The power to change:
BPM Group 2012-2015 Business Plan

Milan, 24 July 2012

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This document is the translation of the original Italian version of the presentation used to illustrate the 2012-15 Business Plan . In case of misunderstanding the Italian version shall prevail.

Agenda

Macro-economic scenario and BPM’s starting point

2012-2015 Business Plan

Great potential for BPM Group despite challenging macro-economic scenario

Challenging scenario …

Challenging macro-economic scenario

- Expected **"Zero growth" in Italy**, with uncertainty about the timing of economic recovery
- **Flat interest rates at ~1%** over Plan horizon (3m Euribor)
- **Expected significant BTP spread**

Banking sector under pressure

- **Cost of credit:** expected high over plan horizon
- **Revenues** under **high pressure**
- Increased **capital need** and challenging access to **funding market**

…great potential for BPM

Significant market share in **the richest areas** in Italy

Sound **customer base** with **great growth potential**

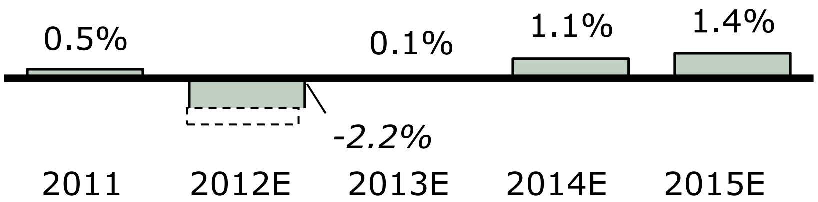
Potential **enhancement** of **cost base efficiency**

Significant skilled HR to tap

Highly skilled *in-house* **product specialists**

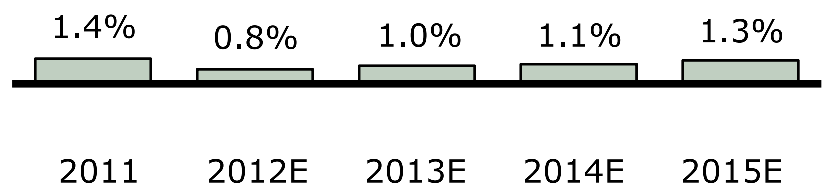
Business Plan scenario: limited growth, high uncertainty

Italian GDP



- **Negative economic growth** in 2012 (-2.2% Italian GDP) and weak growth expected from 2013 (between 0 and 1.5%)
- **High uncertainty** and unpredictable timing of economic recovery

Interest rates (3m Euribor)

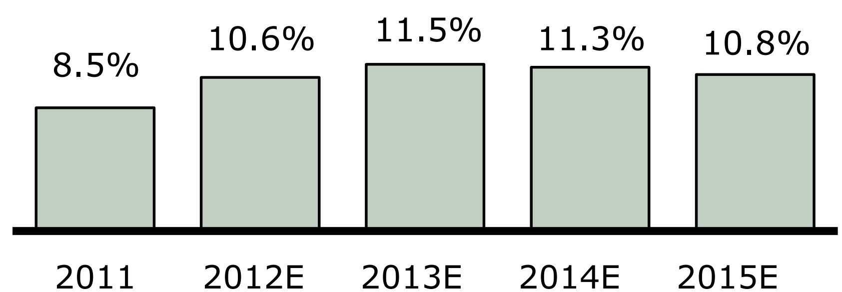


- **Yield curve** substantially **flat** until 2014 (~1.0% in 2012-2014)
- **Weak interest-rate growth** in the following years (~1.3% in 2015)

Expected 10Y BTP return

- **Expected long-term return** on **BTP > 5%** over Plan horizon

Italian unemployment rate

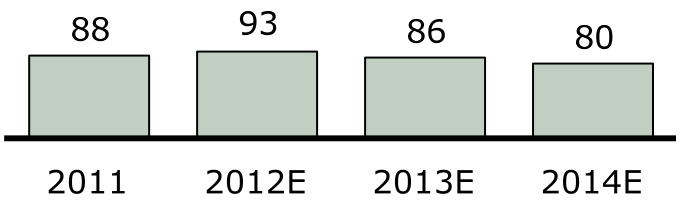


- **Rise** in the **unemployment** rate, peaking in 2013

Source : Prometeia (estimates as at July 2012)

