(2) Pro-forma data including estimated benefits from disposals and acquisitions in their finalisation stage and the expected absorption of deferred tax assets before the full phasing-in of Basel III
(3) Pro-forma data including estimated benefits from disposals and acquisitions in their finalisation stage and the expected absorption of deferred tax assets before the full phasing-in of Basel III, the €5 billion capital increase, retained earnings and optimisation actions on capital sources and requirements envisaged in the Business Plan

and the following **value creation targets**:

	pro-forma 2010 (°)	2013 targets	2015 projections	2010-2013 changes	2010-2015 changes
Net income (bn euro)	2.7	4.2	5.6	+16.3%[(1)]	+15.5%[(1)]
Adjusted net income [(2)] (bn euro)	3.2	4.7	5.9	+13.9%[(1)]	+13.2%[(1)]
Adjusted ROTE [(3)]	12.2%	12.6%	14.7%	+0.4 pp	+2.5 pp
Adjusted ROE [(4)]	6.2%	7.7%	9.3%	+1.5 pp	+3.1 pp
Adjusted EVA ®[(2)] (bn euro)	0.6	1.3	2.2	+32.7%[(1)]	+31.6%[(1)]

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(°) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan (sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole Group)
(1) CAGR = compound annual growth rate
(2) Before integration charges and the amortisation of the cost for the merger
(3) Net income before integration charges and the amortisation of acquisition cost/Tangible net shareholders' equity excluding Net income and Minority interests
(4) Net income before integration charges and the amortisation of acquisition cost/Shareholders' equity excluding Net income and Minority interests

as well as the following **benefits for all stakeholders**:

(bn euro)	cumulative 2011-2013	cumulative 2011-2015
Dividends (payout of earnings not required for 10% Common Equity ratio)	5.3	13.5
Personnel expenses	17	29
Purchases and investments	9	15
Direct and indirect taxes	8	16
New loans to the economy	53	95

It is worth noting that value creation as measured by ROTE results from a **substantial improvement in Group profitability and solidity**, as shown in the table below by the strong return on assets (ROTA) and further leverage reduction:

	pro-forma 2010 (°)	2013 targets	2015 projections	2010-2013 changes	2010-2015 changes
Adjusted ROTE [(1)]	12.2%	12.6%	14.7%	+0.4 pp	+2.5 pp
Adjusted ROTA [(2)]	51 bps	66 bps	77 bps	+15 bps	+26 bps
Leverage [(3)]	24.2x	19.0x	19.0x	-5.2x	-5.2x

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(°) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan (sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole Group)
(1) Net income before integration charges and the amortisation of acquisition cost/Tangible net shareholders' equity excluding Net income and Minority interests
(2) Net income before integration charges and the amortisation of acquisition cost/Total tangible assets
(3) Tangible total assets/Tangible net shareholders' equity excluding Net income and Minority Interests

1. Targets

1.1 Sustainable revenue growth

(bn euro)	pro-forma 2010 (°)	2013 targets	2015 projections	2010-2013 changes (1)	2010-2015 changes(1)
Operating income	16.4	19.6	21.7	+6.1%	+5.7%
Net interest income	*9.7*	*11.2*	*12.5*	*+5.0%*	*+5.3%*
Net fee and commission income	*5.6*	*6.9*	*7.5*	*+7.4%*	*+6.1%*
Other revenues	*1.2*	*1.5*	*1.7*	*+9.2%*	*+7.2%*

(°) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan (sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole Group)
(1) CAGR = compound average growth rate

The Plan envisages targets for **sustainable revenue growth** which may be exceeded taking into account that the increase in operating income is based on:
- around **75 projects for growth** (see from page 11 to page 17), **investments** of about **€1.5 billion**, **growth-related expenses** of about **€720 million** and more than **5,000 full time equivalent (FTE) staff added to customer-facing roles**, and
- **a conservative economic scenario**, with an average annual growth rate of the eurozone GDP at 1.3% for 2011-2013 and at 1.6% for 2011-2015, an average annual growth rate of Italy's GDP at 0.8% for 2011-2013 and at 0.9% for 2011-2015 and the ECB reference rate at 2.50% at year-end 2013 and at 3.25% at year-end 2015.

In a slightly improved scenario, which assumes an average annual growth rate of the eurozone GDP at 1.7% for 2011-2013 and 1.8% for 2011-2015, an average annual growth rate of Italy's GDP at 1.2% for 2011-2013 and at 1.1% for 2011-2015 and the ECB reference rate at 4.00% at year-end 2013 and at 4.50% at year-end 2015, **operating income might increase by about €1.0-1.3 billion in 2013 and €1.3-1.5 billion in 2015**, with a CAGR up to around 8% in 2010-2013 and around 7% in 2010-2015.

1.2 Productivity growth

(bn euro)	pro-forma 2010 (°)	targets 2013	projections 2015	2010-2013 changes(1)	2010-2015 changes(1)
Operating costs	9.2	9.2	9.3	-0.2%	+0.2%
Personnel expenses	*5.5*	*5.7*	*5.8*	*+1.1%*	*+1.1%*
Other administrative expenses	*3.1*	*2.9*	*2.9*	*-2.9%*	*-1.3%*
Adjustments	*0.6*	*0.6*	*0.6*	*+1.8%*	*+0.2%*
Cost/ Income	56.1%	46.7%	43.0%	-9.4 pp	-13.1 pp

(°) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan (sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole Group)
(1) CAGR = compound average growth rate

The Plan envisages **productivity growth** with some reserves available, considering that the improvement in the cost/income is based on:
- around **55 productivity and HR projects** (see page 10), investments of about **€800 million, a branch network redesign involving at least 1,000 branches, about 8,000 FTE positions released from administrative tasks both at central structures and in territorial areas and about 5,000 of the employees re-deployed to customer-facing roles**, and
- **cost savings of some €770 million euro**, after accounting for a cost increase of more than €500 million due to the renewal of the national labour contract and inflation and **further growth-related expenses of about €720 million** in the 2011-2013 three-year period.

1.3 A low risk profile

	pro-forma 2010 (°)	2013 targets	2015 projections	2010-2013 CAGR	2010-2015 CAGR
Net adjustments to loans/Loans	82 bps	61 bps	56 bps	-21 bps	-26 bps
VaR (m euro)	38	54	55	+13%(1)	+8%(1)
Net non-performing loans(2) / net loans to customers	4.8%	4.0%	3.8%	-0.8 pp	-1.0 p p

(°) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan (sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole Group)
(1) CAGR = compound average growth rate
(2) doubtful, substandard, past due loans

The Plan envisages a **low risk profile** with some room to be more "aggressive" during the Plan period, considering that some **20 projects** (see page 18) will be implemented **aimed at controlling/optimising risks**.

