Banca Intesa

2005-2007 Business Plan

Corrado Passera
CEO

Milan, 13th July 2005

Foreword

- The 2005-2007 Business Plan data are IAS/IFRS compliant
- For comparison purposes, 2004 data have been restated utilising IAS/IFRS standards, including the estimated effects of the application of IAS 39
- The IAS 39 applied is the version as approved by the EU Commission
- The Business Plan data take into account the impact of the partnership transaction with Crédit Agricole in the Asset Management business and the sale of Doubtful Loans announced last May

The 2005-2007 Business Plan
Make Banca Intesa One of the Best European Banks

2002	2003	2004	2005	2006	2007

The 2003-2005 Business Plan

Restructuring and Re-launching of Banca Intesa

The 2005-2007 Business Plan

Make Banca Intesa one of the best European banks as measured by value creation

We Are Proud of the Job Done Together

Credit G.M.	Pier Francesco Saviotti
Administration	Ernesto Riva
Corporate Development	Paolo Grandi
External Relations	Stefano Lucchini
Finance & Treasury	Vincenzo La Via
Human Resources & Organisation	Francesco Micheli
Institutional Relations	Mario Ciaccia
Internal Auditing	Renato Dalla Riva
ICT Systems	Romano De Carlo
Legal Affairs	Elisabetta Lunati
Planning & Control	Carlo Messina
Real Estate & Procurement	Giulio Bellan
Risk Management	Vittorio Conti
Security	Giorgio Bossi

Agenda

1. Make Banca Intesa one of the best European banks

2. Strategy confirmed

3. Action plan

4. Banca Intesa partner for growth

The 2005-2007 Business Plan
Strong VALUE CREATION

To make Banca Intesa one of the best European banks means to ensure a significant VALUE CREATION through <u>all three key management drivers</u>

- **Sustainable growth**
- **Strict cost discipline**
- **Focus on risk management and capital allocation**

and continuous <u>investment in innovation</u> in a medium-long term perspective

The 2005-2007 Business Plan
Strong TRUST BUILDING

To make Banca Intesa one of the best European banks means to ensure significant TRUST BUILDING

- **For the bank's clients who will increasingly see in Banca Intesa a trusted counterpart which meets their needs in simple and ongoing manner**
- **For the bank's employees who will increasingly see in Banca Intesa an open environment where merit is rewarded**
- **For society as a whole which will increasingly see in Banca Intesa a partner for responsible growth**

Agenda

1 **Make Banca Intesa one of the best European banks**

2 Strategy confirmed

3 Action plan

- Deliver sustainable growth
- Maintain strict operating cost discipline
- Optimise risk management and capital allocation

4 Banca Intesa partner for growth

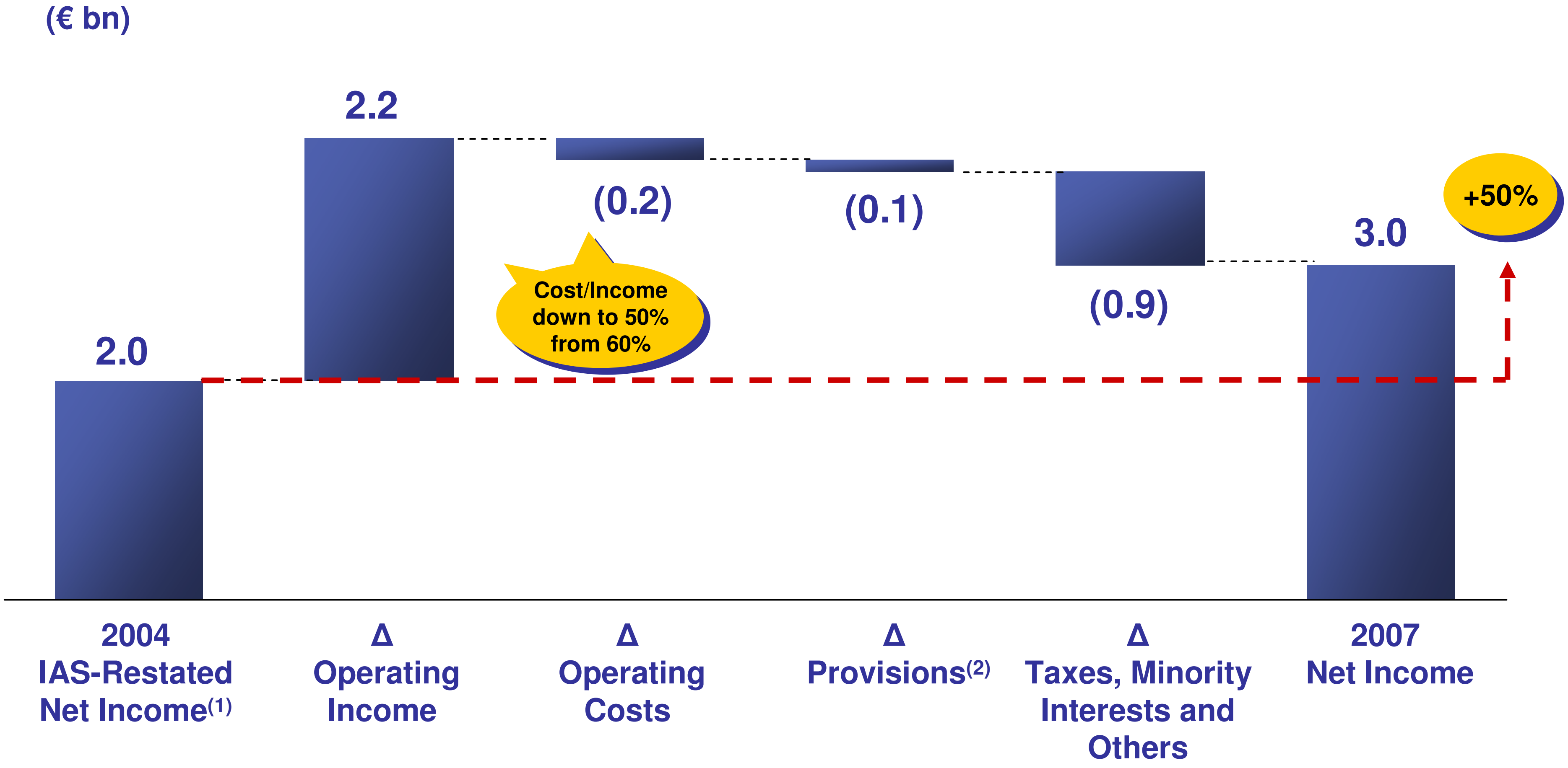
Moving toward the Best Benchmarks

Pre IAS			IAS		
2002(1)	2004		2004	2004 After Nextra and IGC	2007
2%	13%	ROE	15%	16%	20%
69%	60%	Cost/Income	59%	60%	50%
A tier	A tier	Rating	A tier	A tier	AA tier
0.3	1.9	Net Income (€ bn)	1.8	2.0	3.0
0.1	0.7	Dividends (€ bn)	0.7	0.7	>2.0

(1) *Pro-forma data consistent with the 2004 perimeter*

Net Income up to €3bn

Contribution to the 2004-2007 Net Income Growth



(1) *2004 Net Income restated after the sales of Nextra and Intesa Gestione Crediti (+€111m)*
(2) *Includes Net adjustments to loans and receivables, Net impairment losses on assets and Net provisions for risks and charges*

Growth in Operating Margin

Pre IAS 2002 Pro-forma[(1)]	Pre IAS 2004		IAS 2004	IAS 2004 After Nextra and IGC	IAS 2007	IAS CAGR
9,044	9,726	**Operating Income**	9,452	9,256	11,465	7.4%
		■ Net Interest Income	5,145	4,958	6,190	7.7%
		■ Net Fee&Commission Income	3,465	3,264	4,237	9.1%
		■ Others[(2)]	842	1,034	1,038	0.1%
6,257	5,830	**Operating Costs**	5,585	5,525	5,704	1.1%
		■ Personnel Expenses	3,226	3,163	3,474	3.2%
		■ Other Administrative Expenses	1,801	1,809	1,718	(1.7)%
		■ Adjustments	558	553	512	(2.5)%
2,787	3,896	**Operating Margin**	3,867	3,731	5,761	15.6%

0.4% in Italy

Figures may not add up exactly due to rounding differences

(1) *Pro-forma data consistent with the 2004 perimeter*

(2) *Dividends, Income from investments carried at equity, Profits on Trading and Other Operating Income*

Improvement in Asset Quality

Pre IAS			IAS		
2002 Pro-forma(1)	2004		2004	2004 After Nextra and IGC	2007
1.3%	0.6%	**Net Loan Provisions/Loans**	0.6%	0.5%	0.5%
3.1%	2.7%	**Net Doubtful Loans/Loans**	1.9%	0.6%	0.9%
63%	67%	**Doubtful Loans Coverage**	76%	72%	72%

(1) *Pro-forma data consistent with 2004 perimeter*

Adequate Capital Ratios

Pre IAS			IAS		
2002	2004		2004	2004 After Nextra and IGC	2007
5.9%	7.6%	Core Tier 1	6.7%	7.2%	7.2%
6.8%	8.5%	Tier 1	7.6%	8.1%	8.0%
11.1%	11.6%	Total Capital	11.0%	11.5%	11.5%

60% "Return" for Shareholders in the Period

Pre IAS			IAS		
2002 Pro-forma(1)	2004		2004	2004 After Nextra and IGC	2007
2%	13%	ROE	15%	16%	20%
(1,124)	312	EVA® (€ m)	498	610	1,403
0.04	0.28	EPS (€)	0.27	0.29	0.43(2)
2.11	2.16	BV/S(3) (€)	1.92	1.94	2.32(2)
0.1	0.7	Dividends (€ bn)	0.7	0.7	>2.0

2005-2007 "Return" 60%*(4)

*Dividends will grow from over €1.5bn in 2005 to over €2bn in 2007, for a total exceeding €5bn in the 2005-2007 period

EVA® = *Economic Value Added*
(1) *Pro-forma data consistent with the 2004 perimeter*
(2) *Based on a total number of ordinary and saving shares amounting to 6,948 million*
(3) *Book Value per share, including retained earnings for the year*
(4) *2007 vs 2004 increase in Book Value per share, including retained earnings for the year, plus 2005-2006 and 2007 dividends*

Key Targets of the Group

(€ m)

	2004 After Nextra e IGC	2007	CAGR
Operating Income	9,256	11,465	7.4%
Operating Costs	(5,525)	(5,704)	1.1%
Operating Margin	3,731	5,761	15.6%
Cost/Income	59.7%	49.8%	-
Pre-tax Income(1)	2,858	4,760	18.5%
Allocated Capital(2) (€ bn)	10.9	13.0	6.0%
Pre-tax ROE(3)	26.2%	36.6%	-
EVA®	610	1,403	32.0%

(1) *Income before tax from continuing operations*
(2) *Allocated Capital = 6% of RWA*
(3) *Income before tax from continuing operations/Allocated Capital*

Conservative Macro-Economic Scenario

		2005	2006	2007
Economy	Euro zone's real GDP growth	1.4%	1.9%	2.0%
	Italy's real GDP growth	(0.2)%	1.3%	1.4%
	Refi rate (ECB)(1)	2.00%	2.25%	2.25%
	Italian Consumer Price Index Growth	2.3%	2.0%	2.1%

		2004-2007 CAGR
Industry (Italy)	Loans	5.7%
	Deposits	4.6%
	Mutual funds (stock)	4.8%
	Customer spread(2)	+4 b.p.

(1) *Year-end data. Increase of 25 b.p. in 4Q06*
(2) *2007 vs 2004 average*

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1 Make Banca Intesa one of the best European banks

2 **Strategy confirmed**

3 Action plan

- Deliver sustainable growth
- Maintain strict operating cost discipline
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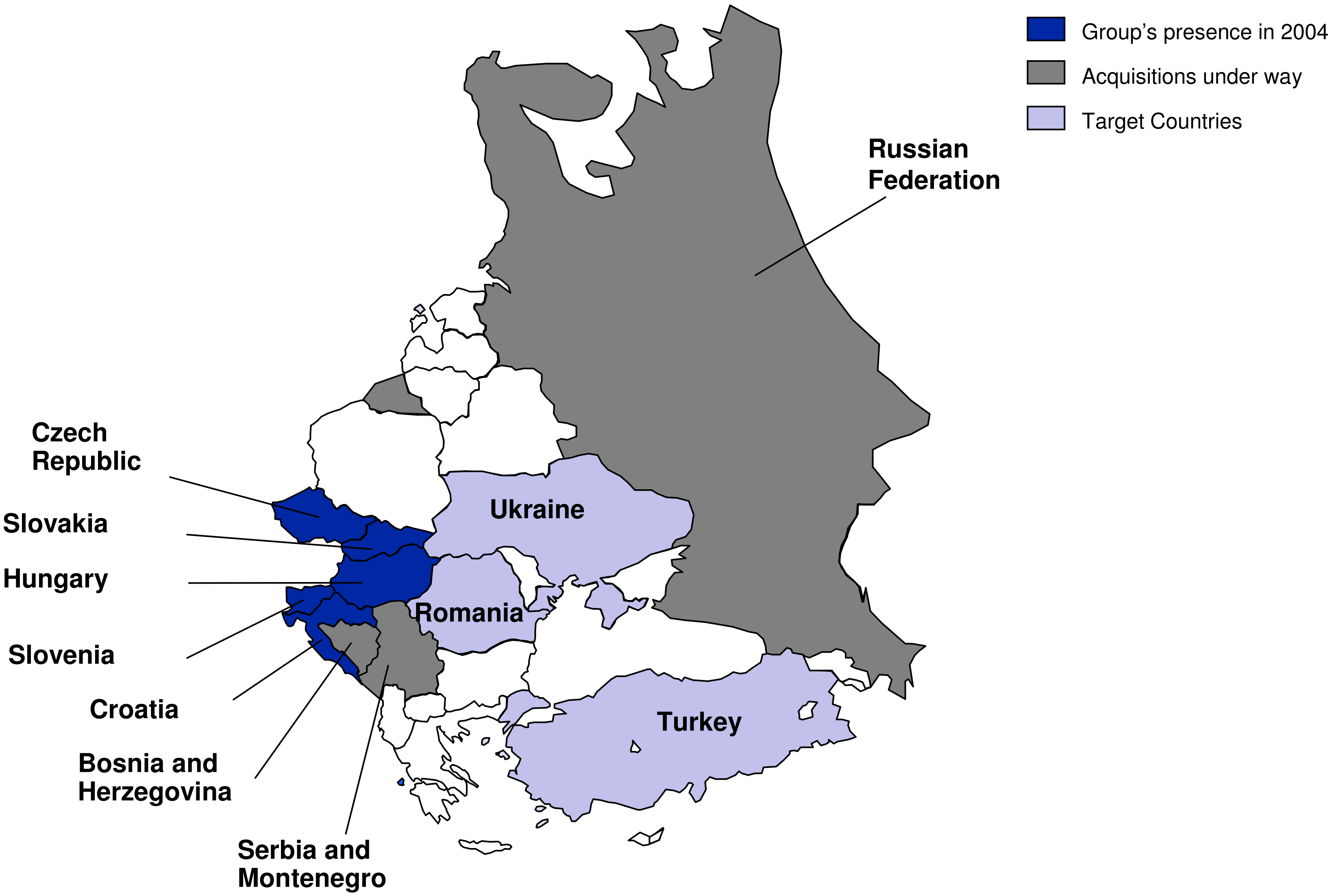
Organic Growth and Mix Strategy Confirmed