Banking industry under pressure

High cost of credit
Bps



- **High cost of credit** expected under Plan horizon
- **Possible worsening** in case of weaker macro-economic scenarios

Bank revenues under great pressure

- Ever stricter **regulations** to protect customers with risk of further reducing bank revenues
- **Evolution** of **customer preferences for** remote channels, with a potential decrease in customer margin

Average competitor[1] ROE 2009-11: ~3%

Higher capital need

- Introduction of new and more conservative **capital requirements** (**Basel III**)
- **Risk on assets expected higher** than pre-crisis level

Challenging access to funding market

- **More prudent regulations** on **liquidity** following the introduction of loan-deposit balance monitoring ratios
- **Funding, a "scarce and expensive resource":**
  - Structural **"funding gap"** for the whole banking industry (direct funding growth lower than loan growth)
  - **Higher competition/price war** on customer deposits

1 Includes, net of one-offs (e.g. goodwill impairment): MPS, Banco Popolare, UBI Banca, Gruppo BPER, Cariparma, Banca Carige, Popolare di Vicenza, Veneto Banca, Credem, Credito Valtellinese and Banca Popolare di Sondrio

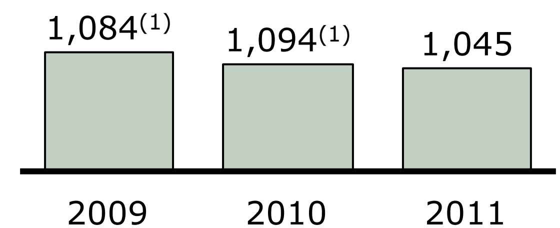
Source : Prometeia (May 2012); EFMA; Financial reports

BPM: last 3 years in figures

Operating income
€ millions

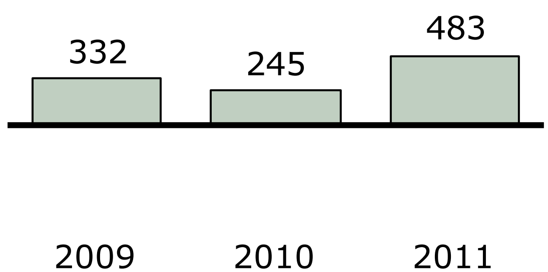
Net commission %	2009	2010	2011
	32%	42%	39%

Operating costs
€ millions



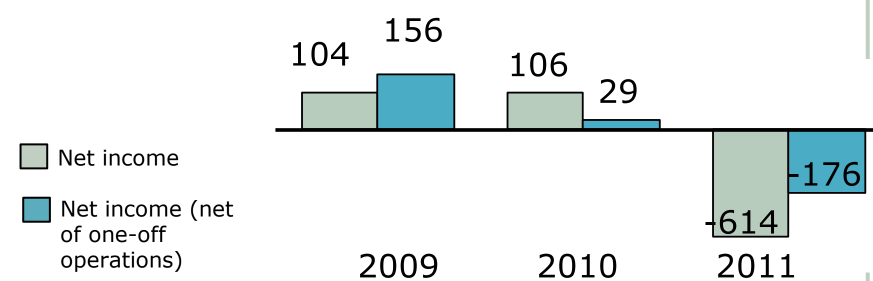
Cost/ Income %	2009	2010	2011
	63%	75%	77%

Loan loss provisions
€ millions



Cost of credit Bps	2009	2010	2011
	101	69	135

Net income
€ millions

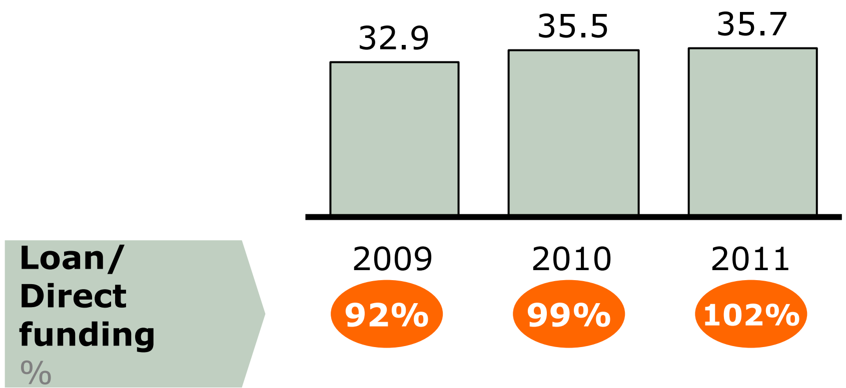


ROE %	2009	2010	2011
	4.1%	0.8%	n.s.
	2.7%	2.8%	n.s.