1.4 High liquidity

	pro-forma 2010 (°)	2013 targets	2015 projections
Customer deposits /Customer loans	106%	104%	103%
Eligible assets with Central Banks (1) net of haircut (bn euro)	54	~50	~50

(°) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan (sale of Cassa di Risparmio della Spezia and 96 branches to the Crédit Agricole Group)
(1) ECB, FED, BoE

The Plan envisages a **high liquidity level,** with some room to be more "aggressive", with **customer deposits still outweighing customer loans, eligible assets** with Central Banks for around €50 billion during the Plan period, and:
- **6 projects** (see page 19) aimed at optimising liquidity,
- as for short-term liquidity targets, a **short-term gap above 1** for both 2013 and 2015, the same as in 2010,
- as for long-term liquidity targets, a **Net Stable Funding Ratio exceeding 100% -** the minimum threshold required by fully phased-in Basel III based on the information available so far **-** for both 2013 and 2015, the same level as in pro-forma 2010, and
- a target of **net negative interbank position** for both 2013 and 2015 **not exceeding €10 billion**, the same level as at year-end 2010.

1.5 Further strengthening of the capital base

	pro-forma 2010 (1)	2011 targets (2)	2013 targets (2)	2015 projections (2)	Minimum requirement fully phased-in Basel III (5)
Common Equity Ratio	7.1%	~10.0%	10.0%	10.0%	7.0%
Tier 1 ratio	8.5%	11.1%	11.0%	11.0%	8.5%
Total Capital Ratio	13.4%	14.9%	13.7%	13.5%	10.5%
Leverage(4)	4.4%(3)	5.4%	5.4%	5.4%	3.0%

(1) Pro-forma data including estimated benefits from disposals and acquisitions in their finalisation stage and the expected absorption of deferred tax assets before the full phasing-in of Basel III
(2) Pro-forma data including estimated benefits from disposals and acquisitions in their finalisation stage and the expected absorption of deferred tax assets before the full phasing-in of Basel III, the €5 billion capital increase, retained earnings and optimisation actions on capital sources and requirements envisaged in the Business Plan
(3) Pro-forma data consistent with the scope of the 2011-2013/2015 Business Plan
(4) Tangible net shareholders' equity/Tangible total assets
(5) Based on the information available so far. Fully-fledged thresholds will be subject to the implementation of relevant regulations

The Plan envisages a **further strengthening of the capital base** which enables the Group to be **fully compliant with Basel III "new normal" with immediate effect** thanks to:
- a **€5 billion capital increase**;
- **8 projects** (see page 19) **for a stronger capital base**.

Today, the Intesa Sanpaolo Group **is already compliant with current Basel III regulations** (a 7% Common Equity ratio).

Bringing forward full compliance with the "new normal" of Basel III to today - both in terms of liquidity and capital base – through the capital increase gives Intesa Sanpaolo a number of very important advantages:
- **substantial economic and financial advantages**
  - lower funding costs,
  - fewer medium-long term bond issues and,
  - strengthening/supporting ratings;
- **greater growth opportunities**
  - ready to fund organic growth as economic conditions further improve;
- **more strategic flexibility**
  - choose best timing for capital management operations (disposals/listings) to take advantage of favourable market conditions, and
  - ability to seize external growth opportunities in target countries;
- **stronger dividend flow**
  - earnings not required for 10% Common Equity ratio and not required for organic growth in excess of that assumed in the Business Plan will be returned to shareholders as a dividend distribution, and,
  - possible selective acquisitions will be financed by disposal/listing transactions;
- **greater resilience to exogenous shocks of any nature** (economic, financial, geopolitical, etc.).

2. Strategies

Strategies successfully followed throughout the merger and the crisis evolve in the new Business Plan in keeping with the identity of our Bank. By comparison with the past four years the emphasis now shifts from **managing the merger** to **driving growth**.

Strategic choices are confirmed while continuing to evolve:

- a **real-economy Bank**, which generates less than 1% of its total revenues from proprietary trading,
- a **Bank with sustainable profitability** in which operational performance, risk profile, liquidity and solidity/leverage are well-balanced,
- a **Bank which focuses on some core countries, Italy first and foremost**,
- **non-matrix divisional Group model** maintained. The "Banca dei Territori" model is confirmed and will be progressively simplified,
- a **Bank with promotes and embraces innovation at every level**, and
- a **Bank with a distinctive identity and reputation**, also committed to contributing to the growth and development of the economy and society.

2.1 A real-economy Bank

The Bank's focus to support the real economy is confirmed:

- customer-centric,
- medium-long term vision,
- focus on commercial banking,
- growth in Investment Banking - whose contribution to the Group's revenues is set to increase from 8% in 2010 to 9% in 2013 - in particular in capital markets, mainly due to Banca IMI, rather than proprietary trading activity which represents a small proportion of the Group's revenues (below 1% for 2013), and
- growth in product companies' business, such as bancassurance, asset management and credit/debit cards.

2.2 Geographical focus

International opportunities will grow but Italy will remain Intesa Sanpaolo's main market given its great potential and the strong competitive advantages the Bank is building:

- top 9 Italian regions represent one of the wealthiest European macro-regions with great growth potential,
- Mezzogiorno regions also offer opportunities to exploit,
- Italy has a significant untapped growth potential driven by exports and globalisation,
- Italy is to invest more than €100 billion in the coming years in infrastructure which will also provide an opportunity for growth. An aggressive programme of investment in infrastructure could increase GDP by 2-3 pp without increasing public debt,
- Italian SMEs represent a major source of growth and cooperation for those banks able to meet entrepreneurs' needs. Around 4.9 million SMEs in Italy – of which approximately one million are served by Intesa Sanpaolo - are a valuable resource, with around 15.8 million employees, amounting to 90% of total employed people, value added equal to about 70% of the total, exports equal to 50% of the total, good competitiveness in international markets with Italian SMEs exporting more than German SMEs. More than 50% of total Italian patent applications at the EPO (*European Patent Office*) were filed by SMEs in recent years,
- the Italian market has ample room for growth in many banking products compared to other European countries,
- the Country's overall debt level is not exceptional compared with other countries, and
- Italy is among the countries with the highest level of household savings worldwide.

With respect to expansion plans of **operations outside of Italy** (International Subsidiary Banks and operations of Corporate & Investment Banking and Public Finance abroad), whose contribution to the Group's revenues is set to increase from 20% in 2010 to 21% in 2013, the Plan envisages:

- for **International Subsidiary Banks**: organic strengthening in the countries where the Group has a presence; external growth focused either on countries where the Group already has a presence or on countries which are highly attractive (Poland, Czech Republic and Turkey). Growth strategy in the Middle Eastern and North African countries will be defined in accordance with the evolution of the socio-political environment,
- for **Corporate & Investment Banking**: consolidation of international presence by significantly strengthening existing foreign branches and selectively opening new ones (e.g. Turkey), an increase in the share of wallet of international target customers (Financial Institutions and Top Corporates in UK, France, Germany and Spain) and strengthening of the offering to support the internationalisation of Italian companies, and
- for **Public Finance**: creation of Public Finance desks within the Group's foreign branches and international subsidiaries and selective growth in countries with a good risk-return profile (e.g. Poland and Turkey).

2.3 Organisational model

The organisational model is confirmed both at Group level (divisional non-matrix) and at Banca dei Territori and will be improved to be made more efficient and effective by sharing responsibilities between staff and business functions, fine-tuning control systems, empowering local structures, simplifying decision-making procedures, rationalising legal entities and streamlining the branch network.