The 2005-2007 Business Plan confirms current organic growth and mix strategy

- **Focus on strong organic growth and selected acquisitions in Italy and Central-Eastern Europe (CEE)**
- **Maintain current Retail/Corporate mix ~70/30% (the Corporate Division also has clear growth targets after the €30bn decrease of its RWA)**
- **Maintain current focus on Italy (85 to 90% of Group's RWA)**

Selected Acquisitions in Central-Eastern Europe



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Maintain Current Retail/Corporate Mix

Retail

	RWA(1)		
	2002	2004	2007
Retail Division	42%	49%	49%
Italian Subsidiary Banks Division	57% 11%	70% 14%	70% 14%
CEE Subsidiary Banks	4%	7%	7%
Other International Subsidiary Banks	7%	2%	1%
International Large and Mid Corporates	14%	5%	4%
Domestic Large Corporates	9%	9%	9%
Domestic Mid Corporates	7%	7%	7%
Public Administrations and Financial Institutions	2%	2%	4%
Other(2)	4%	5%	5%
Total	100%	100%	100%

8% including acquisitions under way(3)

(1) *Excluding Central Structures and Market Risk*
(2) *Merchant Banking, Private Equity, Capital Markets and other foreign subsidiaries specialised in Corporate Banking*
(3) *Delta Banka in Serbia and Montenegro, ABS Banka in Bosnia and Herzegovina and KMB Bank in the Russian Federation*

Maintain Current Focus on Italy

	RWA(1)		
	2002	2004	2007
Italy	75%	86%	87%
Europe	13%	11%	11%
Rest of the World	12%	3%	2%
Total	100%	100%	100%

12% including acquisitions under way(2)

(1) *Excluding market risk*
(2) *Delta Banka in Serbia and Montenegro, ABS Banka in Bosnia and Herzegovina and KMB Bank in the Russian Federation*

"Partnership/Outsourcing" Strategy Confirmed

The 2005-2007 Business Plan confirms current business portfolio strategy.

Partnership/outsourcing options will be evaluated on the basis of the increase of sustainable added-value creation. This strategy includes the two transactions recently announced

- **Partnerships: Asset Management activities**
- **Outsourcing: Doubtful Loan(1) management**

(1) *Doubtful Loans = Sofferenze*

Asset Management (1/2)

Partnership with Crédit Agricole

- Creation of the fourth largest European asset manager, the only player with a leading position in two key markets (France and Italy) through the sale of a 63% stake of Nextra to CAAM and the following integration of CAAM Italia and Nextra. CAAM will own a 65% stake in the new entity

- Improvement of client offering and performance, providing wide access to third-party products (Open Architecture)

- Unchanged level of commission pay-out for the Gruppo Intesa branch network

- 100% of Nextra has been valued at €1,340m. A capital gain for Banca Intesa of about €750m. Positive impact on Capital Ratios: Tier 1 +30/40 b.p.

- Put option for Banca Intesa upon the expiration of the Distribution Agreement (12 years)

Asset Management (2/2)

Creation of the Fourth Largest European Asset Manager

AUM

(€ bn)

		AUM
Allianz Dresdner AM	1	1,020
Barclays Global Investors	2	818
Deutsche AM	3	567
Crédit Agricole AM + Banca Intesa[1]	4	**433**
UBS Global AM	5	372
CAAM Group[1]	6	333
IXIS AM	7	313
HSBC AM	8	307
Aegon AM	9	293
AXA IM	10	290
ING IM	11	286
Crédit Suisse AM	12	269
…	…	
Nextra Group[1]	29	100

Only player in Europe leader in 2 key markets

- **N. 1 in France**
- **N. 2 in Italy[2]**

Source: IPE Ranking, August 2004

(1) *December 2004*

(2) *Source: Il Sole 24 Ore – Mutual Funds as at 31.12.2004*

Doubtful Loans Sale (1/2)

Significant Improvement in Asset Quality

- Sale – without recourse – of around 70% of the Group's doubtful loans[1] (€9bn gross value)
- A small capital gain (€36m) in the Income Statement
- No more risks for Banca Intesa

- Sale of 81% of the loan servicing business of Intesa Gestione Crediti (IGC) which manages doubtful loans[1] with a €49m capital gain in the Income Statement

Strong improvement in the asset quality and financial profile

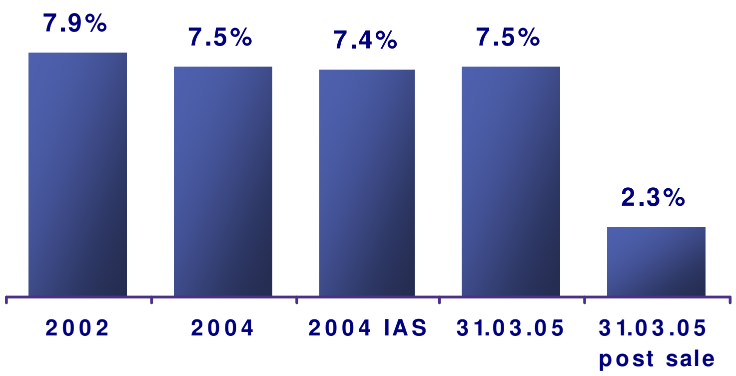
- Improvement in Tier 1 (around 10 b.p.)
- 1Q05 gross doubtful loans down from €12.7bn to €3.6bn
- 1Q05 net doubtful loans down from €3bn to €1bn

(1) *Doubtful Loans = Sofferenze*

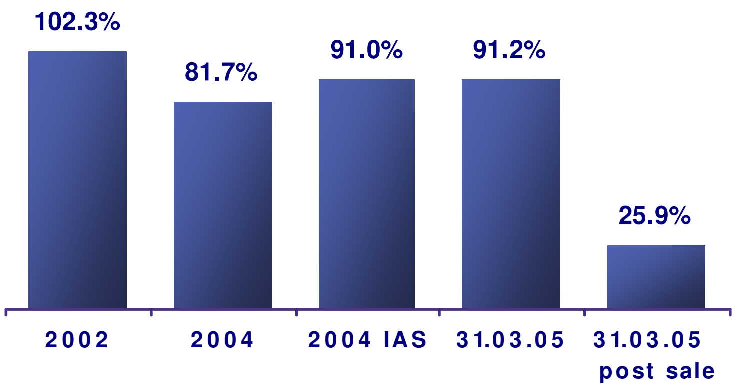
Doubtful Loans Sale (2/2)

Significant Improvement in Asset Quality

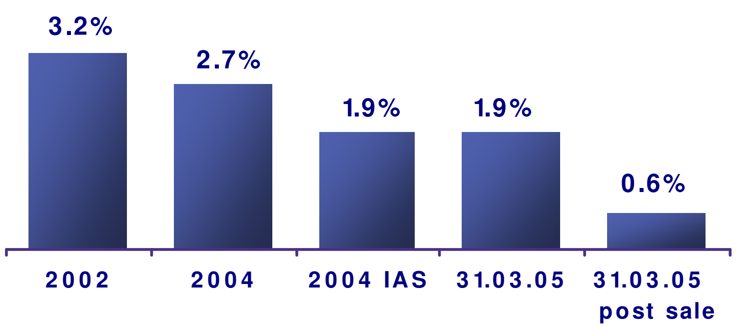
Gross Doubtful Loans / Total Gross Loans



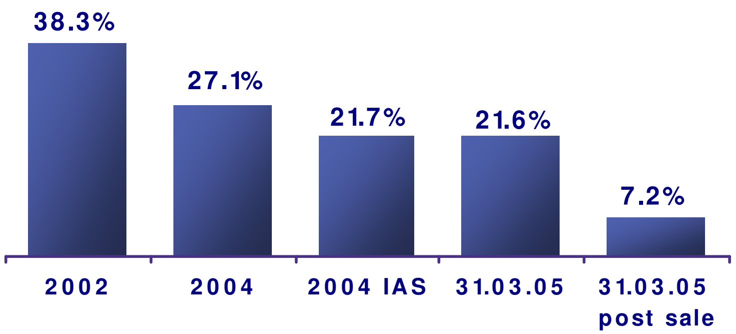
Gross Doubtful Loans / Shareholders' Equity



Net Doubtful Loans / Total Net Loans



Net Doubtful Loans / Shareholders’ Equity



Banca Intesa

Successful Organisational Model Confirmed

Chief Executive Officer

Value Management
- Economic Research
- Planning and Control
- Risk Management

Resource Management
- Human Resources and Organisation
- ICT Systems
- Real Estate and Procurement
- Security

Credit Management
- Credit

- Administration
- Corporate Development
- External Relations
- Finance and Treasury
- Institutional Relations
- Internal Auditing
- Legal Affairs

Retail
- Intesa Private Banking
- Intesa Previdenza
- Sirefid
- Setefi
- Intesa Mediocredito
- CIS
- Intesa Leasing
- Nextra Investment Management SGR (1)
- IntesaVITA (1)
- Agos (1)

Corporate
- Caboto
- ZAO Banca Intesa
- Société Européenne de Banque Luxembourg
- Intesa Bank Ireland
- Intesa Mediofactoring
- E.T.R.
- Esatri
- Gesit

Italian Subsidiary Banks
- Cariparma & Piacenza
- Banca Popolare FriulAdria
- Intesa Casse del Centro
- Banca di Trento e Bolzano
- Biverbanca Cassa di Risparmio di Biella e Vercelli
- Acquisition under way
  - CR Fano

International Subsidiary Banks
- CIB Bank
- Privredna Banka Zagreb
- VUB Banka
- Acquisitions under way
  - Delta Banka
  - ABS Banka
  - KMB Bank

(1) *Partnerships*

Agenda

1 Make Banca Intesa one of the best European banks

2 Strategy confirmed

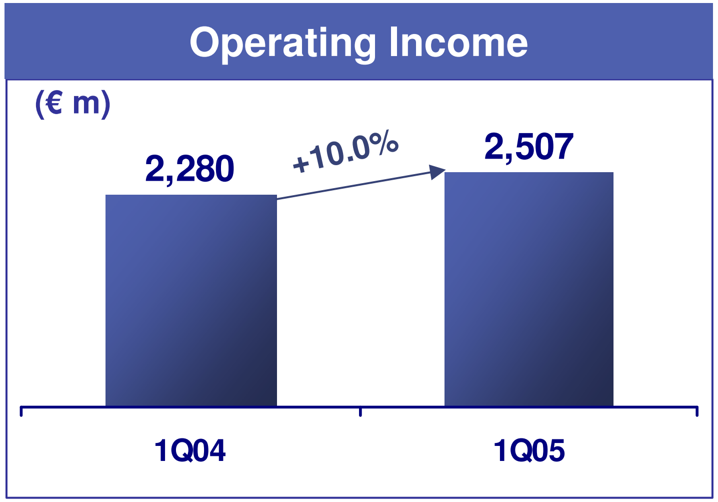
3 Action plan

- Deliver sustainable growth
  - Group targets and actions
  - Divisional targets and actions
- Maintain strict operating cost discipline
- Optimise risk management and capital allocation

4 Banca Intesa partner for growth

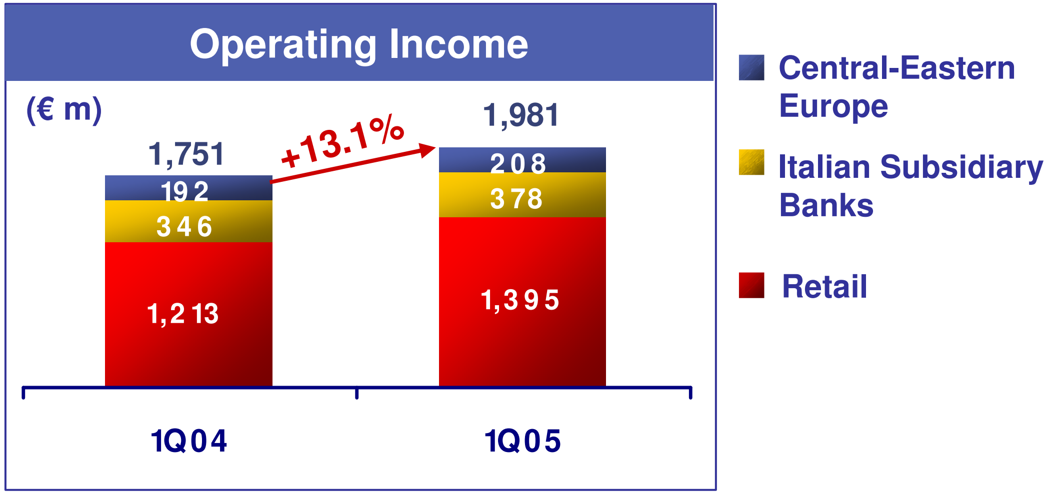
The Plan Assumes a Momentum Consistent with the Growth Rates over the past 12 Months

The Group



2004-2007 CAGR 7.4%

Retail activities



2004-2007 CAGR 7.3%

Note: *1Q04 restated for application of IAS-IFRS principles (including estimates for IAS 39)*

Sustainable Net Interest Growth

2007 vs 2004 Net Interest Change

Net interest change 2007 vs 2004

+€1,231m

2004-2007 CAGR +7.7% vs 4.1% increase 1Q05 vs 1Q04

Volumes

+€1,092m

Key drivers

- Focus on residential mortgages (2004-2007 CAGR +10%, +9.5% 1Q05 vs 1Q04)
- Sustained personal loan growth (2004-2007 CAGR +28%, +52% 1Q05 vs 1Q04)
- Re-launch of Mid Corporate business through share of wallet increase on ~3,000 target clients (from 17% to 20%), leveraging on the new organisation and on new risk control and commercial planning tools

Spread

+€139m

Key drivers

- Mark-down improvement
- Slight mark-up reduction
- Positive loan mix effect

Average volumes - Growth rates

	1Q05 vs 1Q04	2004-2007 CAGR
Group Customer Loans	2.9%	8.0%
Retail[(1)]	*10.5%*	*10.2%*
SMEs[(2)]	*4.5%*	*6.4%*
Italian Subsidiary Banks	*10.4%*	*6.5%*
International Subsidiary Banks	*10.8%*	*13.5%*
Mid Corporates	*(5.4)%*	*4.6%*
Large Corporates	*(11.3)%*	*4.1%*
Public & Infrastructure Finance	*22.5%*	*19.5%*