Source: 2009-2011 financial reports (1) Net of costs related to Early Retirement Fund (€132m in 2009 and €6m in 2010)

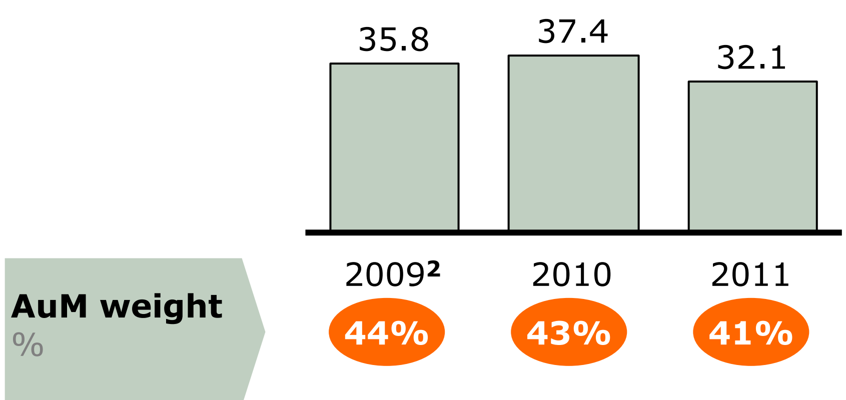
BPM: liquidity and sound capital base

Customer loans
€ billions



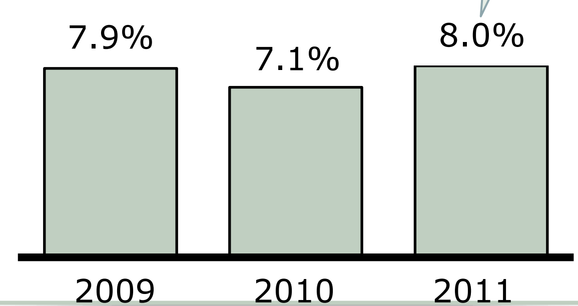
Direct funding (customer deposits)
€ billions

Indirect funding (AuM and AuC)
€ billions



Core Tier 1 Ratio
%

- 9.7% not including add-ons
- 8.3% as at March 2012



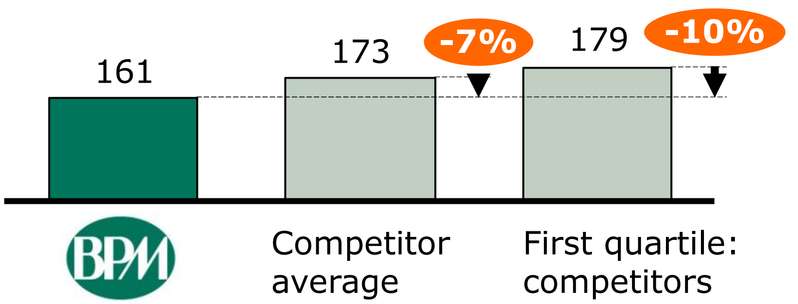
1. Restated figure excluding BPM Vita; 2. Restated figure excluding Anima SGR

Efficiency and productivity: BPM vs competitors

Figures as 31.12.2011

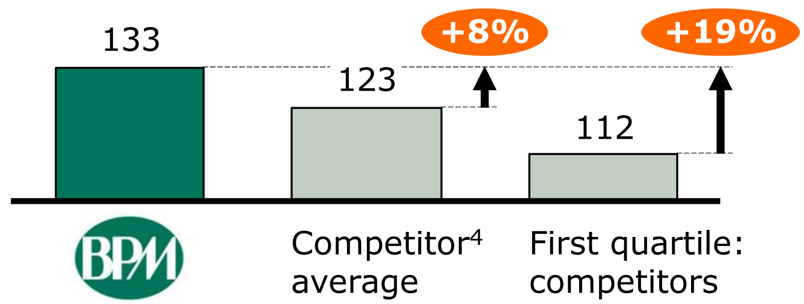
Revenues[1]/Headcount[2]