2.4 A Bank which promotes and embraces innovation at every level

Innovation will be a key element of success and development in years to come. Competition is increasing in every industry and transformation is accelerating everywhere; globalisation places every competitive factor under pressure; some revolutionary meta-trends have just started to take effect, for instance scientific and technological quantum leaps, the total interconnectivity with the shift from physical to direct channels and from internet to the social network as well as socio-demographic reshuffling affecting billions of people:

- **promoting innovation at every level** for customers: Intesa Sanpaolo acts as a "bridge" with universities, with incubators and with new technologies through multiple and comprehensive initiatives such as:
  - long-term financing of companies' ideas through a dedicated credit product offering of Nova+, which together with Nova, has financed around 1,700 projects and granted €1 billion; Nova + Research to support R&D projects for high-tech products and services; Nova + Purchase to enrich the technological content of the company acquiring systems and knowledge in the market; Nova + Infocom to innovate companies' IT systems and Nova + University to support studies, development and technology transfer, and
  - Intesa Sanpaolo Start Up initiative, which to date has 600 projects selected and 115 presented, 10 meetings scheduled and 720 contacts, transforms technological ideas in business plans, finds the initial capital, puts start-ups and investors in touch and follows starts up along their growth path;
- **embracing innovation at every level** within the Group:
  - assigning full-time personnel to R&D, for example with Innovation Unit: 30 employees reporting to the Chief Operation Officer and Divisions tasked with monitoring innovation trends, suggesting ideas and innovative solutions, coordinating prototype start-ups and/or pilot initiatives and co-operating on an ongoing basis with national and international R&D centres, leading consultant companies and technological specialists,
  - testing new solutions in the field, for example with the "Banca dei Territori laboratory": several dozen laboratory branches to locally test new segmentation initiatives and new service models that could then be adopted by the whole network and testing of new career/growth paths,
  - sharing culture and experience to feed the innovation ecosystem at every level, for example with: trips to innovation sites, through which every year around 50 young employees are inserted into highly innovative environments all around the world (e.g. Google, MIT, etc.); HR Academy, a

permanent platform dedicated to staff's professional family with a "factory" focused on HR systems and method of innovation; Nòvamente, a formative line dedicated to feed the innovation ecosystem with new formats focused on promoting an internal innovation market at every level of the company, and
- investing in appropriate technologies: for example, in the next three years the Group will set aside new investments for €1.2 billion in ICT.

2.5 A Bank with a clear identity and reputation

The character of the Bank, committed to growth and the development of both the economy and society while respecting its business targets, remains unchanged:
- a **Bank for growth,** with strong commitment to innovation, internationalisation, new entrepreneurial projects, infrastructure and modernisation of the country,
- **acting as a "bridge" Bank** between private and public, profit and non-profit, between corporate and academic, and
- a **socially responsible Bank** with CSR deeply rooted in all business areas and staff functions.

3. Action plans

The new Business Plan of Intesa Sanpaolo is based on a concrete action plan designed for **minimal execution risk**.

In particular, the Plan includes a large **investment programme to promote growth and productivity -** in addition to the many projects and to investments of more than €4 billion implemented over the past four years which are starting to deliver their full potential **- of around €4 billion** in the three-year period 2011-2013:
- around €1.2 billion for IT systems and back office,
- around €1.1 billion for the upgrading of more than 1,000 branches and for the new Executive Centre,
- around €840 million for training,
- around €400 million for the development of "integrated multichannel system" and new products, and
- around €300 million invested in risk management and prevention.

3.1 Projects for productivity

The Plan comprises deep and structural measures to increase productivity with **cost savings of around 770 million** in the 2011-2013 three-year period, after accounting for a cost increase of more than €500 million due to the renewal of the national labour contract and inflation, which include, amongst others:
- **efficient management of turnover and resource re-deployment**, with the re-deployment to customer-facing roles of about 5,000 FTE staff out of the 8,000 FTE staff to be released from administrative activities as a result of an efficiency drive at central structures and corporate structure simplification (4,000 staff) and the review of all branch procedures (4,000 staff). The Group's total staff number is set to decrease from around 101,000 to 98,000 between 2010 and 2013 and the percentage of relationship managers and customer assistants will increase from 58% to 63%;
- **branch network rationalisation and channel optimisation,**
  - ability to leverage an unrivalled distribution network in Italy of about 5,500 branches in pro-forma 2010, with over 16% market share,
  - reorganisation of the branch network, with action taken on at least 1,000 branches which includes 100-150 openings in strong potential markets, about 400-500 closings/unifications in case of overlap and the transformation of small branches from "full branch" to "basic branch" status focusing on commercial development, and transferring of administrative activities to main branches (e.g. "basic branch" without cashier, 100% commercially-focused branches),
  - integrated multichannel system, strengthening of phone banking, internet banking and mobile banking and the creation of integrated customer services accessible through different channels (branch, phone, internet, mobile). Customers with multichannel contracts are set to increase from pro-forma 3.1 million in 2010 to 5.3 million in 2013;
- the ***Banca Semplice*** **project** which has already delivered significant results in recent months, involving 8,100 staff and the "Listening to customers and employees" initiative:
  - simplification of product offering: for example 6 current account products to a single modular account,
  - increase in attribution of responsibility, with increased credit granting authority to the network (more than 90% of credit lines granted locally) and extension of personnel management powers to all the Divisions,
  - simplification of procedures: automating the calculation of levels of authority required to grant credit facilities and transfer to the relevant decision maker, new simplified process for credit card issue in just a few minutes and following a single customer visit, reduction in response time by back offices (e.g. 95% of money transfers in 8 hours),
  - red tape reduction: eliminated about 4,500 regulations and more than 700 forms, help desk strengthened with significant reduction in response time and a new intranet search engine (+290% utilisation).

  This project is accelerating further with :
  - new modular products: reducing mortgage products from 19 to 2 which are tailored according to customer needs,
  - the ABC Single Platform: a single platform tailored by customer segment which allows integrated commercial and operating activities and monitoring and management of credit,

- integrated credit procedure: creating a single integrated and automated credit granting procedure (-40% of screens requires), significant reduction in customer response time and creation of a non-performing loan dashboard;

- standardisation of commercial agreements: creating virtual branches, contracts with digital signature supporting commercial activities on remote channels, single contractual standard for different products, continued improvement in monitoring and traceability;

• **completion of centralisation of Procurement activities**.

3.2 Projects for growth

The Plan envisages **sustainable revenue growth across all business areas** through:

• **volume growth in both loans to customers and direct customer deposits**, with a 2010-2013 Group CAGR of **4.6% and 3.5%** respectively, broken down as follows:
  - average loans to customers of Banca dei Territori at 5.1% (with Retail Italy at 5.4% and SME Italy at 4.7%), Corporate & Investment Banking at 4.9% (with Mid Corporate at 5.4% and Large & International Corporate at 3.4%), International Subsidiary Banks at 7.1% and Public Finance (including securities subscription) at -0.5%, and
  - average direct customer deposits of Banca dei Territori at 4.5% (with Retail Italy at 4.2% and SME Italy at 9.0%), Corporate & Investment Banking at 2.0% (with Mid Corporate at 2.6% and Large & International Corporate at 3.7%), International Subsidiary Banks at 7.4% and Public Finance at 2.3%,

• **investments to sustain growth of €1.5 billion** in 2011-2013;

• around **€720 million additional costs** to foster growth 2011-2013:
  - around €450 million for approximately 5,000 personnel in commercial roles,
  - around €100 million to strengthen the presence of the Group abroad, investing in the commercial development of foreign branches and international subsidiaries and in the development outside of Italy of Corporate & Investment Banking and Public Finance,
  - around €100 million to sustain Capital Markets, Investment Banking and Structured Finance development, and
  - around €70 million to innovate service models and develop multi-channelling in Italy.