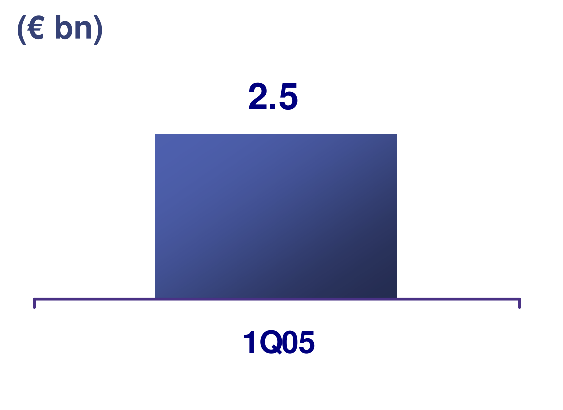
(1) *Households, Affluent, Private and Small Businesses*
(2) *SMEs, Micro-Enterprises*

Sustainable Net Commission Growth

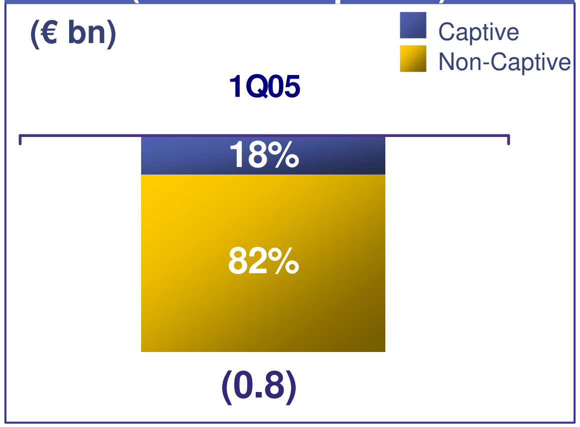
Limited Up-front Commission Contribution to Operating Income: 1.9% in 2007

Value-added products

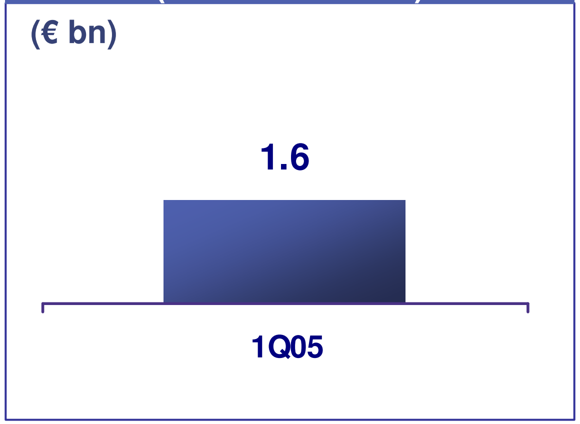
Structured Bonds (Amount Sold)



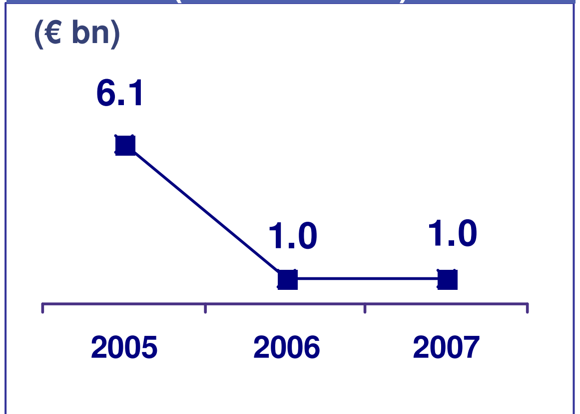
Mutual Funds (Net Subscriptions)



Bancassurance (New Premiums)



Structured Bonds (Amount Sold)



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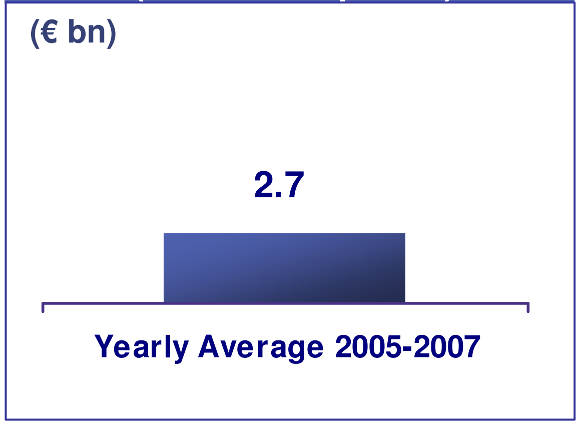

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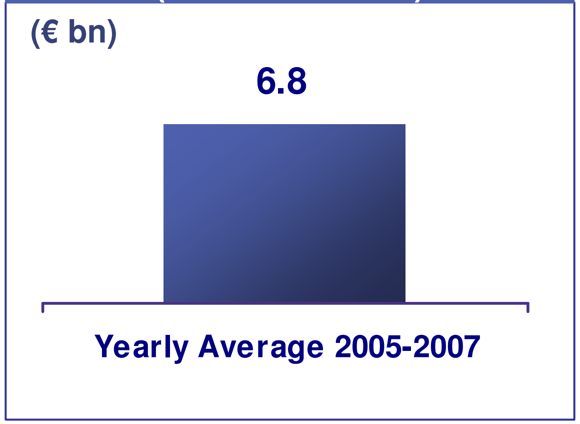


Banca Intesa

Sustainable Net Commission Growth

Net Commission Increase by around €970m (2004-2007 CAGR: 9.1%)

Key growth drivers (€ m)	Δ 2007 vs 2004	2004-2007 CAGR	1Q05 vs 1Q04	Key drivers
Asset Management	177	8.2%	(4.8)%	Focus on funds of funds and innovative products created with Crédit Agricole (~€8bn net subscriptions 2005-2007)
Bancassurance	72	11.6%	95.8%	New premiums growth (€6.8bn yearly average vs €1.6bn in 1Q05) with increase in penetration from 14% to 16%
Other insurance products	95	62.8%	740%	Growth in insurance products linked to personal loans and mortgages (+€23m 1Q05 vs 1Q04) with a 60% penetration in new mortgages
Current accounts	92	4.2%	3.6%	Focus on Conto Intesa(1) (average yearly account growth of ~350,000 vs 117,000 in 1Q05)
Transaction services(2)	76	11.8%	18.2%	Increase in Securities Service clients (from 11% to 15% in 2007 for bank customers and from 16% to 23% for other clients) and new client acquisition
Credit/debit cards	45	7.8%	0.0%	A 4.1% annual average increase in credit card number (+4.6% 1Q05 vs 1Q04)

(1) *Conto Intesa, Conto Intesa Personal and Conto Intesa Business*
(2) *Global custody and cash services, correspondent/depository Bank*

Sustainable Increase in Product Penetration, Share of Wallet and Market Share

Penetration	2004	2007
Mutual Funds	17%	19%
Bancassurance	14%	16%
Credit Cards	21%	25%
Residential Mortgages	9%	11%
Consumer Credit	5%	8%
Capital Markets (Corporates[1])	19%	35%
Foreign Payment Services (SMEs)	23%	25%

Share of wallet	2004	2007
Corporate and SME Loans	16%	18%
of which Target SMEs	*13%*	*14%*
of which Target Mid Corporates	*17%*	*20%*
of which Large Corporates	*15%*	*16%*

Market Share	2004	2007
Loans	12%	13%
of which Residential Mortgages	*15%*	*16%*
of which Personal Loans	*9%*	*11%*
Mutual Funds and Portfolio Management	14%	15%

Note: *Penetration = no. of clients with the product / total no. of clients*
(1) *Mid Corporates + Large Corporates*

Growth through Customer Satisfaction and Trust – the Group's Projects

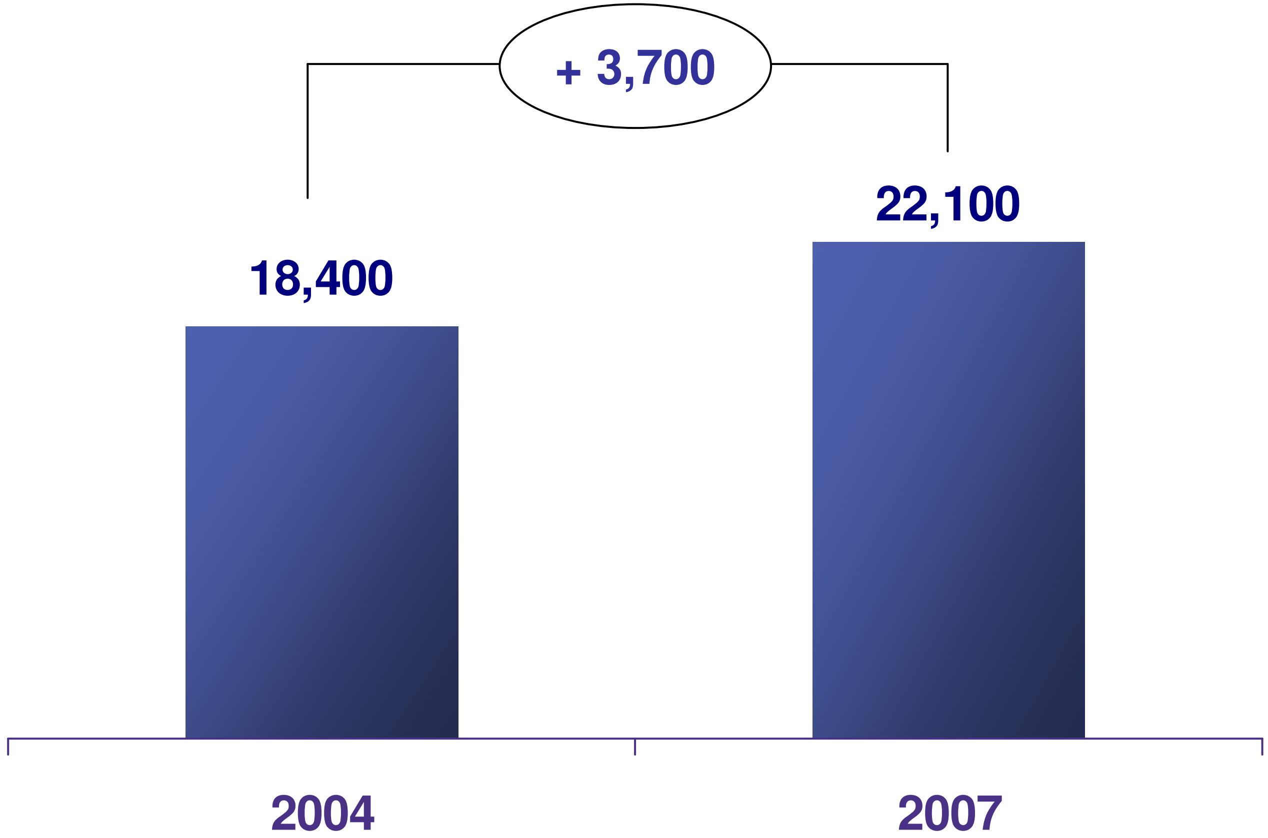
- **Strategy of Satisfaction and Trust**
  - **Excellence**
    - **Product offering**
    - **Distribution channels**
    - **Skills**
  - **Relationship Quality**
    - **Respect**
    - **Availability**
    - **Listening and communication**

The main Group's projects are

- **Increase in the number of commercial staff**
- **Stabilisation of the organisational "machine"**
- **Enhancement of human resources**
- **Simplification**
- **Innovation (a further ~€2bn investment)**

More People Dedicated to Customer Relationships

Number of Relationship Managers[1]



(1) *Retail Division, Italian Subsidiary Banks Division, International Subsidiary Banks Division*

The "Organisational Machine" is on its way to Stabilisation

The organisational turbulence, which inevitably delayed the Bank's growth in the last years, is now over

- **The Group's staff decreased by ~9,400 people, but recruiting has already been re-started since long**
- **The organisational model has been successfully reviewed, both at corporate and divisional levels, and it's now stable**
- **Many key managerial roles have been renewed (reaching almost 100% among branch managers) and now we can rely on a stable team**
- **The integration process can be considered almost done and a new single identity is being built**

Growth through Enhancement of Human Resources

Quality and motivation of our employees are the most important key factors for success

- **Transparent and merit-rewarding evaluation systems**
- **Compensation systems aligned to market best practices**
- **Incentive systems based on the Business Plan results (both at individual and team level) also with share distribution to all employees**
- **Further massive investment in training: 600,000 man/days in 2003-2004; 800,000 scheduled for the period 2005-2007**
- **Strong commitment in internal communication: Intranet, WebTV, internal call-centres, employee satisfaction survey, etc.**
- **Further improvement of job environment: branch lay-out, IT systems, etc.**

Growth through Simplification: Products, Processes, Technology and Language (1/2)

Products	■ Complete the rationalisation of products (e.g. products offered by the Retail Division already reduced from 1,500 to 450)
Processes and Technology	■ Review key processes (the first 17 already identified) to simplify Bank-Client interaction, improve the quality of the activities performed by employees and eliminate obsolete procedures (e.g. reduction of ~4,400 circulars, ~10,000 IT applications and of ~50 operating manuals) ■ Eliminate duplications in distributed hardware (e.g. dismissal of over 3,000 servers)
Language	■ Review/simplify ❑ Contracts and communication to clients to facilitate understanding of information and maximise transparency (personal loan and current account contracts already improved) ❑ Internal regulations to improve effective transmission of knowledge to employees

Growth through Simplification: Products, Processes, Technology and Language (2/2)

Review of key processes: 17 processes to be prior redesigned (12,000 FTEs involved)

Retail

- Mortgage granting
- Personal loan granting
- Credit management for Small Businesses/Micro-Enterprises/SMEs
- Financial Products trading
- Debt/Credit card issuing
- Accounts management
- Authorisation management
- Tax/utility bill collection
- Company operation execution
- Pension/wage payments
- Check collection
- Bank draft issuing

Corporate

- Capital Markets products trading
- Credit process (commercial banking and capital markets) in Corporate Division
- Authorisation management for overdrafts
- Custody, correspondent Bank and Fund Administration management
- Trade Export Finance

- Improvement of customer service (i.e. reduction in processing times and errors) and employee satisfaction (i.e. simplification)
- Reduction in operating costs and risks
- Freeing-up of 800 FTEs to be reassigned to the front-line

FTE = *Full Time Equivalent*

Continuous Investment to Improve Customer Service

Macro projects	Description	2005-2007 Capital budget (€ m)
Branches	■ Further roll-out of new branch lay-out (~500 branches) ■ Restructuring/renovation (~900 branches) ■ New branches (~230 openings) ■ Implementation of branch ICT	740
Business Information Systems	■ Upgrading of Business Information Systems ■ ICT rationalisation	315
Direct Channels, Marketing and Other development projects	■ Innovative Channels ■ Marketing support systems ■ Other development projects	240
Safety and Security/ BCM/ Disaster Recovery	■ Business Continuity Management/Disaster Recovery ■ IAS Project ■ Physical and IT security ■ Initiatives against money-laundering	210
HR development and efficiency programs	■ Rationalisation of headquarters real estate ■ Implementation of organisational changes ■ Change management	125
Risk & Value Management	■ Operating/financial risk management systems ■ Upgrade of Value Based Management System ■ Upgrade of P&C systems	100
Back-office processes and systems	■ Finance systems ■ Completion of Fund Administration project	90
		1,820