€ /000



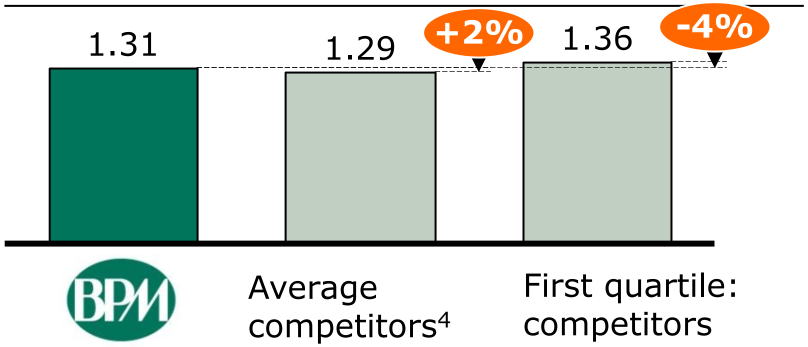
Total operating costs/Headcount[2]

€/000



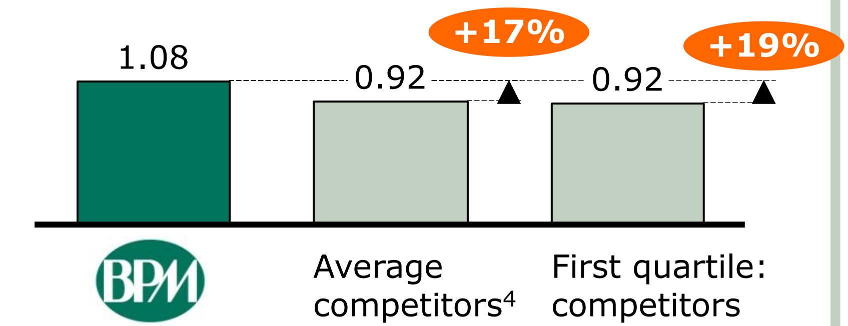
Revenues[1]/Assets[3]

%



Total operating costs/Assets[3]

%

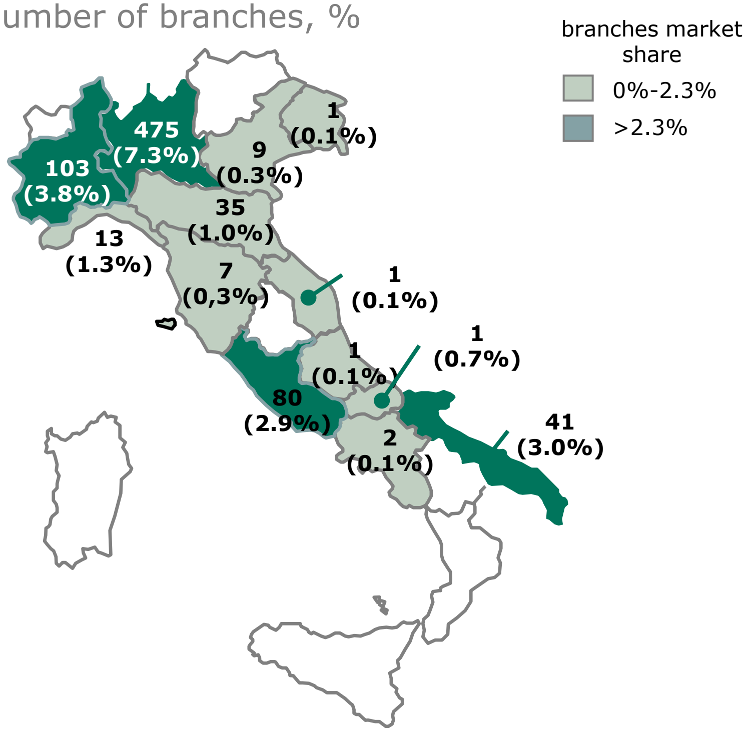


1. Sum of NII and net commission ; 2. Year end figures; 3. Includes direct funding, indirect funding and net loans to customers 4. The competitor group includes: MPS, Banco Popolare, UBI Banca, Gruppo BPER, Cariparma, Banca Carige, Popolare di Vicenza, Veneto Banca, Credem, Credito Valtellinese and Banca Popolare di Sondrio
2. SOURCE: Financial Reports

BPM: 90% of branches concentrated in areas with high per capita GDP

Distribution of 769 BPM Group branches by region (as at 31/3/2012)