3.2.1 Tapping into the potential throughout Banca dei Territori

The Plan sets an **operating income growth for Banca dei Territori from pro-forma €10.1 billion in 2010 to €11.9 billion for 2013 and a CAGR of 5.7%**, through implementation projects aimed at shifting from a product-oriented model to a customer-oriented approach. Examples of these projects are provided below:

• **increase in personnel dedicated to customers**, with an increase of around 4,000 FTE relationship managers and branch tellers as a result of reallocation actions (from around 30,000 to around 34,000), taking the Division's percentage from about 60% to about 70% of total personnel,

• **optimising service models**, through:
  - the "Individual customer loans" project: increasing annual loans granted by the creation of simple "basic" product with the option for customers to purchase "accessories" for an additional payment (mortgage insurance, option to change the interest rate type) and the 50% reduction in average credit granting time through revision of processes,
  - the "Small Business" project: developing more than 900,000 existing customers by 5,200 account managers to develop existing customers and capture new ones, new segmentation and service model based on current revenues, potential value and features of the customer, introduction of the multi-branch relationship manager to guarantee appropriate support to small branches and new financing products, leveraging synergies with Confidi, and
  - the SME project: developing more than 105,000 existing customers by differentiating commercial offering based on customer needs, dimension/potential/risk profile and lifecycle (e.g. start-ups, mature companies and firms undergoing a restructuring process) and an offering dedicated to new needs (e.g. integrated risk management, outsourcing services);

• **new customer segmentation,** satisfy customer needs optimising cost-to-serve and fully optimise the revenue potential of the customer base;

- **sales management optimisation,** "CRM and commercial planning project" to increase cross-selling according to customer needs, with a yearly average number of proactive commercial contacts doubling (from 13.2 to 26.4 million) and an average redemption rate on commercial initiatives rising by over 5 percentage points (from 7.3% to 12.5%) between 2010 and 2013 through:
  - the adoption of a modern method of marketing automation which allows for effective commercial utilisation of all contact opportunities with customers in the branch and through direct channels,
  - the pro-active creation of new commercial contacts (e.g. strengthening of commercial proposals through the contact unit),
  - the introduction of new metrics to measure commercial activity based on the intensity and effectiveness of the relationship with the customer, and
  - the launch of structural "performance dialogue" with local commercial units;
- **optimising pricing management,** through:
  - the review of pricing approaches according to customer sensitivity to the different features of products,
  - the introduction from July 2011 onwards of a new model for pricing management based on the granularity of prices (reference prices differentiated by province, segment, rating and loan type), the utilisation of EVA®-based approaches and discount management according to customer value and potential (dedicated plafond at branch level), with a 39% reduction in discounts to customers between pro-forma 2010 and 2013, and new decision-making tools to support the relationship manager in formulating the offering (integration of a price management software in frontline systems),
  - the elimination of around 10,000 special price agreements (so-called *convenzioni*) in 2011,
  - the introduction of pricing specialists in territorial areas, and
  - the diffusion of a greater sensitivity to pricing management through training courses, with 8,100 working days of training in the first half of 2011;
- **leadership in asset management,** considering that:
  - Eurizon Capital is already the leader in Italy, with relevant market share expected to increase further,
  - there is great development potential, both in Italy (with mutual funds penetration of Intesa Sanpaolo customers in Italy expected to grow from 22% in 2010 to 26% for 2013) and abroad,
  - Italy is among the countries with the highest stock of savings worldwide (€3,600 billion customer financial assets - corresponding to around 250% of GDP – with only 25% in assets under management),
  - there are around 11 million customers of Banca dei Territori and around €106 billion assets under administration on which conversion efforts are underway,
  - there are more than 8 million customers of Group subsidiaries in other countries with very low penetration, and
  - the Group has a presence in the Chinese market through Penghua Fund.

  Moreover, the Group can leverage actions to exploit potential and increase assets under management from €150 to €204 billion between pro-forma 2010 and 2013, with the ratio to total indirect deposits up from 59% to 72%, through:
  - "savings" project of Banca dei Territori, with an advanced advisory model based on customer needs throughout the entire lifecycle and optimisation of the risk-profile return, a simple product range for all customers and meeting the specific needs of more sophisticated customers (e.g. social security), strong investment in IT tools to train and support relationship managers (around €30 million),
  - strengthening the Bank's presence for institutional customers, targeted investment in core asset classes and partnerships for non-core products ("Guided Open Architecture"), and
  - exploiting intra-group synergies, with Epsilon (JV between Eurizon Capital and Banca IMI) repositioning as a centre of excellence for non-traditional products, creating a single product company to serve International Subsidiary Banks and exploiting synergies between Eurizon Capital and Private Banking;

- **leadership in bancassurance,** the unification of the Group's existing four product companies (EurizonVita, Intesa Vita, Sud Polo Vita and Centrovita) under Intesa Sanpaolo Vita within the year will lead to the creation of the Italian market leader with around 30% market share of new business for life policies and €26 million cost synergies, with technical reserves up from €67 to €85 billion and bancassurance product penetration of Intesa Sanpaolo Italian customers increasing from 11% to 14% between 2010 and 2013, generating a significant contribution to Group results (revenues from product companies and distribution network of around €1.3 billion in 2013), through:
  - cross-selling push on about 11 million customers frequently interacting with more than 5,500 branches,
  - review and unification of the life insurance business' product range and time-to-market reduction,
  - a leadership position in Italy for the non-life business, leveraging competitive advantages with respect to traditional competitors with the 2011 launch of an innovative auto liability insurance product and the extension of the innovative approach to other basic products for households, and
  - relaunch of pension funds (already around €10 billion assets as of today) rationalising the product range and creating new simulation and reporting tools on social security positions;
- **leadership in the credit/debit card sector,** the Intesa Sanpaolo Group is already the leader in Italy through its subsidiary Setefi, with a market share of over 23%, a number of managed cards equal to €10 million in pro-forma 2010 increasing to €12 million in 2013, a credit card penetration of Intesa Sanpaolo customers in Italy of 25% in pro-forma 2010 rising to 32% by 2013 and operating income of €190 million in pro-forma 2010 set to rise to €246 million for 2013 through:
  - the full exploitation of synergies with International Subsidiary Banks and Banca dei Territori through cross-border acquiring and completion of the migration of cards and POS not managed by the company,
  - the creation of new high value-added services using new technologies (e.g. mobile payments),
  - new customer acquisition by entering market segments with room for growth (parking, new acquiring agreements with large players,...), and
  - a further improvement in operating efficiency aimed at delivering even higher service standards;
- **leadership in private banking,** the Group is already the market leader through its subsidiary Intesa Sanpaolo Private Banking, with total customer financial assets of around €70 billion and pro-forma operating income of €355 million in 2010 set to rise to €536 million by 2013 through:
  - a new service model segmentation according to customer assets and socio-demographic features,
  - improvement in the quality of advisory services with the introduction of product-service specialists into the network and the strengthening of IT support systems (e.g. to customer videoconference systems), and
  - enhancing cross-segment synergies with the acquisition of new Private customers from existing relationships with SMEs and Corporates and working jointly with the retail segment on affluent customers most exposed to offerings from competitors;
- **developing medium-long term loans and sector-specific offerings**, through Mediocredito Italiano, with loans to customers rising from €12.1 to €15.2 billion and pro-forma operating income up from €213 to €253 million between 2010 and 2013:
  - Mediocredito being a centre of expertise for medium-term financing, subsidised financing and corporate finance for SMEs,
  - specific desks specialised in the following sectors will be further developed: Energy, Fashion, Hospitality, Media & Entertainment, R&D intensive and Shipping, and
  - plan of cooperation with the branch network and all product companies that grant medium-long term financing;