Agenda

1 Make Banca Intesa one of the best European banks

2 Strategy confirmed

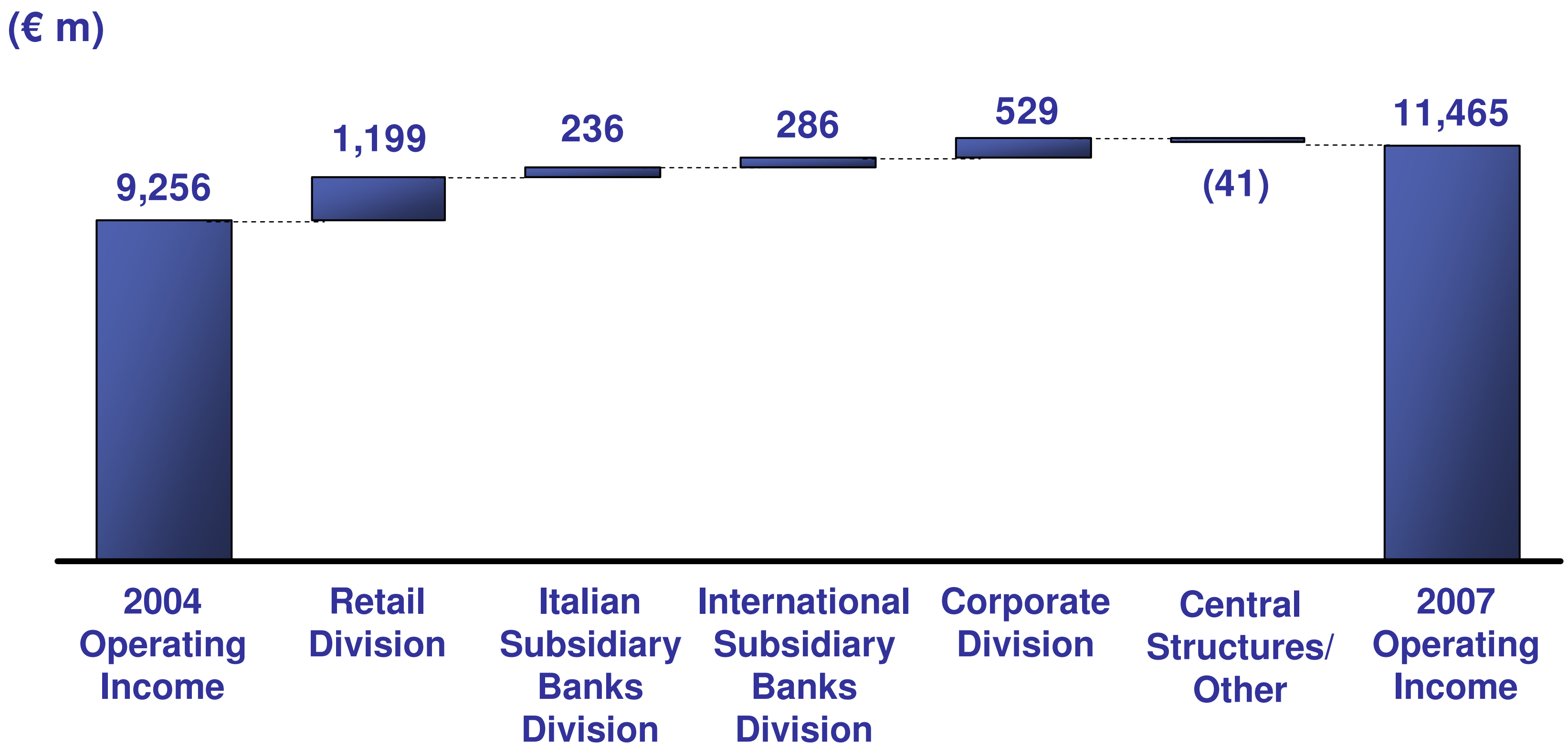
3 **Action plan**

- **Deliver sustainable growth**
  - **Group targets and actions**
  - **Divisional targets and actions**
- Maintain strict operating cost discipline
- Optimise risk management and capital allocation

4 Banca Intesa partner for growth

Significant Contribution from all Divisions to Growth Target Achievement

Contribution to 2007 vs 2004 Operating Income Growth



2004-2007 CAGR	Retail Division	Italian Subsidiary Banks Division	International Subsidiary Banks Division	Corporate Division	Central Structures/ Other	2007 Operating Income
	7.7%	5.3%	9.0%	8.9%	n.m.	7.4%

Central-Eastern Europe 8.5%

Figures may not add up exactly due to rounding differences

Banca Intesa

Significant Contribution from all Divisions to Group Target Achievement

(€ m)

	2007					
	Retail	Italian Subsidiary Banks	International Subsidiary Banks(1)	Corporate	Central Structures/ Others	Total
Operating Income	6,041	1,640	1,261	2,351	172	11,465
Operating Margin	3,042	845	566	1,498	(190)	5,761
Cost/Income	49.6%	48.5%	55.1%	36.3%	n.m.	49.8%
RWA (€ bn)	94	27	17	59	17	214
Allocated Capital(2) (€ bn)	5.8	1.6	1.0	3.6	1.0	13.0
Pre-tax ROE(3)	44.8%	43.9%	40.4%	35.9%	n.m.	36.6%
EVA®	1,184	238	203	531	(367) (387)	1,403

Finance and Treasury	137
Central costs	(233)
Others	(271)

Cost of Excess Capital (vs 6% of RWA)

Figures may not add up exactly due to rounding differences
(1) *Including some non-core assets which have a negative influence on business results*
(2) *Allocated Capital = 6% of RWA*
(3) *Income before tax from continuing operations/Allocated Capital*

Significant Contribution from all Divisions to EVA® Target Achievement

(€ m)

	EVA®						
	Retail	Italian Subsidiary Banks	International Subsidiary Banks	Corporate	Central Structures/ Others	Surplus capital cost	Total
2002 (Pre IAS)	60	105	(472)	(435)	(158)	(224)	(1,124)
2004	599	145	84	220	(191)	(248)	610
2007	1,184	238	203	531	(367)	(387)	1,403
Δ 2007-2004	584	93	120	311	(176)	(139)	793

Finance and Treasury	(32)
Other (higher tax rate, lower extraordinaries)	(144)

Figures may not add up exactly due to rounding differences

Retail Division
Wide Offer, Local Focus

Business Areas

Retail Relations

SME Relations

6.3 Million Clients

Individuals (Households, Affluent, Private), Small Business, Micro Enterprises, SMEs, Non-Profit Entities

Private Banking

Intesa PRIVATE BANKING

Product Companies

- Pension Funds — Intesa PREVIDENZA
- Trustee Company — Sirefid
- Payment Systems — Setefi
- Industrial Credit — Intesa MEDIOCREDITO
- Leasing — Intesa LEASING

Partnerships

- Asset Management — Nextra INVESTMENT MANAGEMENT SGR
- Bancassurance — IntesaVITA
- Consumer Finance — Agos Itafinco

Distribution Channels

Private Banking branches 56	Retail branches 1,943	SME branches 117	Intesa On-Line • Internet Banking • Mobile Banking • Telephone Banking

Data as at December 31st, 2004

Retail Division
Key Targets

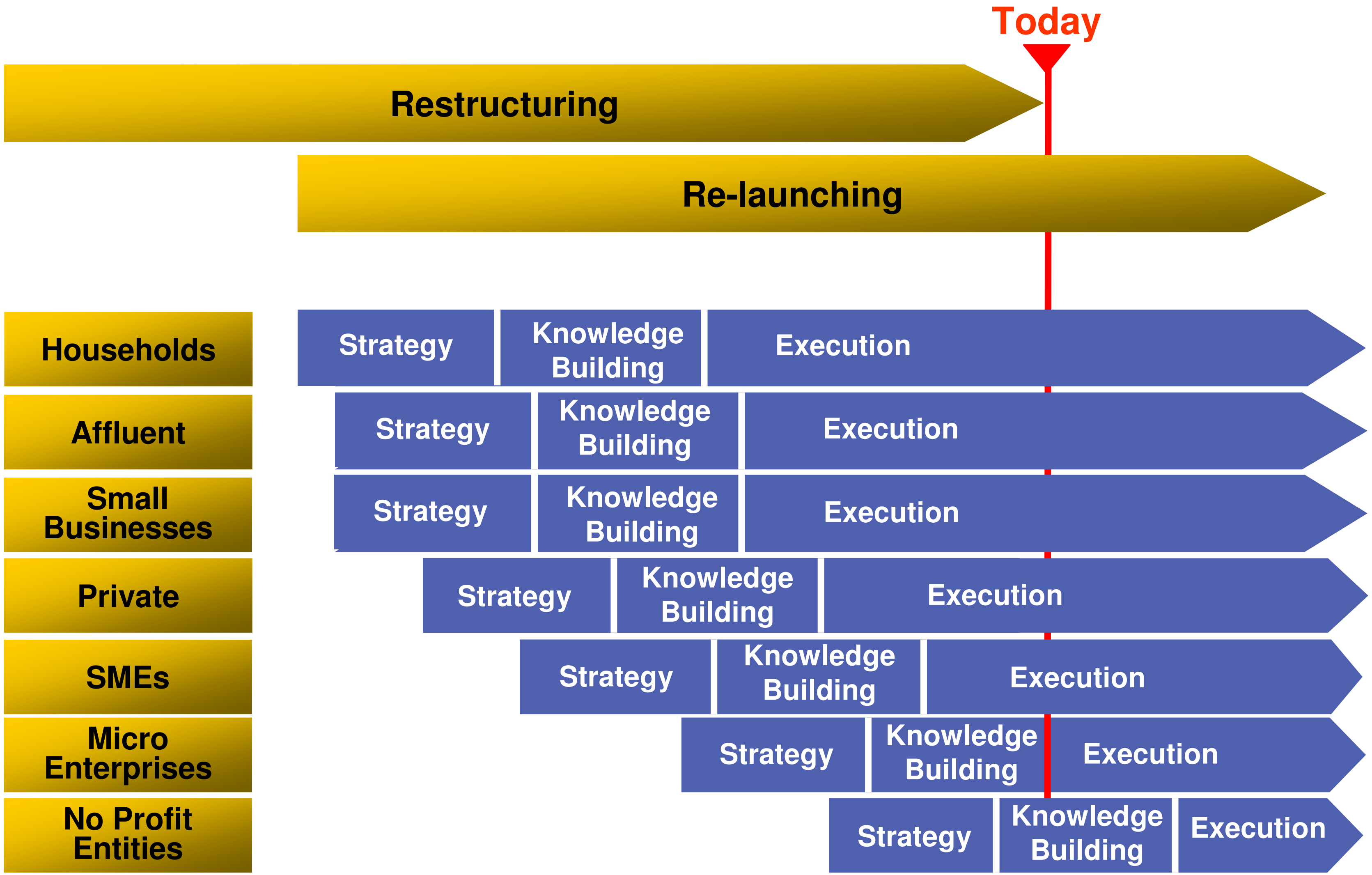
(€ m)

	2004	2007	CAGR
Operating Income	4,841	6,041	7.7%
Operating Costs	(2,945)	(2,999)	0.6%
Operating Margin	1,896	3,042	17.1%
Cost/Income	60.8%	49.6%	-
Pre-tax Income[1]	1,590	2,598	17.8%
Allocated Capital[2] (€ bn)	4.7	5.8	6.9%
Pre-tax ROE[3]	33.5%	44.8%	-
EVA®	599	1,184	25.5%

(1) *Income before tax from continuing operations*
(2) *Allocated Capital = 6% of RWA*
(3) *Income before tax from continuing operations/Allocated Capital*

Retail Division

Restructuring Phase Completed, the Best is still to Come



Note: *Households Segment includes Individuals with assets <€82,000; Affluent Segment includes Individuals with assets between €82,000 and €1m; Private Segment includes Individuals with assets over €1m; Small Businesses include Retailers, Artisans and free-lance Professionals; Micro Enterprises include Farmers, Wholesalers and Other Enterprises with turnover <€2.5m; SME Segment includes Enterprises with turnover between €2.5m and €50m*

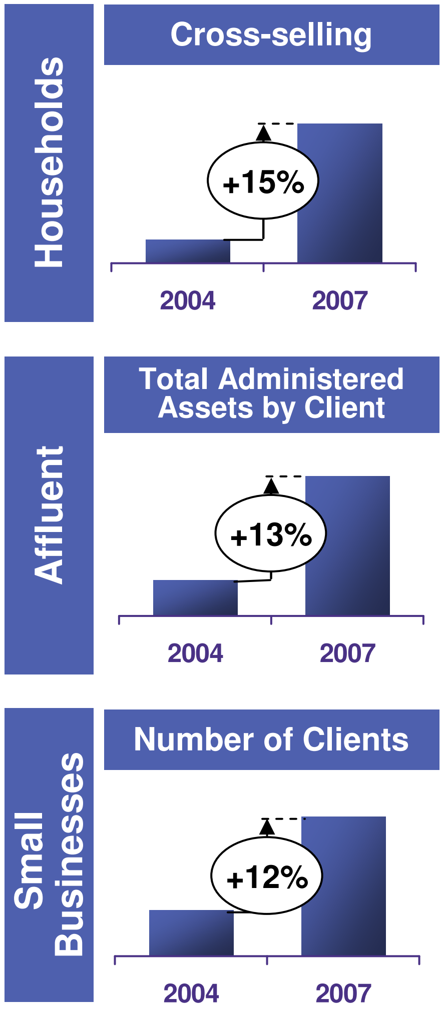
Retail Division
Key Targets for Retail Relations

Key Actions

- Focus on anchor product (current account) per segment
- Differentiated pricing, based on business volumes/cross-selling (Conto Intesa for Households, Conto Intesa Personal for Affluent, Conto Intesa Business for Small Business)
- Starting from this September, on an experimental basis, branches will be open at lunchtime with opening hours differentiated depending on local markets
- Selective distribution network extension (~115 new branches) and roll-out of new branch lay-out (~500 branches)
- Implementation of a new data-warehouse for client segmentation / commercial campaign management
- Introduction of new specific sales tools for each segment
- Retention program
- Training programs tailor-made to front-end staff
- New products for specific customer segments (e.g. students, immigrants)
- Communication and advertising campaigns

Key Targets

Revenue Drivers



Retail Division
Key Targets for Micro-Enterprises and SME Relations

Key actions

- Launch of new products/services
  - To finance intangibles
  - To support the generational transition and corporate consolidations
  - To support business internationalisation (export and investments)
  - To support business innovation
  - To provide consultancy service on risk/rating customer profile
  - To simplify and improve non-core process efficiency (i.e.: insurance coverage and commercial loans management check-up)
- Strengthening of commercial and marketing processes
  - New service model for Micro-Enterprises
  - Strengthening of commercial and relation skills of sales force to enhance productivity (the top 10% of relationship managers produces revenues 40% higher than the average)
  - Completion of the "Arcobaleno" project (CRM and "dashboard" for relationship managers)
- Redesigning of key processes
  - Validation of Corporate Derivatives sale process by an independent auditor
  - Improvement of loans management processes