Number of branches, %



Market share by geographic macro-area

	Market share of BPM branches %	Weight of total comm. network %	Per-capita GDP[(2)] €/000
Lombardy	7.3%	62%	~32
North-West[1]	5.8%	77%	~30
Total Italy	**2.3%**	100%	~25
Milan	12.2%	32%	~36
Rome	3.9%	10%	~33

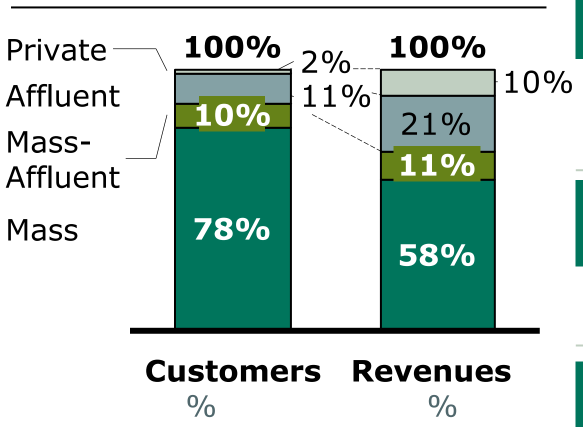
- **Market share** higher than **10%** in **7 provinces:** Alessandria (19.7%, 60 branches), Lecco (12.9%, 31 branches), Foggia (12.8%, 29 branches), Varese (12.5%, 58 branches), Milano (12.2%, 247 branches); Monza-Brianza (11.5%, 56 branches)

1 Includes Piedmont, Valle d'Aosta, Lombardy, Liguria
2 Figures as at 2009
Source: Bank of Italy; Istat; Unioncamere-Istituto Tagliacarne

Sound base of 1.3 million customers supporting significant growth potential

Figures as at 31.12.2011

Retail[1]



… with revenue growth opportunities

Private

- Significant number of **Private customers** currently **not managed** by a **dedicated private banking relationship model** (~10,000 customers not yet classified vs. ~3,000 classified showing double profitability, 20 bps vs 40 bps)
- **Low profitability** of AuM(-30% vs market) for classified private customers

Affluent

- **Low commercial coverage** of the Affluent customers (~ 28% without dedicated relationship managers, thus sub-optimal profitability, -10 bps)
- **Low cross-selling**: ~48% of customers with 3 (or fewer) products[1]

Mass/Mass-Affluent

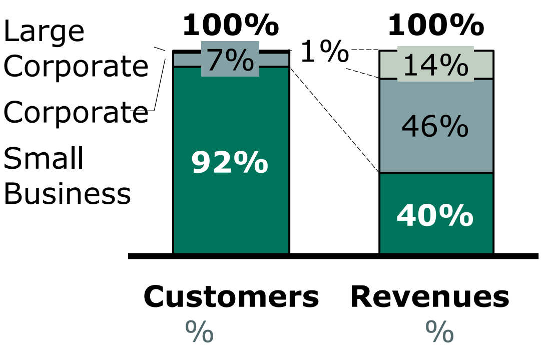
- **Low cross-selling:** ~60% of customers with 3 (or fewer products[1])
- **Low penetration of personal loans** (currently at ~10% of total customers) and **bancassurance and mortgage** products
- **Average income by customer** <25% vs competitors

1 Includes (i) current accounts; (ii) services; (iii) financing; (iv) investment; (v) insurance; (vi) e-money

130,000 corporates, to be enhanced by stronger pricing systems and value added products

Figures as at 31.12.2011

Corporate



… with revenue growth opportunities

Large Corporate

- **High potential for value recovery** (EVA®), against *deleveraging* actions

Corporate

- **High potential for value growth (EVA®)**
- **Low weight of commission income** from **high value added products** (e.g. International products, transaction banking, hedging products), currently accounting for ~8% of total income

Small Business

- **Low commission income** from transaction banking and hedging products, currently accounting for ~10% of total income
- **High potential growth** in share of wallet

Highly skilled in-house product specialists, still to be tapped for BPM Group customers