• **leadership in non-profit**, considering that:
- the Intesa Sanpaolo Group is already the sector leader and serves more than 50,000 non-profit organisations, with customer financial assets of more than €5 billion and around €1.5 billion credit granted,
- in addition to supporting existing non-profit organisations, the Group also helps in their creation: for example through the Pan initiative 416 kindergartners (taking care of 12,000 children) were created, sustaining employment for 3,000 employees in the sector,
- Banca Prossima is the Group's specialised unit for serving non-profit activities, offering non-profit organisations a full range of dedicated banking services (accounts, transaction services, financing, investment, insurance coverage, factoring ...) and off-the-shelf solutions for difficult situations (tools and advice for fundraising, IT services,...), with operating income rising from €15 to €46 million and customers increasing from 11,500 to 23,000 between pro-forma 2010 and 2013 mainly due to customers acquisitions from outside of Intesa Sanpaolo's network, and
- the non-profit market has a great economic and social importance, with about 250,000 non-profit organisations, about €45 billion revenues, about €10.7 billion loans, about 700,000 employees, about 3.3 million volunteers, about 26 million users.

3.2.2 Extracting the potential of Corporate & Investment Banking

The Plan sets out an operating income growth of the Corporate & Investment Bank from **€3.5 billion in pro-forma 2010 to €4.1 billion for 2013, with a CAGR of 5.2%**, through implementation projects which will encourage the evolution from "National Champion" to European "Regional Player". Examples of these projects are shown below:

• **fine-tuning service models:**
- maintaining the leadership in Large and Mid-Corporate segments through further strengthening of sector-specific service model and the driving cross-selling through completion of the "top priority" customer service model,
- further development of the Financial Institutions segment through a specific offering of investment banking products, also seizing opportunities arising from Basel III, and
- strengthening of cross-selling activities, leveraging the necessary product competencies relevant to serve each industrial sector;

• **further strengthening Banca IMI leadership**, a 2010-2013 CAGR for total operating income of 7.2%, 6.9% for Capital Markets, 10.2% for Investment Banking and 7.0% for Structured Finance and a 2013 average VaR at €24 million vs €14 million in 2010, considering:
- in recent years, Banca IMI has become the Italian market leader with more than €1 billion revenues (equal to 7% of the Group total in 2010 and with more than 80% of 2010 operating income driven by customers activities), more than €500 million net income (equal to 20% of the Group's net income in 2010), market leadership in DCM and structured finance and more than 10% market share in other Capital Markets products,
- broadened offering in Italy, in Capital Markets with new retail products (certificates, funds and structured bonds), in Investment Banking with focus on high-potential corporate customers and on Financial Institutions (e.g. advisory on Basel III compliance) and in Structured Finance with the specialised Corporate lending business,
- strengthening of foreign business by broadening Capital Market products on rates and forex, and through development of relationships with "Top multinational corporates" for Structured Finance and Investment Banking activities, and
- around €100 million investment plan in products and operating platform in the 3-year period 2011-2013;

• **innovative Transaction Banking offering,** with the creation of a "Transaction Hub" with revenues increasing from €572 to €705 million between pro-forma 2010 and 2013:
- integration of more than 150 features/products in cash & liquidity management (e.g. collections, payments and cash pooling), trade services (e.g. international warranties and letters of credit), factoring and electronic billing in the new e-banking portal of the Group (InBiz),

- refinement of the current offering, new product development and structuring of integrated offering (e.g. supply chain financing),
- strengthening and focusing the go-to-market model to reach around 400,000 current customers (from Small Business to International Corporate), potential targets of the new offering,
- gradual expansion into at least 17 foreign countries covered by Intesa Sanpaolo's network within the Business Plan period, and
- improvement in service quality through the streamlining and integration of the operating platform (e.g. realisation of the new payment service hub);

• **selectively expanding the business abroad**, with international customer revenues growing to a 2010-2013 CAGR of 11.1% - from €697 million to €956 million - and an increase in the total revenues of Corporate & Investment Banking from 20% of pro-forma 2010 to 23% by 2013, through:
  - consolidation of the global coverage with local presence by a significant strengthening of current foreign branches in terms of relationships and products and the selective expansion of the foreign network (e.g. Turkey) with the opening of new branches, representative offices and subsidiaries,
  - acceleration in the development of international Top Corporate customers. Target countries are: UK, France, Germany and Spain,
  - development of international activity with Financial Institutions in target markets,
  - completion of the target offering to support customer internationalisation with Investment Banking, Capital Markets and Structured Finance products through Banca IMI and products for import-export management as a basis to build on commercial relationships and offer more sophisticated products (e.g. financial value chain, payment hub, international factoring), and
  - development of structural collaboration with the Group's International Subsidiary Banks Division;

• **leadership in factoring and leasing:**
  - development of activities of Mediofactoring, the undisputed market leader with more than 27% market share in Italy, by the strengthening of the cooperation with the Banca dei Territori Division as well as consolidation abroad and support for the international expansion of the Corporate & Investment Banking Division, leveraging financial value chain products, and
  - strengthening of the Group's "Leasing Hub", through the consolidation of energy products and launch of new products (public leasing, operating leasing), strengthening of relationships with networks (in particular the acquisition of non-Group customers) and following Italian enterprises abroad (also through interaction/integration with the Group's foreign leasing subsidiaries).

3.2.3 Extracting the potential of International Subsidiary Banks

The Plan sets **an operating income growth for International Subsidiary Banks from pro-forma €2.3 billion in 2010 to €2.7 billion for 2013, a CAGR of 6.0%**, through:

• **strengthening the "Centres of excellence" model**:
- asset management: joint creation with Eurizon Capital starting from the centres of excellence in Croatia, Hungary, Slovakia and Serbia, of a single international hub to assist all the CEE banks in developing asset management,
- consumer finance: development of the business, leveraging the success and experience of the Consumer Finance Holding of VUB Bank in Slovakia, also opening new branches or dedicated companies, and possible partnership to launch a consumer finance company in China,
- leasing: unification of the seven leasing companies into a single international network able to manage projects, customers and vendors in a centralised and integrated way, and
- Intesa Sanpaolo card: start-up of the international activities of Intesa Sanpaolo Card, originating from the Croatian and Slovenian centres of excellence, with the business development in every subsidiary bank of the Division through the launch of new international products and the creation of local branches, the completion of in-sourcing processes and the centralised management of procurement and strategic partnerships with payment network;