Key targets

	Micro Enterprises 2004	Micro Enterprises 2007	SMEs 2004	SMEs 2007
Share of Wallet-loans	31%	34%	15%	16%
Penetration				
Trade Finance	17%	19%	39%	41%

Note: *Micro Enterprises include Farmers, Wholesalers and Other Enterprises with turnover <€2.5m; SME Segment includes Enterprises with turnover between €2.5m and €50m*

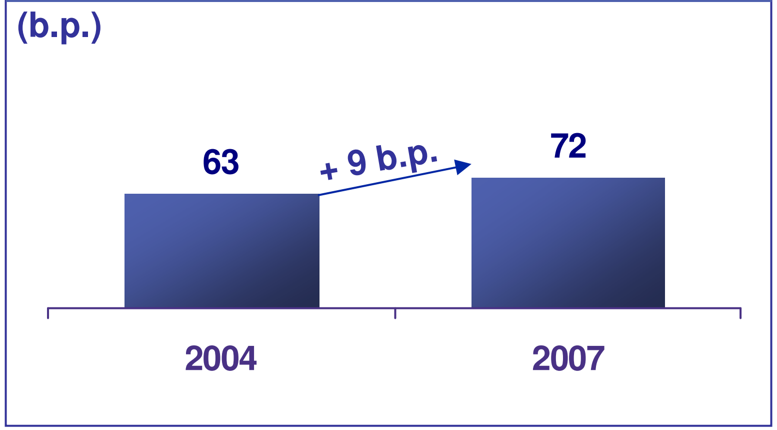
Retail Division

Key Targets for Private Banking

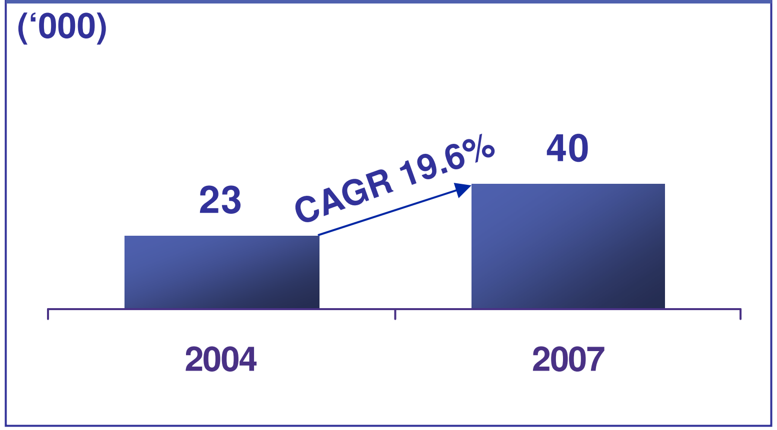
Key actions	Key targets

- **Improve Customer Service**
  - Introduction of Global Financial Planning service for customer portfolio risk calculation and planning
  - Simplification of contracts and communication
  - Setting up of a customer satisfaction unit (to monitor service quality)
- **Acquisition of new clients/assets**
  - Synergies with other Units/ Divisions
  - Development of marginal Affluent/Household customers
  - Marketing campaigns to improve product penetration on current client base
- **Evolution of product/service offering (in house and third-party): hedge funds, international insurance products, real estate funds, lending products**
- **Staff reinforcement**
  - Hiring of new Private Bankers (~200)
  - Launch of "Master Private"

Profitability of administered funds



Number of clients



Italian Subsidiary Banks Division

Deeply Rooted in Regional Markets

CARIPARMA & PIACENZA

Branches: 298
Clients: 625,000

Intesa CASSE DEL CENTRO

Branches: 265
Clients: 500,000

- CR Ascoli Piceno
- CR Città di Castello
- CR Foligno
- CR Rieti
- CR Spoleto
- CR Terni e Narni
- CR Viterbo
- *CR Fano acquisition under way (~40 branches; 60,000 clients)*

1.7 million Clients
887 branches

Banca di Trento e Bolzano / Bank für Trient und Bozen

Branches: 75
Clients: 90,000

BIVERBANCA CASSA DI RISPARMIO DI BIELLA E VERCELLI

Branches: 101
Clients: 160,000

Banca Popolare FriulAdria

Branches: 148
Clients: 280,000

Data as at December 31st, 2004

Italian Subsidiary Banks Division
Key Targets

(€ m)

	2004	2007	CAGR
Operating Income	1,404	1,640	5.3%
Operating Costs	(740)	(795)	2.4%
Operating Margin	664	845	8.3%
Cost/Income	52.7%	48.5%	-
Pre-tax Income(1)	512	706	11.3%
Allocated Capital(2) (€ bn)	1.4	1.6	4.4%
Pre-tax ROE(3)	36.3%	43.9%	-
EVA®	145	238	17.9%

(1) *Income before tax from continuing operations*
(2) *Allocated Capital = 6% of RWA*
(3) *Income before tax from continuing operations/Allocated Capital*

Banca Intesa

Italian Subsidiary Banks Division
Key Priorities

Strengthen the performance of the Banks

- Further development of market share on the reference markets through customer satisfaction
- Increase in product penetration
- Maintaining cost-control discipline

Optimise and develop territorial coverage

- Enhancement of territorial coverage in coordination with the Retail Division through
  - Organic growth (54 new branch openings)
  - Seizing selected acquisition opportunities of regional banks

Enhance coordination and Group synergies

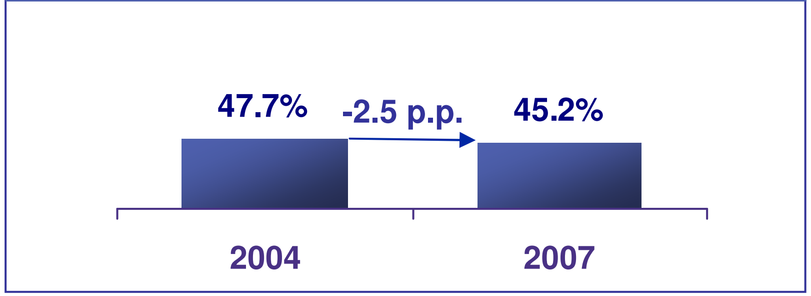
- Strengthening central coordination
- Progressive alignment of product offerings and distribution models leveraging on Group best practices
- Selective alignment of IT systems

Italian Subsidiary Banks Division
Key Targets of Cariparma e Piacenza

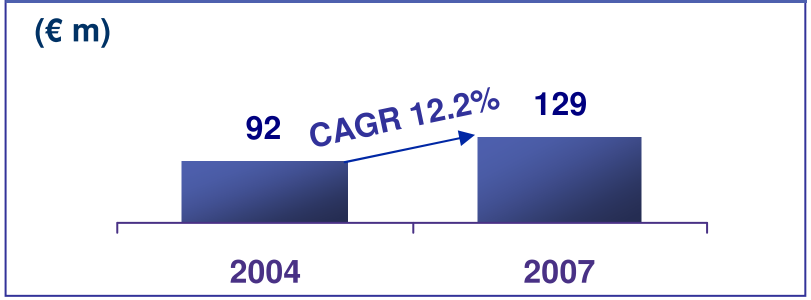
Key actions	Key targets

- **Improvement in customer service**
  - Implementation of customer segment specific service models
  - Roll-out of new branch lay-out
  - Improvement in claims management process
  - Reengineering of communication and informative materials to clients
  - Renewal of ATM network and Internet web site
- **Introduction of new products (e.g. lending products aimed at households and small businesses)**
- **New branch openings on the reference markets**
- **Introduction of new branch operating model (centralising of back-office activities)**

Cost/Income



EVA®



Banca Intesa

Italian Subsidiary Banks Division

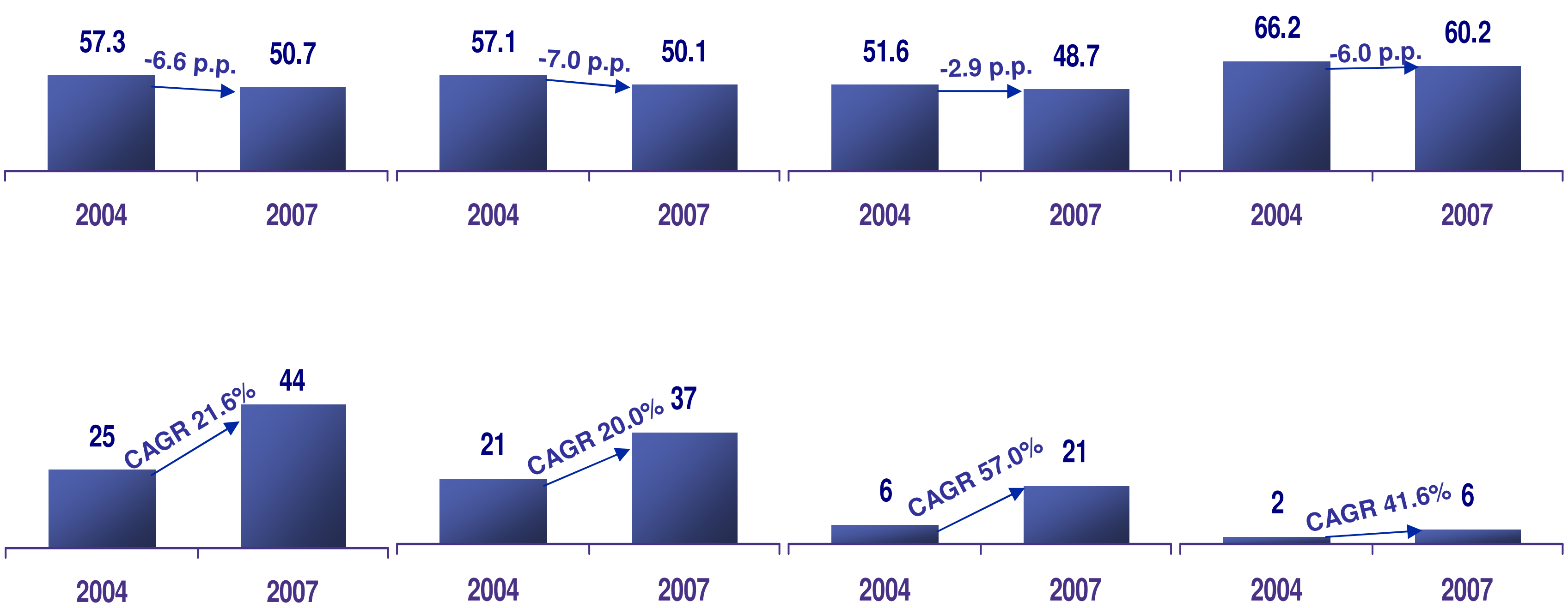
Key Targets of other Subsidiary Banks

Key targets

Intesa Casse del Centro | Banca Popolare FriulAdria | Biverbanca Cassa di Risparmio di Biella e Vercelli | Banca di Trento e Bolzano Bank für Trient und Bozen

Cost / Income (%)

EVA® (€ m)



International Subsidiary Banks Division

Focus on Central-Eastern Europe

Central-European International Bank

4th Bank in Hungary

Branches: 59
Clients: 370,000

3 million Clients
498 branches

Vseobecna Uverova Banka

2nd Bank in Slovakia

Branches: 235
Clients: 1,500,000

Privredna Banka Zagreb

2nd Bank in Croatia

Branches: 204
Clients: 1,300,000

Acquisitions

- **Delta Banka**
  (2nd bank in Serbia and Montenegro)
  - Branches: ~150
  - Clients: ~500,000
- **ABS Banka**
  (Bosnia and Herzegovina)
  - Branches: ~40
  - Clients: ~40,000
- **KMB Bank**
  (Russian Federation)
  - Branches: ~50
  - Clients: ~45,000

Data as at December 31st, 2004

International Subsidiary Banks Division
Key Targets

(€ m)	2004		2007		CAGR	
	Total[1]	of which Central-Eastern Europe	Total[1]	of which Central-Eastern Europe	Total[1]	of which Central-Eastern Europe
Operating Income	974	825	1,261	1,055	9.0%	8.5%
Operating costs	(580)	(443)	(695)	(551)	6.2%	7.6%
Operating Margin	394	383	566	504	12.8%	9.6%
Cost/Income	59.6%	53.6%	55.1%	52.2%	-	-
Pre-tax Income[2]	253	278	417	390	18.1%	12.0%
Allocated Capital[3] (€ bn)	0.8	0.6	1.0	0.8	6.9%	9.4%
Pre-tax ROE[4]	30.0%	43.2%	40.4%	46.4%	-	-
EVA®	84	137	203	204	34.4%	14.2%

Note: *Acquisitions under way (Delta Banka in Serbia and Montenegro, ABS Banka in Bosnia and Herzegovina and KMB Bank in the Russian Federation) not included*
(1) *Including some non-core assets which have a negative influence on business results*
(2) *Income before tax from continuing operations*
(3) *Allocated Capital = 6% of RWA*
(4) *Income before tax from continuing operations/Allocated Capital*

International Subsidiary Banks Division
Key Priorities

Reinforce leadership in Hungary, Croatia and Slovakia	■ **Performance improvement through** ❑ Cross-selling leveraging on the Group best practices (establishing of "centres of excellence" for credit card management, consumer credit and leasing) ❑ Maintaining cost/control discipline ❑ Development of the Retail business
Develop newly acquired banks	■ **Development of new acquisitions (in Bosnia and Herzegovina, in Serbia and Montenegro and in the Russian Federation)**
Seize opportunities in strategic markets	■ **Selective acquisitions in strategic markets based on** ❑ Potential to expand in the Retail business ❑ Potential to achieve a leadership position in the country
Enhance Governance and Group synergies	■ **Strengthening of central coordination and control** ■ **Progressive alignment of IT systems** ■ **Development of a "talent pool"**

International Subsidiary Banks Division

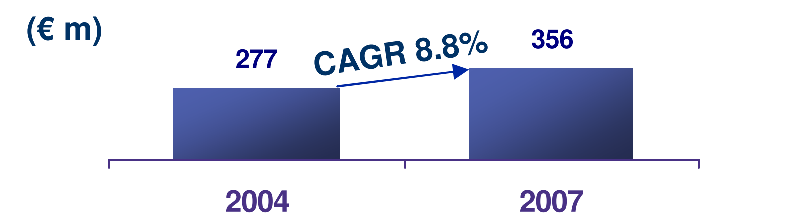
CIB - Hungary

Key actions

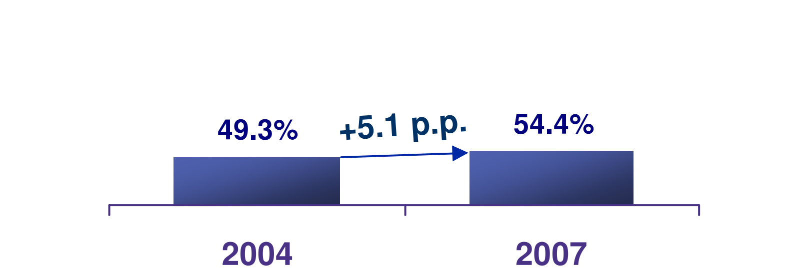
- **Completion of the Retail project (around 460,000 new clients)**
  - 42 new branch openings and development of financial advisers' network
  - Forming of new partnerships with primary retailers to sell banking products
  - Launch of commercial training programs dedicated to front-line staff
- **Improvement in Customer Service**
  - Roll-out of new branch lay-out
  - Introduction of new on-line banking functions
- **Establishing a "Centre of Excellence" for leasing products which will be available to CEE subsidiary banks**