	Description	Ownership %	Development opportunities
Banca Akros Gruppo Bipiemme	▪ BPM Group **Investment bank** ▪ **Leader** on bond **brokerage activity**, OTC options on equities and derivatives	97%	▪ Tap Banca Akros's skills to serve > 3,000 "Corporate" customers (hedging, forex and structured finance)
Webank.it	▪ Direct **multi-channel bank** (PC, mobile, call center and trading on line) ▪ 111,000 customers and €3bn funding	100%	▪ Tap WeBank's distinctive skilles and platform to serve >1m BPM Group customers
ProFamily Il Credito Genuino	▪ **Consumer credit company** ▪ Total outstanding credits: €0.6bn, 1.6% market share	100%	▪ Tap ProFamily specialist skills to serve BPM Group customers (consumer credit, personal loans)
ANIMA	▪ Leading asset management company, stronger thanks to recent **partnership** with Clessidra Sgr and MPS ▪ **5th Italian Group** with over €35bn in AUM and 4% market share	36%	▪ High potential to improve the product range to support customers
Bipiemme Vita / Covéa / Bipiemme Assicurazioni	▪ **Insurance company controlled** by Covéa Group ▪ Over €3.4bn **of technical reserves** with 1.3% market share	19%	▪ Completes the range of Life and Property/Casualty Insurance products

Done so far

Governance

- **New BPM Group Governance**: dual system and appointment of Managing Director
- **Completely new subsidiary** Boards of Directors and corporate bodies in the Group Companies

Organisation and Resources

- **Strengthened** the **management team** by **hiring new staff**
- Approved a **new organisation structure** and kicked off headquarters and network structure simplification
- **One policy** for the **Group Incentive Plan**
- A **transparent approach** in managing the Human Resources and the relationship with internal unions

Risks, costs and Inter-Group synergies

- Decreased exposure to **Large Corporate** and **Real Estate** segments
- **Reduced executive and other staff costs** by **~12%** and **~5%** respectively (by suspending the incentive Plan, bonuses and other variable components)
- Started **initiatives to develop synergies with Banca Akros** and **ProFamily** to serve BPM customers
- Launched **efficiency oriented** and **cost optimising** processes

Capital & liquidity

- Further **improvement** in the group **liquidity profile**
- **Strengthened** group **capital**

A light governance structure

- On a like-for-like management responsibility basis, the Management Board structure is more streamlined and their compensation is about **30% lower** than the previous Borad of Directors .
- The number of members on the subsidiary boards will be reduced by about 80%, **from the current 44 to 9**. This will lead to a cost saving of **over €1 million**, equal to 82% of the current cost.
- All in all, the subsidiary and associate company boards will have **88% of members from BPM**, thereby reducing the external members from 69% to 12% of the total number of members appointed by the Bank. As such, the bank will have total control over the activities carried out by its subsidiaries.

BOARD SEATS (Number)	BEFORE REORGANIZATION			FIRST STEP OF REORGANIZATION			RIORGANIZATION COMPLETED			Board seats reduction
	Total	Internal	External	Total	Internal	External	Total	Internal	External	
Subsidiaries	44	10	34	39	21	18	9	7	2	-80%
Associates	34	14	20	32	16	16	32	29	3	
TOTAL	78	24	54	71	37	34	41	36	5	
Mix of board seats		31%	69%		52%	48%		88%	12%	

Agenda

Macro-economic scenario and BPM's starting point

Business Plan 2012-2015

Guidelines

Management actions

Targets

Guidelines

A new way to work: simplicity, efficiency, merit

IT and org. innovation to regain a leading role for our core customers in our core territories

Tighter risk, capital and liquidity control to sustainable long-term growth

1. **Streamline Group structure**: one single commercial bank
2. **Simplify organisational structure**
3. **Tighter** cost control
4. **Merit-based HR management and tapping** staff **skills**

5. **Radical innovation in market** and customer approach to become a "true" local bank
6. **Strong digital** and IT **"agenda"** to become **#1 multichannel bank**
7. **Strong growth** and **profitability** on **our core businesses,** despite the unstable market

8. Credit **risk control**
9. **Capital strengthening**
10. Stronger **liquidity position**

Agenda

- Macro-economic scenario and BPM's starting point
- **Business Plan 2012-2015**
  - Guidelines
  - **Management actions**
  - Targets