- **refining service models and increasing effectiveness and efficiency in distribution networks**:
  - implementation of service models specialised in Affluent, Small Business and SME segments,
  - international coverage of Group's multinational customers in synergy with the different Divisions of the Bank,
  - optimisation of branch networks through geo-marketing analyses to identify the geographical areas with greatest potential, comparative performance analyses of areas and branches, extension of the branch new model,
  - development of an integrated multi-channel platform (Internet, call centre, mobile banking, ATM) available to every local Bank (multi-lingual, multicurrency),
  - CRM-Retail (Customer Relationship Management) competences to local banks coordinated by the Competence Centre of Zagreb, and
  - development and diffusion of a new SME platform through the Competence Centre of Zagreb;
- **innovation of product offering**:
  - development of innovative retail products and services, both country-specific and transferrable to different subsidiaries, with investment products in synergy with the Group's product companies (e.g. structured deposits in collaboration with Banca IMI), credit protection insurance products, management of immigrants' remittances exploiting the Group's international network,
  - development of transactional and trade finance products for SMEs (e.g. cash management, payment factory, guarantees), and
  - focus on Investment Banking and private equity products, exporting the Group's distinctive competencies to different countries, also through dedicated hubs.

3.2.4 Extracting the potential of Public Finance

The Plan sets an **operating income growth for Public Finance from pro-forma €342 million in 2010 to €437 million for 2013, a CAGR of 8.5%**, through:

- **supporting big infrastructure in Italy**, with a new push from *Banca Infrastrutture Innovazione e Sviluppo* toward the execution of big infrastructure projects in Italy (programme of more than €350 billion, of which only €30 billion is completed) through:
  - taking a leading role in many of the main ongoing projects (e.g. Brebemi, Pedemontana Lombarda, TEM),
  - consolidating trust-based relationships with private and public counterparties and capability for coordinated interaction with central and local institutions, and
  - direct credit and equity contributions with appropriate exit strategies once cash flows reach fully operational levels;
- **consolidation of domestic leadership in public finance**, assisting public sector and related companies in their growing need for ordinary and structured finance, through:
  - further development of short-term loans (e.g. non-recourse financing of PA creditors) and medium-long term loans (e.g. project financing for public works), and
  - involvement as advisor and arranger of the financed deals (e.g. in the consolidation process of local public services);
- **selective growth outside of Italy:**
  - development building on the expertise of *Banca Infrastrutture Innovazione e Sviluppo* in structuring Public Private Partnership (PPP) operations in EU - Eastern Europe (TEN-T projects, €200 billion by year-end 2020), Poland (investments of more than €50 billion), Turkey (infrastructure programme for more than €250 billion), and
  - gradual development of local management of the whole value chain of interaction between public and private sectors, in order to increase the number of customers and origination capability by leveraging the Corporate & Investment Banking Division and the International Subsidiary Banks Division to create Public Finance desks in branches, representative offices and foreign subsidiaries and focusing on countries which are strategically important for the Group and have a strong need for PPPs (e.g. Poland and Turkey).

3.2.5 Extracting the potential of Banca Fideuram

The Plan sets an **operating income growth for Banca Fideuram from €755 million in pro-forma 2010 to €884 million by 2013, a CAGR of 5.4%**, through:

- **consolidation of leadership in Italy**, with a 2010-2013 CAGR for customer financial assets of 4.4% through: -
  - continued strengthening of product offering and repositioning of the existing portfolio towards assets with higher value added, in line with customers' risk and profile,
  - dedicated actions to improve service quality to the financial advisors network level and increase retention to maximise the net inflow of financial advisors (already doubled since 2008), and
  - launch of the "Fideuram mobile solution" project, by transforming the financial advisor operating model using the most advanced IT tools and improving the level of service for customers;
- **development of private banking,** leveraging a service line (products, services, structures) dedicated to 20,000 Private customers (target: increase Private total customers financial assets to 45% of total) and;
- **extension of the advanced advisory service SEI**, true innovation in the international asset gathering market, with a target of serving 25% of customers;
- **consolidation of other Italian financial advisor networks:**
  - undisputed market leader in financial advisory with more than 30% market share and over €70 billion customer financial assets, 4,400 private bankers and 600,000 customers,
  - successful completion of Carifirenze's network integration and of Banca Sara acquisition, which will bring around 450 new financial advisors and €2.7 billion new customer financial assets,
  - consolidation of other financial advisor networks or private banking structures in Fideuram Group to strengthen leadership in Italy.

3.3 Projects for human resource development

The quality of our people and their capacity to share and achieve with conviction in building the vision of the Bank as a common interest to sustain and develop will be essential to realising the success of the Business Plan. Discussion with unions at different levels will be necessary to manage the reorganisation through employee re-deployment, careful and prudent turnover management, control of personnel expenses, the effectiveness and quality of work in order to ensure adequate levels of profitability, productivity and employment. Negotiations will be oriented towards flexibility and better utilisation of structures. There will be coherence with, and a strict correlation between, the Group's economic performance and salary variability, which will appear as a bonus - even multiannual - utilising profitability and productive indicators. Examples of these projects are shown below:

- **personnel skills development:**
  - revision of management skills model to orientate personnel style and behaviour and promote achievement of the Plan's targets,
  - management and development policies focus on Top Executive Group in order to guarantee management continuity,
  - project for optimisation of talent: Emerging and Talent communities focused on the youngest and most internationally-minded employees (100 Emerging and 100 Talent employees selected from a pool of 7,000 staff), and Key Leaders and Job Master communities for middle management and highly specialised employees, and
  - new development model to drive professional growth, with the creation of "high potential pools of talent" emphasising diversity management;
- **empowering female talent:**
  - sustainable career paths for women in order to significantly increase female presence in the Group's key positions. Targeting 30% females in roles of responsibility within the Business Plan period,
  - encouraging paternity leave to contribute to a greater balance between work and parental responsibilities,
  - launch of a Telecommuting project that allows for the combination of company efficiency targets with personal and medical needs, and

introduction of greater flexibility in working hours, encouraging vertical and horizontal part-time jobs;

- **company welfare:**
  - development of a new healthcare Fund: over 200,000 members among current and retired employees linked by values of mutual aid and solidarity, and enrichment of services and launch of prevention initiatives for a total amount equal to 2% of personnel expenses,
  - pension funds: rationalisation of the different forms of pension funds (from 30 funds to 4-5 harmonised and simplified macro-categories) and possibility to devote shares of individual compensation to incentivise supplementary pension savings (in particular for younger employees),
  - employment and solidarity: launch of an innovative "Solidarity between generations" plan which, through a progressive extension of part-time contracts makes the shift from full-time employed status to retirement more gradual, enhances experience and knowledge and promotes new employment in equal measure;
- **investment in training**: more than one million yearly working days in the 2011-2013 three-year period Business Plan and involvement of over 95% of the corporate population in training activities for an investment of €840 million (including notional charges for the trainee staff, equal to approximately €580 million), with research and development on new learning formats and products (e.g. web TV, narration, e-learning), innovation in learning process and optimisation of company personnel skills (1,000 internal trainers).