Key targets

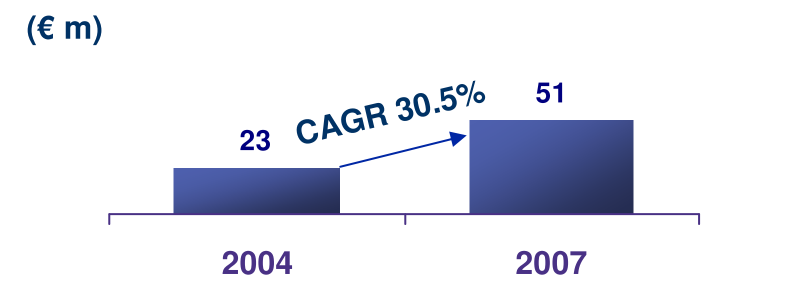
Operating Income



Cost/Income



EVA®



International Subsidiary Banks Division

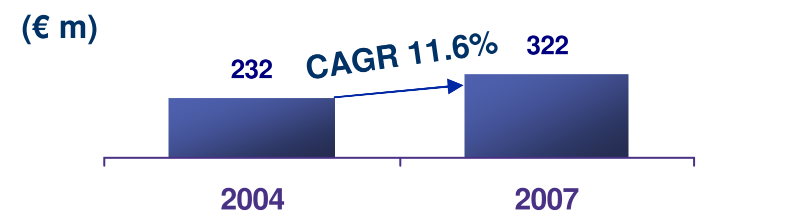
VUB – Slovakia

Key actions

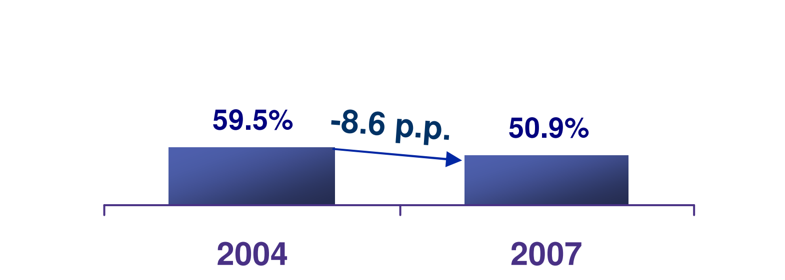
- **Improvement in Customer Service**
  - Roll-out of new branch lay-out
  - Setting up of a team dedicated to the Retail business
- **Centralisation of back-office activities**
- **Launch of new Retail products/services (mortgages, consumer credit) and consolidation of the Private Banking offering**
- **Launch of new SME products/services (financing, leasing, factoring and liquidity management products)**
- **Establishing a "Centre of Excellence" for consumer credit which will be available to CEE subsidiary banks**

Key targets

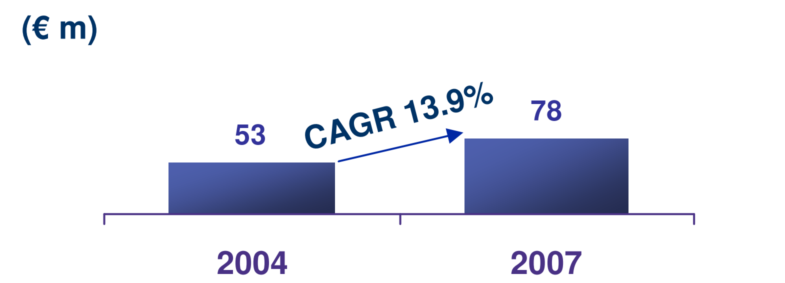
Operating Income



Cost/Income



EVA®



International Subsidiary Banks Division

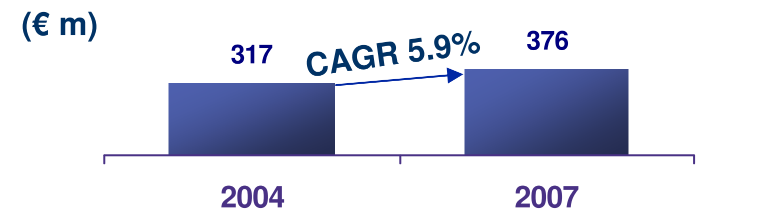
PBZ - Croatia

Key actions

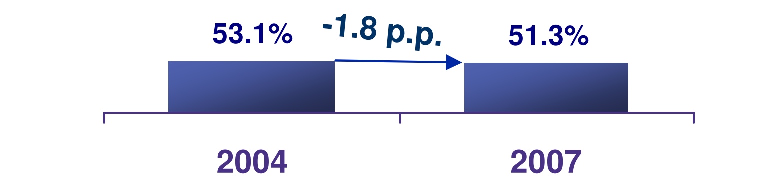
- **Further development of the Retail business (around 130,000 new customers)**
  - Introduction of new services/products (mortgages, consumer credit, bancassurance)
  - 20 new branches openings
  - Evolution of direct channels (internet banking and mobile-pay systems)
- **Further development of the corporate business**
  - Launch of new products (corporate derivatives, current accounts)
  - Growth of factoring
  - Evolution of internet banking system
- **Establishing a “Centre of Excellence” for credit card management which will be available to CEE subsidiary banks**

Key targets

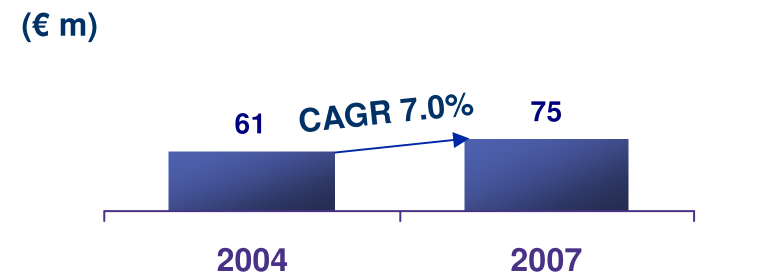
Operating Income



Cost/Income



EVA®



Corporate Division

Leverage on the New Commercial Organisation

Business areas	Products

20,000 Clients
Large Corporate, Mid Corporate, Public Administration, Financial Institutions

- Corporate Relations
- Financial Institutions
- Investment Banking & Capital Markets
- Merchant Banking
- Factoring
- Public & Infrastructure Finance

Products

- Commercial Banking
- Investment Banking
  - Structured Finance
  - M&A
  - ECM/DCM (1)
- Capital Markets
  - Caboto
- Factoring
  - Intesa Mediofactoring
- Tax collection
  - E.TR. Esazione Tributi S.p.a.; ESATRI; SESIT

Distribution Channels

Domestic Network	International Network		On-Line Services
48 Corporate branches	6 Branches 14 Representative Offices	3 Subsidiaries specialised in Corporate Banking ZAO Banca Intesa Société Européenne de Banque Intesa Bank Ireland plc	Corporate Banking

Data as at December 31st, 2004
(1) ECM = Equity Capital Market; DCM = Debt Capital Market

Corporate Division
Key Targets

(€ m)

	2004	2007	CAGR
Operating Income	1,823	2,351	8.9%
Operating Costs	(823)	(853)	1.2%
Operating Margin	1,000	1,498	14.4%
Cost/Income	45.1%	36.3%	-
Pre-tax Income[1]	750	1,276	19.4%
Allocated Capital[2] (€ bn)	3.0	3.6	6.1%
Pre-tax ROE[3]	25.3%	35.9%	-
EVA®	220	531	34.2%

(1) *Income before tax from continuing operations*
(2) *Allocated Capital = 6% of RWA*
(3) *Income before tax from continuing operations/Allocated Capital*

Corporate Division
Key Priorities and Main Actions

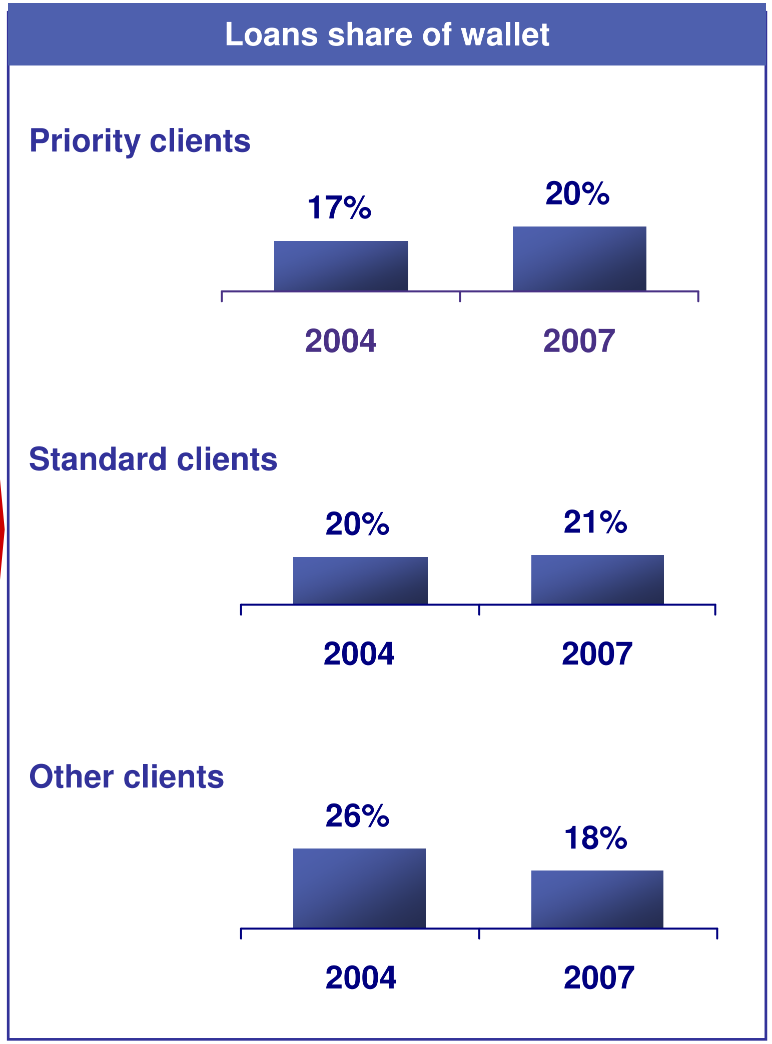
Enhancement of client portfolios value	■ Reinforcement of the relationship banking model: single Relationship Manager for each client ■ Re-launch of Mid Corporates and further enhancement of Large Corporates ■ Creation of a Bank dedicated to Public&Infrastructure Finance ■ Excellence in cross-selling through relationship manager and product specialist team work
Reinforcement of strategic products	■ Reinforcement of Investment Banking origination and execution capabilities with an integrated offer through all product range ■ Development of Structured Finance ■ Strengthening of Capital Markets products driven by client needs, especially for Corporates and Financial Institutions ■ Creation of an integrated offer of Securities Services – Fund Administration
Risk control and management	■ Timely alignment with Basel II requirements ■ Reinforcement of risk-based commercial management
Human Resources development	■ Development of employees' intellectual, professional and managerial skills ■ Horizontal skill integration within the Division ■ Introduction of a new incentive system
Support to the Country's development	■ Development of Financial Restructuring activities ■ Launch of specialised Private Equity and Mezzanine funds

Corporate Division
Mid Corporates

Key actions

- **Adoption of a client management model differentiated by sub-segment**
  - Priority clients: increase lending client penetration, strong push of Investment Banking products
  - Standard clients: focus on Commercial Banking services maintaining a high service level
  - Other clients: selective management through gradual loan reduction and/or repricing
- **Reduction in client portfolio risk profile**
  - Extension of risk-based segmentation methods to all customers
  - Wide adoption of risk-based pricing methods and tools
  - Assignment of portfolio average PD objectives to the Relationship Managers
- **Re-launch of the sales network**
  - Creation of a dedicated unit for Investment Banking origination
  - Introduction of specific processes for commercial planning integrated with the other Group's companies
  - Tighter links of MBO system with merit and results
- **Further sales increase or improvement of key products**
  - Transaction services
  - Trade Finance
  - Investment Banking (Structured Finance, M&A-Mid Corporate)
  - Risk Management Products

Key targets



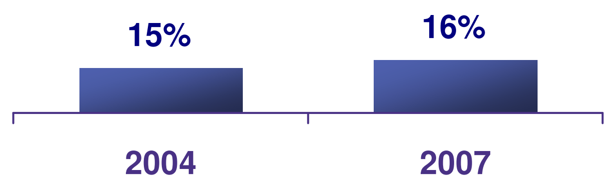
Corporate Division
Large Corporates

Key actions

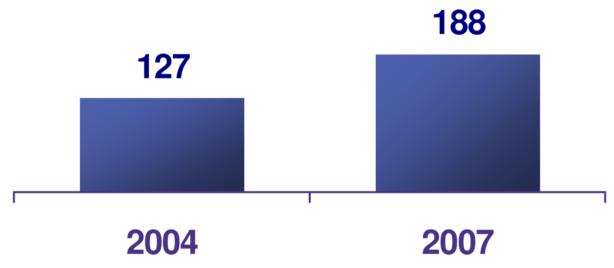
- Further reinforcement of the client relationship model
  - Excellence in client service
  - Pro-active client management (especially on Investment Banking products)
- Increase in lending penetration in strategic clients, selected on the basis of their risk profile
- Further reduction in non-core foreign corporates
- Strong development of value-added products
  - Capital markets
  - Structured Finance

Key targets

Loan Share of wallet



Clients (Groups) served with Capital Market products



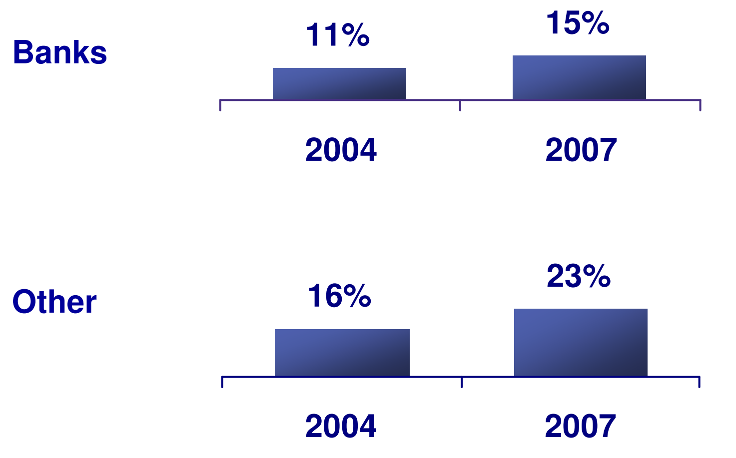
Corporate Division
Financial Institutions