1 Radical streamlining of Group structure: one single commercial bank

Management actions

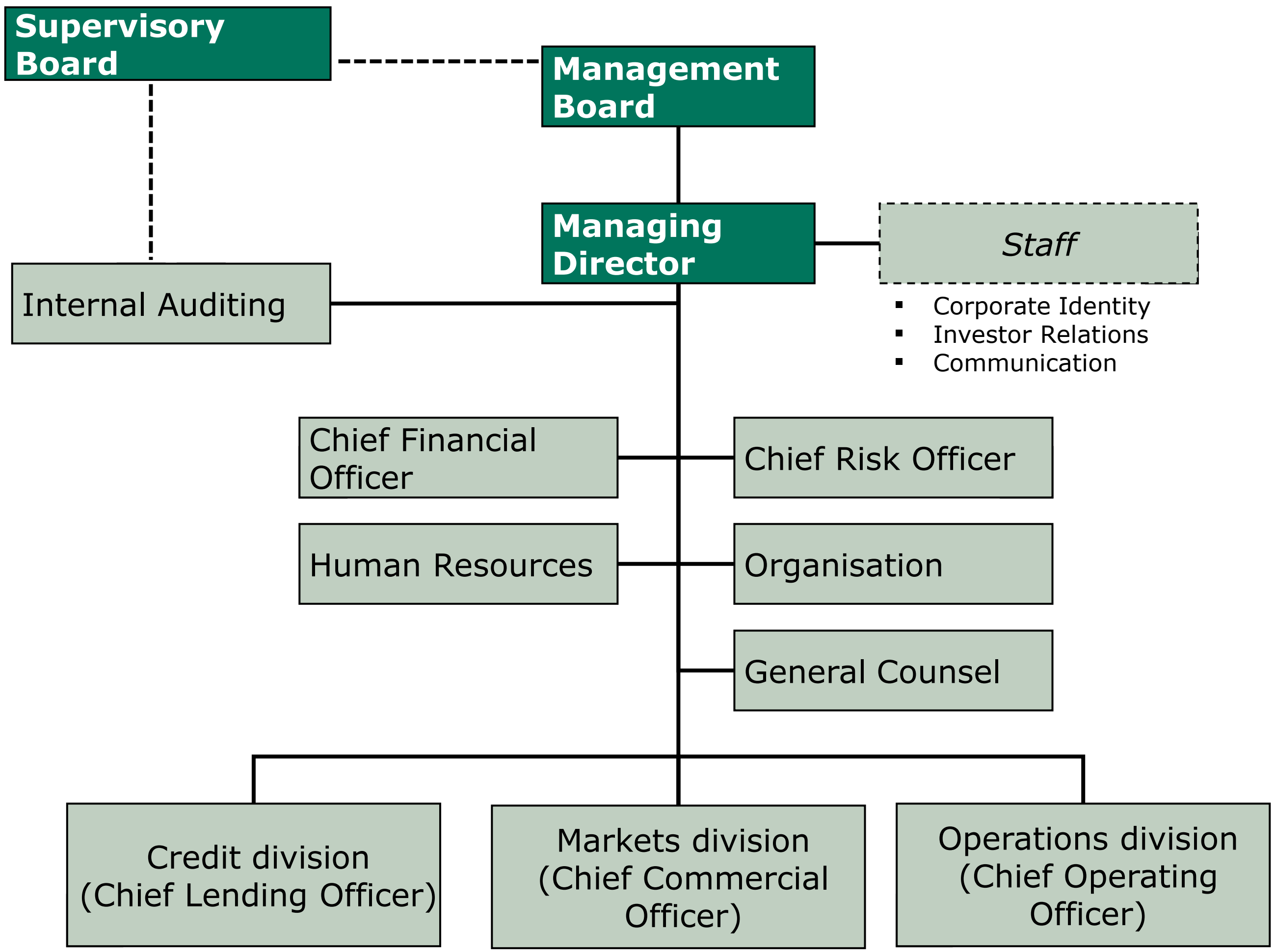
- **Create** a **single modern and multichannel commercial Bank** and tap **the single brands**
- **Merge operations within the group** to achieve important cost and revenue synergies
- Share **distinctive skills** to support group multichannel development
- Strengthen group **Governance** with functional reporting to the Parent Bank

Actions on Group's companies

Banca di Legnano; Banca Popolare di Mantova; ProFamily – Il Credito Genuino	***Merge into BPM***
Webank.it	***Enhancement/ Merge into BPM***
Banca Akros – Gruppo Bipiemme	***Develop synergies with the group's customers***