3.4 Projects for risk control/optimisation

The **stock of net non-performing loans** (past due, substandard and doubtful loans) is set to decrease from **€17.9 billion in pro-forma 2010 to €17.1 billion by 2013, with a ratio to net loans down from 4.8% to 4.0%**. As part of this, past due loans are set to increase from €1.5 to €1.7 billion, substandard loans to decrease from €9.0 to €7.7 billion and doubtful loans to increase from €7.4 to €7.7 billion with the specific coverage ratio at 66% and the coverage including guarantees and collateral at above 123% by 2013, without considering possible disposals in the Plan period, through: -

- **credit strategies and granting process:**
  - extension of credit strategies to all segments and products, with explicit strategic guidelines to all segments and products in better risk/return profile asset classes and specific managerial guidelines to steer commercial activities in the different segments/products leveraging relevant business parameters (e.g. increase in share of wallet into planned target for enterprises), and
  - new paperless integrated process of credit granting, modular with a common platform for all credit types and specific add-ons for more complex counterparties/products (e.g. medium-long term) and highly automation in the collection of the required data from different procedures;
- **monitoring and non-performing loan collections:**
  - *"Special Situation"* model in every Division, leveraging successful Mid-Corporate experience by the creation of algorithms able to predict customers' potential future difficulties in case of adverse competitive scenario and proactive management of identified customers to support capital structure improvement or bank risk reduction, and
  - "Non-performing loan management" project, with a new single procedure to manage the loan life-cycle with faster activation of the credit recovery process, substandard credit management specialisation by type of required action (e.g. companies with a restructuring plan) and implementation of the new organisational model to manage doubtful loans, driven by loan size;
- **actions for optimising management of market risk:**
  - evolution of tools to measure and control risks (counterparty risk, portfolio replication) deriving from investment banking and capital markets activity, focused particularly upon ensuring the sustainable growth of Banca IMI, and
  - continuous interaction between the Compliance function and the business, identifying, evaluating and mitigating the various areas of risk of Investment Banking and Capital Markets activities;

- **actions for optimising management of operational/compliance risk:**
  - extension of the internal model for the management of operational risk across all the main business units of the Group and implementation of innovative mitigation actions (e.g. second layer policies), and
  - development of a Compliance approach which allows for the early evaluation of different levels of compliance risks associated with the development of new products and/or commercial initiatives and improves customer confidence through the fine-tuning of approaches to anti-money laundering, investment services, insurance brokerage, usury and transparency regulations;
- **initiatives covering different types of risk:**
  - definition of the Group's maximum acceptable level of risk (risk appetite), using both quantitative (stress testing) and qualitative (compliance and reputational risk) techniques, creating a system of limits for both firm-wide and specific risks (e.g. single-name concentration, sector-concentration, country risk) and cascading dedicated limits through the Business Units for a more interactive risk management (e.g. if a trigger is breached verifying of risk strategy and contingency planning), and
  - risk management function support to internationalisation initiatives: development/extension of specific tools (ad hoc rating models, pricing, evolution of the concept of country risk), sharing of risk best practice with all International Subsidiary Banks, implementation of a unified IT platform for consistent credit risk control, start-up of a Risk Academy.

3.5 Projects for liquidity optimisation

The Plan provides for a retention of a conservative liquidity position within the 2011-2013 period, with parameters at highest market levels in terms of both short-term and structural positions. As regards liquidity indicators, **by 2013, customer deposits are set to outweigh customer loans, the same as in pro-forma 2010; the short term gap is set to remain above 1, unchanged compared with pro-forma 2010; net negative interbank position not exceeding the approximate €10 billion as at pro-forma year-end 2010; structural liquidity indicator AV2 will remain in the range of €20-25 billion compared to €27 billion in pro-forma 2010 and eligible assets with Central Banks** (ECB, FED and BoE), net of haircut, **will be equal to about €50 billion compared with €54 billion in pro-forma 2010**, with actions aimed at:

- **strategic liquidity allocation**:
  - extension of customer behavioural models for sight deposit management;
  - periodical review of liquidity volumes and costs assigned to the different products-segments and;
  - creation of incentives on loan volumes with a good risk/return profile and eligible with Central Banks;
- **funding diversification**:
  - diversification of instruments offered through Group networks and placements by third party networks (including foreign) capitalising on the Group's solid reputation;
  - increased commercial focus on direct customer deposits by Small Business, Corporate and Financial institutions and;
  - geographical diversification (e.g. Yankee and Asian markets) and maturity optimisation.

3.6 Projects for a stronger capital base

The Plan sets a **Common Equity ratio at 9.4% in pro-forma 2010** (of which 7.1% considering disposals/acquisitions in their finalisation stage and the expected absorption of deferred tax assets before the full phasing-in of Basel III, 1.6% generated by the €5 billion capital increase and 0.7% contributed by actions to optimise capital sources and requirements envisaged in the Plan) which rises - taking into account the business trend in the 2011-2013 period in terms of increase in risk-weighted assets (RWAs) and retained earnings - **to around 10% by pro-forma 2011 and to 10% pro-forma by 2013 and 2015**, again considering disposals/acquisitions in their finalisation stage and the expected absorption of deferred tax assets before the full phasing-in of Basel III, through:

- **active capital allocation:**
  - strategic planning and budgeting processes with a focus on capital allocation to business units that improve the Group's risk-return profile,
  - critical review of all the Group's assets (loans, investments, real estate, shareholdings) to optimise capital utilisation and avoid wastage, and
  - formalisation of the Group's risk appetite to guarantee a capital allocation in line with sustainable profitability;
- **optimisation of uses of capital**:
  - focus on products that maximise the revenue/RWA ratio, while maintaining the same level of customer satisfaction, through full implementation of the EVA® model,
  - optimisation of non-performing loan management with real estate collateral, and
  - development and extension of business unit-specific credit strategies;
- **optimisation of sources and uses of capital:**
  - allocated capital optimisation through: initiatives to reduce capital absorption, extension of internal models, interventions on guarantees to recover eligible status, rating assignments and updates on missing ratings for counterparties, that do not have a valid rating, and for whom authorisation has been applied to employ internal models using the standard approach, and
  - development of new life insurance products to reduce capital absorption from a Basel III and Solvency II perspective and gradual disposal of unprofitable assets.

4. Targets for business units

The Banca dei Territori Division: main targets

(€ bn)

	2010 pro-forma[1]	2013 Targets	2015 Projections	2010-2013 CAGR	2010-2015 CAGR
Operating Income	10.1	11.9	13.5	5.7%	5.9%
Operating costs	6.0	5.8	5.9	(0.8)%	(0.2)%
Cost/income	58.9%	48.7%	43.8%	(10.2)pp	(15.1)pp
Net adjustments to loans / Loans (bps)	113	74	66	(40)	(47)
Adjusted Net income[2]	1.2	2.8	3.8	32.9%	26.0%
Allocated capital[3]	10.4	11.4	12.2	2.8%	3.1%
RWA	124.2	129.5	141.2	1.4%	2.6%
Adjusted Net income[2]/ Allocated capital[3]	11.5%	24.9%	31.4%	13.3pp	19.9pp
Adjusted EVA®[2]	0.3	2.0	2.9	90.6%	59.4%