Key actions

- **Focus on cross-selling with mid market clients of**
  - Capital Markets products
  - Structured Finance products
- **Development of an integrated offering of Securities Services – Funds Administration**
- **Products enhancement in line with Basel II (e.g. securitisation, credit derivatives)**

Key targets

Clients served with Securities Services



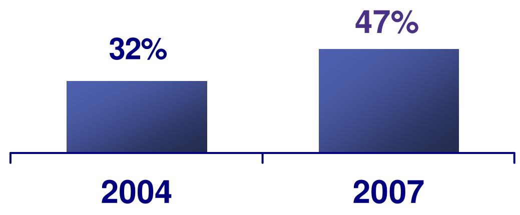
Corporate Division
Capital Markets

Key actions	Key targets

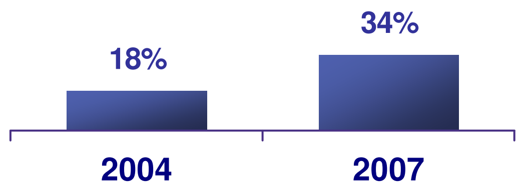
- **Improvement of integration with the Group's commercial network**
  - Financial Institutions: from a "product" to a "relationship" approach
  - Large Corporates: exploiting potential with key clients on transaction services
  - Mid Corporates: focusing on "priority" clients with a dedicated service model
  - SMEs: improving service level and coordination between product specialists and distribution network
- **Introduction of new mechanisms to transfer skills across the Group's subsidiaries in CEE**
- **Development of customer banks (e.g. structured products, electronic channels)**
- **Strengthening of product innovation skills**

Customer penetration

Large Corporates



Mid Corporates



Banca Intesa

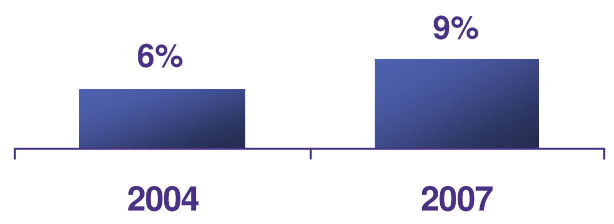
Corporate Division
Investment Banking

Key actions

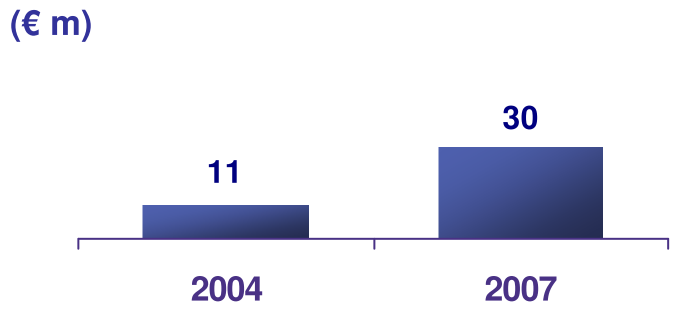
- **Development of an integrated offering through different products (e.g. from M&A to Acquisition Finance to IPO)**
- **Creation of a new Investment Banking origination desk supporting Relationship Managers**
- **Further improvement in Structured Finance**
  - **Increase in underwriting capacity**
  - **Development activities with Mid Corporates**
- **Development of M&A activities focusing on Mid Corporates**
- **Leverage on Bank Relationships to strengthen ECM/DCM[1] (Mid and Large Corporates)**

Key targets

Underwriting share Italy



ECM/DCM[1] revenues



(1) *ECM = Equity Capital Market; DCM = Debt Capital Market*

Corporate Division

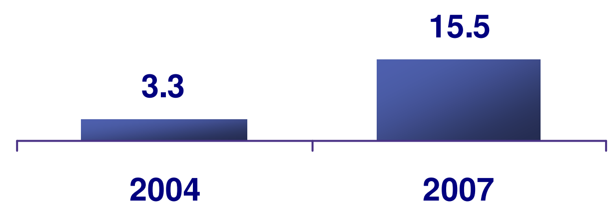
Strategy in Public & Infrastructure Finance

Key actions	
Italian clients	■ Client base enlargement, both on Local Administrations and General Contractors
Products	■ Strong growth in lending volumes, preserving the actual Net Commissions/Total Income ratio (increasing penetration and cross-selling)
International markets	■ Strong push for Public and Project Finance in the European Countries where Gruppo Intesa already has a presence ■ Leveraging acquired skills to develop new "tactical" opportunities in other European Countries
Activities	■ Creation of an integrated value chain, particularly in funding and asset portfolio management activities

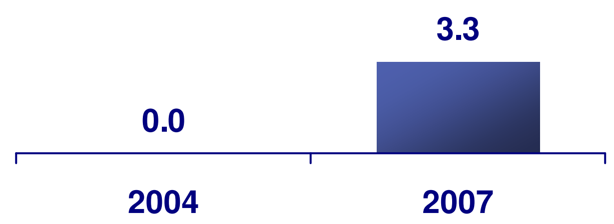
Key targets

Loans

Public & Infrastructure Finance: Italy (€ bn)



Public & Infrastructure Finance: abroad (€ bn)



Creation of a Bank dedicated to Public & Infrastructure Finance

Key rationale	
Centre of excellence	■ Establishing a "Centre of Excellence" in Public Finance in Italy ■ Develop specific capabilities in risk management for public sector assets
Managerial focus	■ Contribute to the realisation of a high relevance project, also for Country development ■ Increase focus on Public Finance specific characteristics (e.g. low spreads, high volumes, dynamic asset management)
Visibility	■ High visibility of a player specialised in Public and Infrastructure Finance ■ Institutional relevance of an independent, specific brand
Flexibility	■ Opportunity to form strategic alliances ■ Increase in flexibility and adaptability thanks to lower size ■ Capability to explore foreign market opportunities in infrastructural and public lending activities and to support Italian companies internationalisation

Mission

- Create a successful player dedicated to Public and Infrastructure sector, which can contribute to the Country's development in an effective and efficient way, reinforcing public-private partnerships

Agenda

1 Make Banca Intesa one of the best European banks

2 Strategy confirmed

3 **Action plan**

- Deliver sustainable growth
- **Maintain strict operating cost discipline**
- Optimise risk management and capital allocation

4 Banca Intesa partner for growth

Maintaining Strict Cost Discipline

Cost/Income Ratio Down to 50%

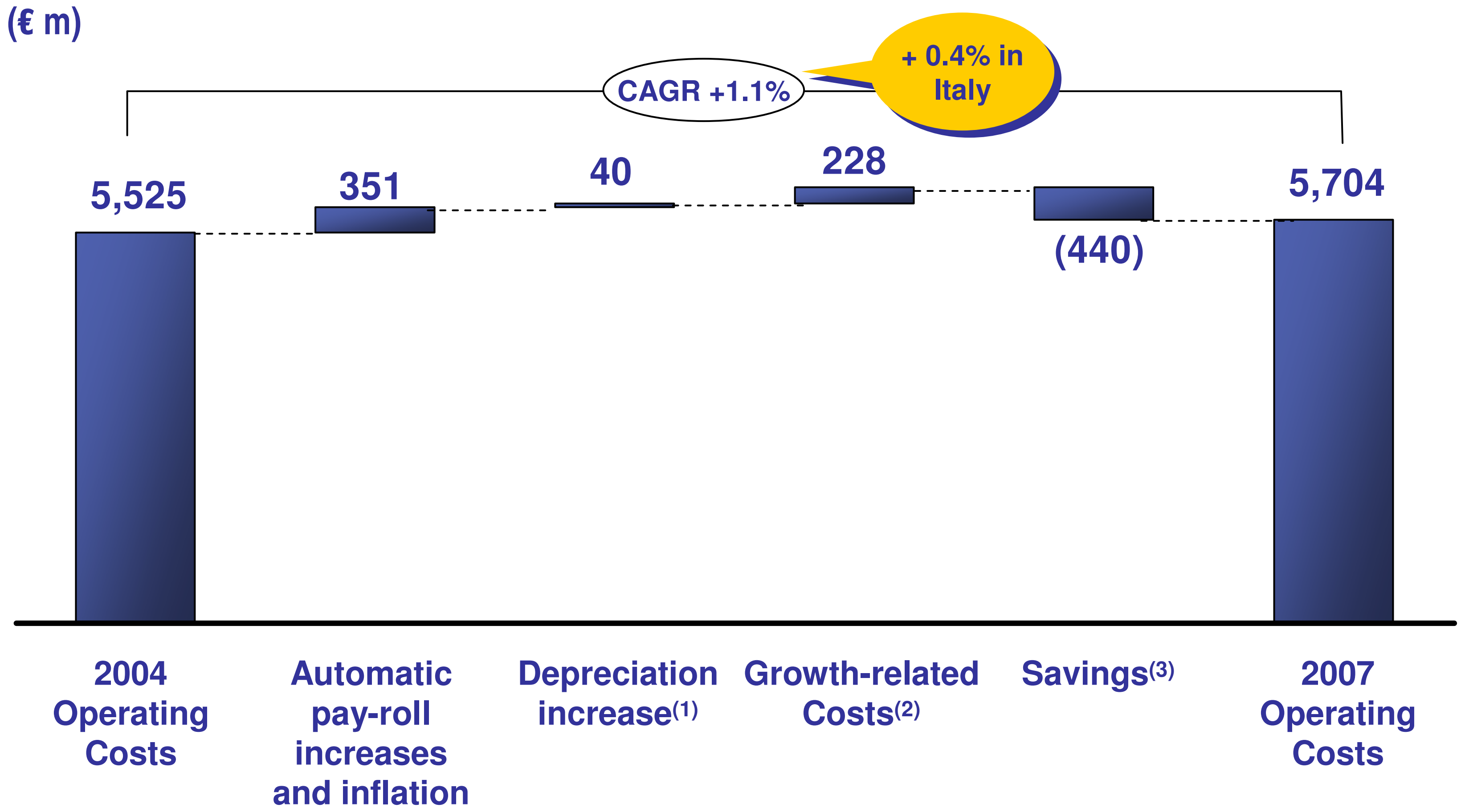
In order to grow in such a tough market it is necessary to rely on a well-balanced and competitive cost structure. The 2005-2007 Business Plan sets forth three main targets

- **Cost/Income ratio down to 50%**
- **Increase in growth-related costs**
- **Offset of automatic pay-roll increases and inflation with specific projects aimed at cost reduction and efficiency recovery**

Maintaining Strict Cost Discipline

Main Group's Targets

Contribution to 2007 vs 2004 Operating Costs variation



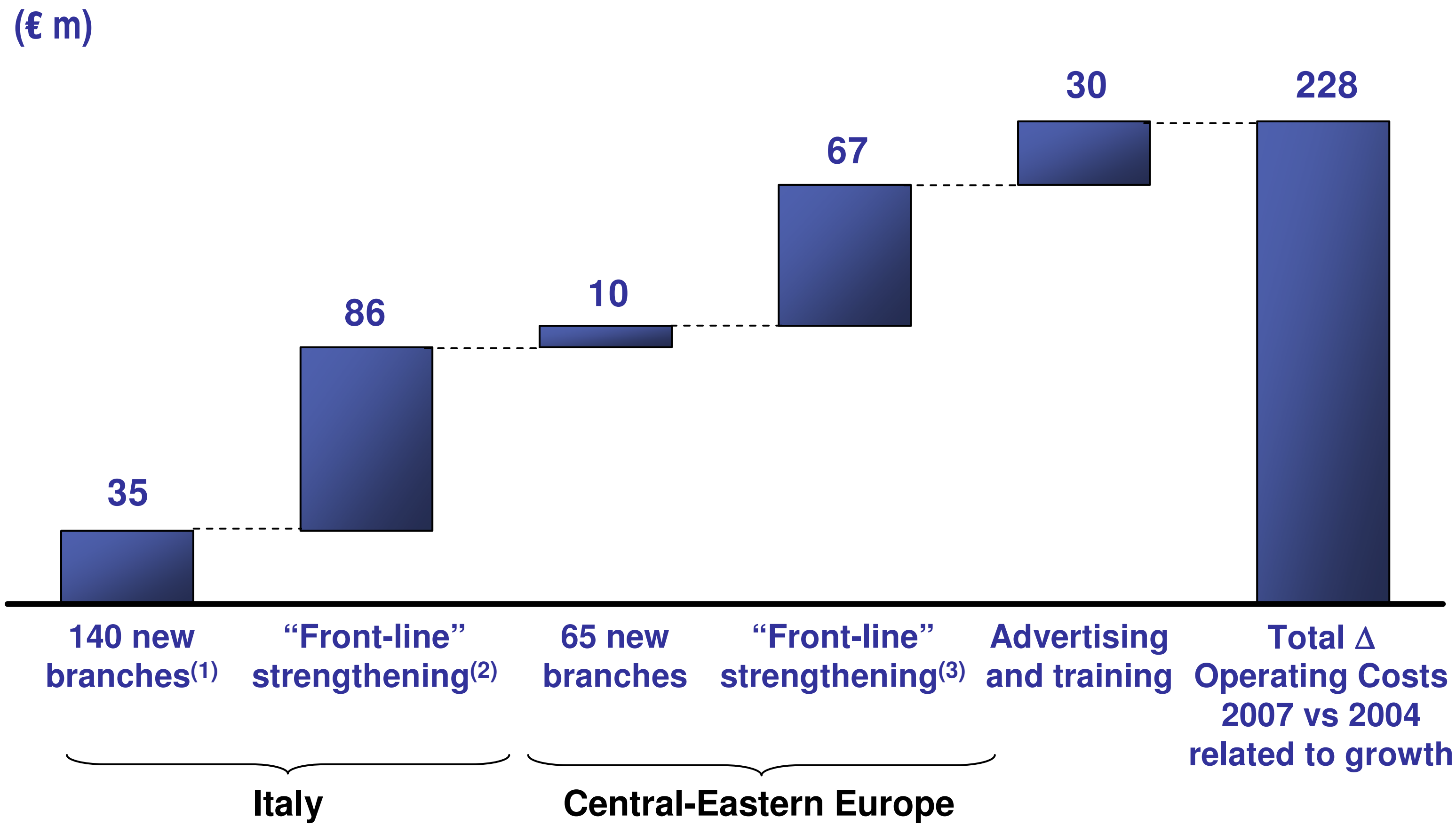
(1) *Excluding €81m of lower ICT depreciation*

(2) *Including €84m of imputed costs due to back office and Central Structures efficiencies allowing the transfer of freed people to front-office activities*

(3) *Including €84m of imputed costs due to back office and Central Structures efficiencies allowing the transfer of freed people to front-office activities and €81m of lower ICT depreciation*

Maintaining Strict Cost Discipline
Increase in Growth-Related Costs

Change in Operating Costs 2007 vs 2004 related to growth



(1) *Net of 30 closings*
(2) *Of which €48m of imputed costs due to the front-line staff increase following back office efficiencies*
(3) *Of which €36m of imputed costs due to the front-line staff increase following Central Structure efficiencies*

Maintaining Strict Cost Discipline

Cost Savings

	Key actions	Savings 2007 vs 2004
ICT Rationalisation	■ Strengthen ICT coordination, rationalisation, and simplification at Group level ■ Improvement in project selection/valuation systems ■ Extension of best practice in procurement management	■ ~€130m
Back-office efficiency	■ Branch back offices consolidation in 11 hubs ■ Key process simplification/redesign (17 processes involving ~12,000 FTEs)	■ ~€50m for ~800 FTEs to be reallocated from back-office activities to front-office activities
Central Structures efficiency	■ Elimination of duplicated activities both at governance and business unit level ■ Implementation of tools and methodologies for continuous improvement in Governance Structure productivity	■ ~€40m for ~1,200 FTEs to be reallocated from Central Structures - mainly abroad - to front-office activities
Other savings	■ Reduction in logistics, purchasing and consultancy costs ■ Other actions	■ ~€170m ■ ~€50m
		~€440m

FTE = *Full Time Equivalent*

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Optimising Risk Management and Capital Allocation

- Best practice tools have been implemented for Risk and Risk-related Value Management (Global Risk Management platform covering credit, market and operating risk)

- An effective risk and Risk-Related Value Management culture have been introduced at each organisational level
  - Integrating planning, control and management processes with risk/return metrics
  - Aligning to those metrics the MBO system
  - Centralising the Group's risk/return profile management
  - Accelerating an intensive training program

- Control structures (Internal Auditing and Internal Control Committee) have been further strengthened and "Compliance Project" - impacting on the entire organisation – is under completion

Optimising Risk Management and Capital Allocation

Main Group's Targets

		2004	2004 After Nextra and IGC	2007
Credit risk	New Doubtful Loans/Loans	0.8%	0.8%	0.6%
	New Substandard Loans/Loans	1.7%	1.8%	1.2%
	Net Doubtful Loans/Loans	1.9%	0.6%	0.9%
	Net Substandard Loans/Loans	2.3%	2.4%	2.2%
	% Investment grade[1]	60%	60%	64%
	% Investment grade Corporates[2]	52%	52%	56%
	RWA for credit risk (€ bn)[3]	163	161	197
Market risk	Allocated capital for market risk (€ bn)	1.5		1.4
Operational risk	Allocated capital for operational risk (€ bn)	1.2		1.1

(1) *Loans to Customers (Banca Intesa)*
(2) *Large Corporate, Mid Corporate, SMEs, Micro-Enterprises and Small Businesses*
(3) *Basel I*

Optimising Risk Management and Capital Allocation
Clear Value Creation Targets for each Division

		Retail	Italian Subsidiary Banks	International Subsidiary Banks	Corporate	Central Structures/ Others	Group
2004	RWA (€ bn)	77	24	14	49	16	180
	COE(1)	9.9%	9.9%	13.0%	11.6%	11.2%	10.6%
	Value Yield(2)	12.6%	10.3%	9.9%	7.4%	n.m.	4.5%
2007	RWA (€ bn)	94	27	17	59	17	214
	COE(1)	9.5%	9.5%	11.9%	10.2%	10.0%	9.8%
	Value Yield(2)	20%	15%	20%	15%	n.m.	8%

(1) COE = *Cost of Equity*
(2) *EVA®/Allocated Capital*

Banca Intesa

Optimising Risk Management and Capital Allocation
Overall Risk Profile Improvement: Key Actions

Credit risk	■ Improve quality of the performing loan portfolio and value creation, also by pursuing EVA®-adjusted pricing strategies and further reducing the concentration of loan portfolio
Market risk	■ Strengthen internal risk management platforms (Algo-Suite™ and Intesa Suite) ■ Maintain tight control at desk level
Operational risk	■ Complete and validate internal risk management model (OpVaR) ■ Implement risk mitigation projects: Business Continuity Management, disaster recovery, security management, process redesign

Optimising Risk Management and Capital Allocation

Improved Global Risk Management Tools Integrated in Value Management Systems

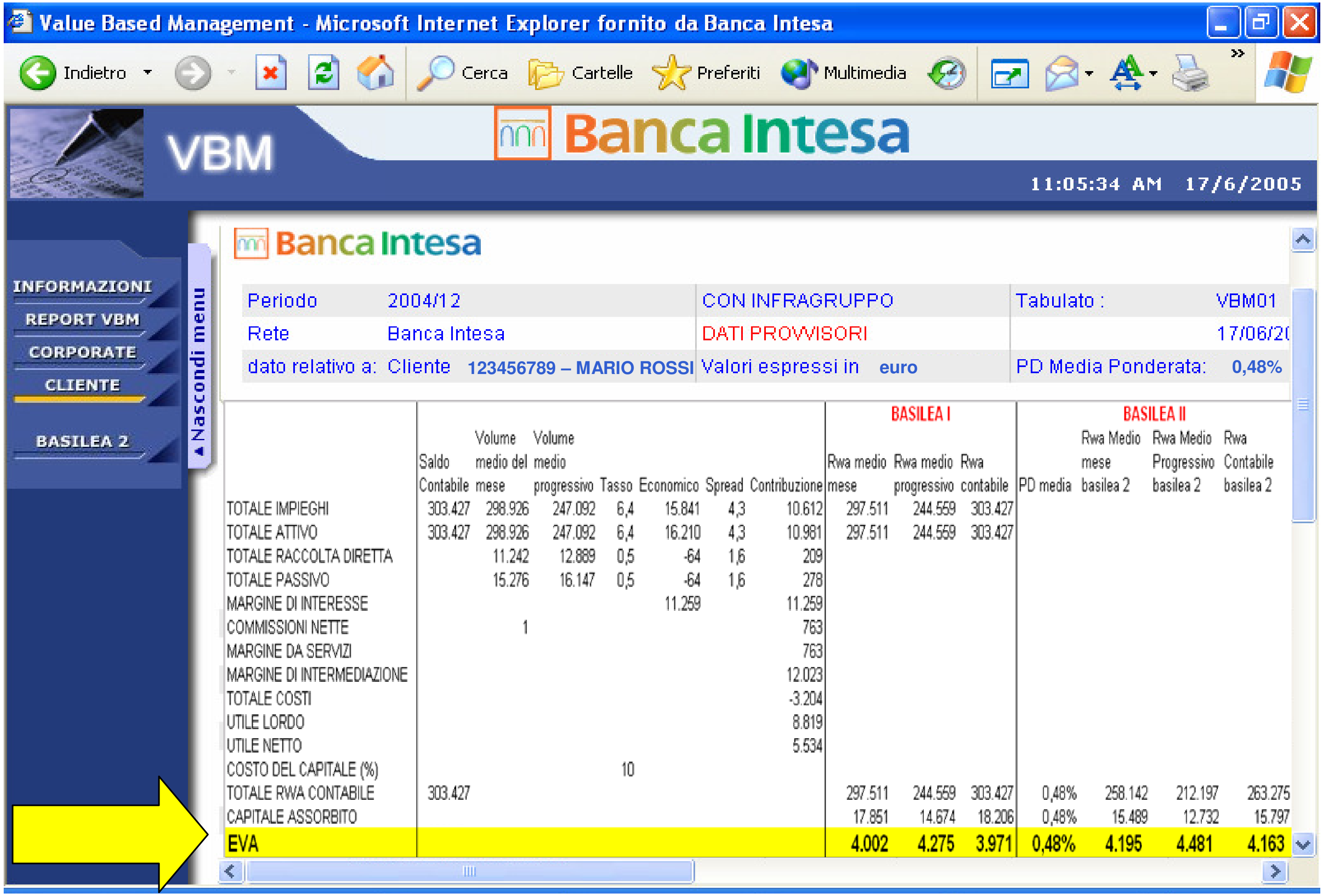
Global Risk Management tools	■ **Credit risk: validation of the IRB advanced model; implementation of absorbed capital (Basel I and II), PD, LGD, EAD, improvement in forecasting (Rating and Radar[(1)] for all corporates/SME clients, Credit Scoring for Households) and credit ALM** ■ **Market risk: strengthening of the internal model** ■ **Operating risk: completion and validation of the internal model (OpVaR)**
Risk, economics and EVA® at Business Unit/desk/client level	■ **Economic results, absorbed capital, value created by each Business Unit/desk/client available to the front-line** ■ **Planning, budgeting and control processes based on integrated risk/return metrics**
Business strategy simulation tools	■ **Simulation tools of impact of business strategies on** ❑ **Value creation** ❑ **Absorbed capital** ❑ **Risk (PD, LGD, EAD, market risk, operating risk)**
EVA® adjusted pricing (credit)	■ **Calculation of break even spread to create value (by client)**

(1) *Radar is a short-term risk valuation tool based on the following metrics: delayed payments, business trend and financial positions*

Optimising Risk Management and Capital Allocation

Improved Global Risk and Value Management Tools: Economic Results, Absorbed Capital, EVA® by Client

ILLUSTRATIVE



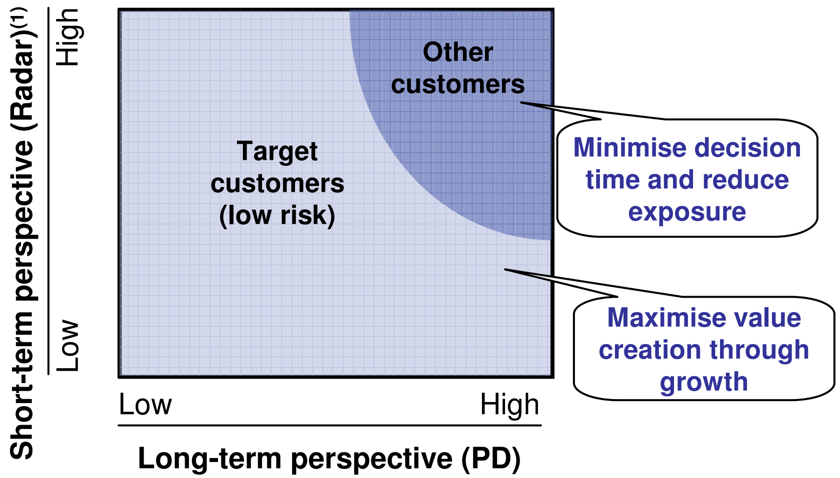
	Saldo Contabile	Volume medio del mese	Volume medio progressivo	Tasso	Economico	Spread	Contribuzione	BASILEA I Rwa medio mese	BASILEA I Rwa medio progressivo	BASILEA I Rwa contabile	BASILEA II PD media	BASILEA II Rwa Medio mese basilea 2	BASILEA II Rwa Medio Progressivo basilea 2	BASILEA II Rwa Contabile basilea 2
TOTALE IMPIEGHI	303.427	298.926	247.092	6,4	15.841	4,3	10.612	297.511	244.559	303.427				
TOTALE ATTIVO	303.427	298.926	247.092	6,4	16.210	4,3	10.981	297.511	244.559	303.427				
TOTALE RACCOLTA DIRETTA		11.242	12.889	0,5	-64	1,6	209							
TOTALE PASSIVO		15.276	16.147	0,5	-64	1,6	278							
MARGINE DI INTERESSE					11.259		11.259							
COMMISSIONI NETTE		1					763							
MARGINE DA SERVIZI							763							
MARGINE DI INTERMEDIAZIONE							12.023							
TOTALE COSTI							-3.204							
UTILE LORDO							8.819							
UTILE NETTO							5.534							
COSTO DEL CAPITALE (%)				10										
TOTALE RWA CONTABILE	303.427							297.511	244.559	303.427	0,48%	258.142	212.197	263.275
CAPITALE ASSORBITO								17.851	14.674	18.206	0,48%	15.489	12.732	15.797
EVA								**4.002**	**4.275**	**3.971**	**0,48%**	**4.195**	**4.481**	**4.163**

Optimising Risk Management and Capital Allocation

Overall Risk Profile Improvement: Focus on Target Customers (Low Risk)

ILLUSTRATIVE

Mix Domestic Mid Corporates Loans 2004



Mix Target Domestic Mid Corporates Loans (low risk)

	2004 Negative EVA®	2004 Positive EVA®	2007 Negative EVA®	2007 Positive EVA®
High Share of Wallet	37%	29%	7%	71%
Low Share of Wallet	18%	16%	3%	19%

(1) *Radar is a short-term risk evaluation tool based on the following metrics: delayed payments, business trend and financial positions*

Optimising Risk Management and Capital Allocation

Roadmap to Value Creation

2005
Set up of "value machine"

2006-2007
Value potential exploitation

- Avant-garde early warning tools ✓
- Global Risk Management Platform ✓
- Top Management MBO risk/return model ✓
- Risk Profiling (RADAR and Rating) ✓
- Risk / Return 2007 target profile ✓

Set up of decision-making tools and processes

- Integrated "dashboard" at front line
- "Real time" decision process
- Processes to manage low-risk customers with a risk/return view
- Credit ALM

Autumn 2005

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Banca Intesa Partner for Growth of all Stakeholders

Shareholders	■ Growth of total return through higher dividends and market capitalisation
Clients	■ Development of long-term relationships, based on awareness, respect, transparency and mutual satisfaction
Employees	■ Professional growth opportunities to all employees in a stimulating environment where merit is rewarded and rules are transparent
Society and Environment	■ Support growth and development of the Countries where the Group operates, in particular Italy ■ Favoring and support to infrastructure development ■ Contribution to social development through making credit access easier to those social categories that hardly get a bank's backing (e.g. students, social enterprises, immigrants) ■ Launch of social and cultural initiatives to develop the Country's artistic and cultural assets ■ Enhancement of responsibility toward environmental and natural resources

Contribution to Stimulate Economic Development

Innovation	■ E.g. IntesaNova ■ E.g. Enterprise desk in Brussels for R&D programmes
Internationalisation	■ E.g. IntesaExport ■ E.g. Supporting network on key markets
Enterprise size and capital strength	■ E.g. Private Equity ■ E.g. Mezzanine Fund
Support to corporate turnaround	■ E.g. Leading role in several successful turnarounds

CSR is our Way of Life

- Setting up of the Corporate Social Responsibility (CSR) unit focused on strategy, co-ordination and relationship with stakeholders
- Introduction of CSR management model
- Drawing up of the Group's "Ethics Code" and CSR guidelines
- Compliance with main international CSR initiatives and protocols (Global Compact, UNEP-FI, Equator Principles, etc.)
- Listing in the main sustainability indexes: DJ sustainability index, FTSE 4 Good, …
- Communication of specific CSR policies and initiatives to all relevant categories of stakeholders
- Introduction of CSR targets in MBO
- Sustainability Report

Banca Intesa one of the Best European Banks

2005-2007 Business Plan

Clients	~€40bn increase in loans
Employees	~€10bn salaries
Suppliers	~€6bn purchases
Shareholders	~€5bn dividends
State	~€4bn taxes and social contributions