Note: Including Eurizon Capital targets
(1) Pro-forma data consistent with the 2011-2013/2015 Business Plan scope
(2) Before integration charges and amortisation of acquisition cost
(3) Calculation performed assuming a 7% allocated capital + insurance risk + business risk for Eurizon Capital
Figures may not add up exactly due to rounding differences

The Corporate & Investment Banking Division: main targets

(€ bn)

	2010 pro-forma[1]	2013 Targets	2015 Projections	2010-2013 CAGR	2010-2015 CAGR
Operating Income	3.5	4.1	4.4	5.2%	4.5%
Operating costs	0.9	1.0	1.0	3.2%	2.0%
Cost/income	25.3%	23.9%	22.4%	(1.5)pp	(2.9)pp
Net adjustments to loans / Loans (bps)	38	37	33	(1)	(5)
Adjusted Net income[2]	1.4	1.8	2.0	7.4%	6.7%
Allocated capital[3]	8.7	9.7	10.3	3.5%	3.3%
RWA	124.5	138.0	146.4	3.5%	3.3%
Adjusted Net income[2]/ Allocated capital[3]	16.3%	18.3%	19.2%	1.9pp	2.9pp
Adjusted EVA®[2]	0.5	0.9	1.0	18.0%	14.2%

(1) Pro-forma data consistent with the 2011-2013/2015 Business Plan scope
(2) Before integration charges and amortisation of acquisition cost
(3) Calculation performed assuming a 7% allocated capital
Figures may not add up exactly due to rounding differences

The International Subsidiary Banks Division: main targets

(€ bn)

	2010 pro-forma(1)	2013 Targets	2015 Projections	2010-2013 CAGR	2010-2015 CAGR
Operating Income	**2.3**	**2.7**	**3.0**	**6.0%**	**5.7%**
Operating costs	**1.2**	**1.3**	**1.4**	**3.8%**	**3.9%**
Cost/income	**50.8%**	**47.7%**	**46.5%**	**(3.1)pp**	**(4.3)pp**
Net adjustments to loans / Loans (bps)	**191**	**131**	**123**	**(60)**	**(68)**
Adjusted Net income(2)	**0.4**	**0.7**	**0.8**	**24.2%**	**17.4%**
Allocated capital(3)	**2.4**	**3.1**	**3.5**	**8.2%**	**7.6%**
RWA	**34.8**	**44.1**	**50.1**	**8.2%**	**7.6%**
Adjusted Net income(2)/ Allocated capital(3)	**15.5%**	**23.5%**	**24.1%**	**7.9pp**	**8.5pp**
Adjusted EVA®(2)	**0.06**	**0.27**	**0.28**	**61.7%**	**34.2%**

(1) Pro-forma data consistent with the 2011-2013/2015 Business Plan scope
(2) Before integration charges and amortisation of acquisition cost
(3) Calculation performed assuming a 7% allocated capital
Figures may not add up exactly due to rounding differences

The Public Finance Division: main targets

(€ m)

	2010 pro-forma(1)	2013 Targets	2015 Projections	2010-2013 CAGR	2010-2015 CAGR
Operating Income	**342**	**437**	**472**	**8.5%**	**6.7%**
Operating costs	**83**	**100**	**103**	**6.4%**	**4.5%**
Cost/income	**24.2%**	**22.8%**	**21.9%**	**(1.4)pp**	**(2.4)pp**
Net adjustments to loans / Loans (bps)	**11**	**17**	**16**	**+6**	**+5**
Adjusted Net income(2)	**141**	**174**	**198**	**7.2%**	**6.9%**
Allocated capital(3)	**1.2**	**1.3**	**1.3**	**1.8%**	**2.1%**
RWA	**17.0**	**18.0**	**18.9**	**1.8%**	**2.1%**
Adjusted Net income(2)/ Allocated capital(3)	**11.9%**	**13.8%**	**14.9%**	**2.0pp**	**3.1pp**
Adjusted EVA®(2)	**24**	**56**	**68**	**33.1%**	**23.5%**

(1) Pro-forma data consistent with the 2011-2013/2015 Business Plan scope
(2) Before integration charges and amortisation of acquisition cost
(3) Calculation performed assuming a 7% allocated capital
Figures may not add up exactly due to rounding differences

Banca Fideuram[1]: main targets

(€ m)

	2010 pro-forma[2]	2013 Targets	2015 Projections	2010-2013 CAGR	2010-2015 CAGR
Operating Income	**755**	**884**	**957**	**5.4%**	**4.8%**
Operating costs	**348**	**363**	**373**	**1.4%**	**1.4%**
Cost/income	**46.1%**	**41.0%**	**39.0%**	**(5.1)pp**	**(7.1)pp**
Adjusted Net income[3]	**240**	**350**	**396**	**13.4%**	**10.6%**
Allocated capital[4] (€ bn)	**0.5**	**0.6**	**0.6**	**3.2%**	**2.8%**
RWA (€ bn)	**4.7**	**4.9**	**5.4**	**1.6%**	**3.0%**
Adjusted Net income[3]/ Allocated capital[4]	**44.8%**	**59.6%**	**64.6%**	**14.7pp**	**19.8pp**
Adjusted EVA®[3]	**182**	**281**	**317**	**15.7%**	**11.8%**

(1) Including Fideuram Vita, not including Banca Sara
(2) Pro-forma data consistent with Business Plan scope 2011-2013/2015, including Fideuram Vita
(3) Before integration charges and amortisation of acquisition cost
(4) Calculation performed assuming a 7% allocated capital + business risk
Figures may not add up exactly due to rounding differences

Intesa Sanpaolo Group: main targets

(€ bn)

	2010 pro-forma[1]	2013 Targets	2015 Projections	2010-2013 CAGR	2010-2015 CAGR
Operating Income	**16.4**	**19.6**	**21.7**	**6.1%**	**5.7%**
Operating costs	**9.2**	**9.2**	**9.3**	**(0.2)%**	**0.2%**
Cost/income	**56.1%**	**46.7%**	**43.0%**	**(9.4)pp**	**(13.1)pp**
Net adjustments to loans / Loans (bps)	**82**	**61**	**56**	**(21)**	**(26)**
Net income	**2.7**	**4.2**	**5.6**	**16.3%**	**15.5%**
Adjusted Net income[2]	**3.2**	**4.7**	**5.9**	**13.9%**	**13.2%**
Allocated capital[3]	**25.2**	**27.5**	**29.3**	**2.9%**	**3.0%**
RWA	**332.2**	**356.5**	**382.0**	**2.4%**	**2.8%**
Adjusted ROTE[4]	**12.2%**	**12.6%**	**14.7%**	**0.4pp**	**2.5pp**
Adjusted Net income[2]/ Allocated capital[3]	**12.6%**	**17.1%**	**20.2%**	**4.5pp**	**7.6pp**
Adjusted EVA®[2]	**0.6**	**1.3**	**2.2**	**32.7%**	**31.6%**

(1) Pro-forma data consistent with the 2011-2013/2015 Business Plan scope
(2) Before integration charges and amortisation of acquisition cost
(3) Calculation performed assuming a 7% allocated capital + insurance risk. Allocated capital at 7% + business risk for Eurizon Capital and Banca Fideuram
(4) Net income before integration charges and the amortisation of acquisition cost/Tangible Net Shareholder's equity excluding Net income and Minority interests
Figures may not add up exactly due to rounding differences

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