2 Simpler organisational structure with cleare responsibilities

New Group Organisation Chart



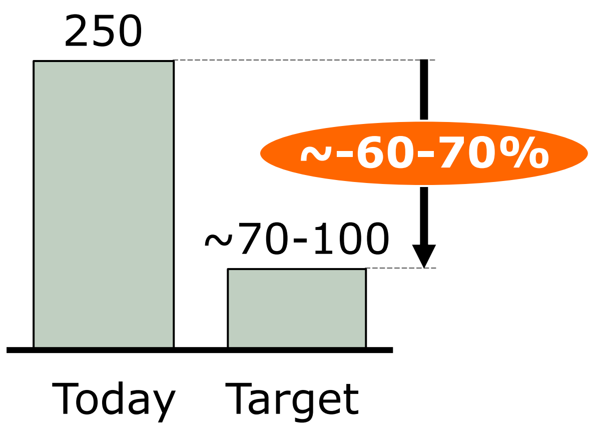
2 Simpler organisational structure: HQ and network streamlining to stay close to the territory and reduce decision times

Management actions

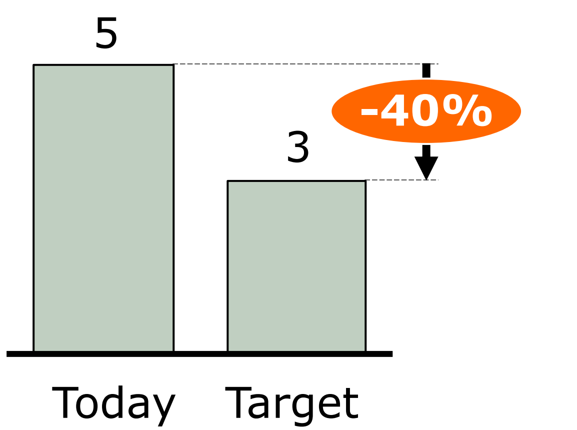
Simplify the headquarters and **network organisation structure**, also by reducing the middle levels

Main indicators

Headquarter organisation
Number

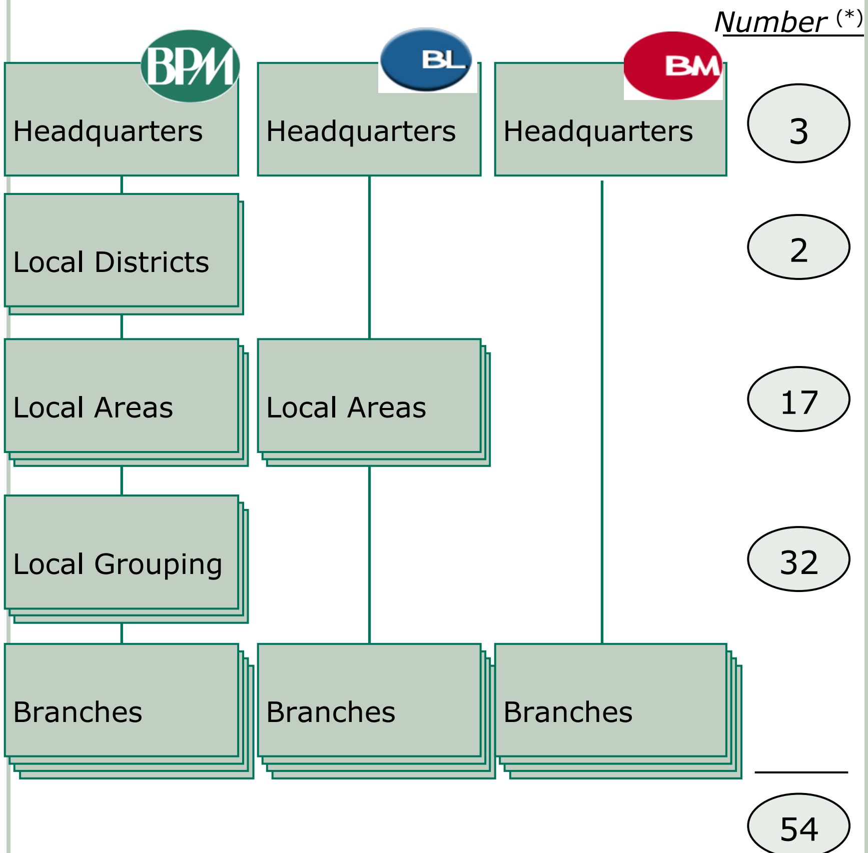


Network hierarchic levels
Number



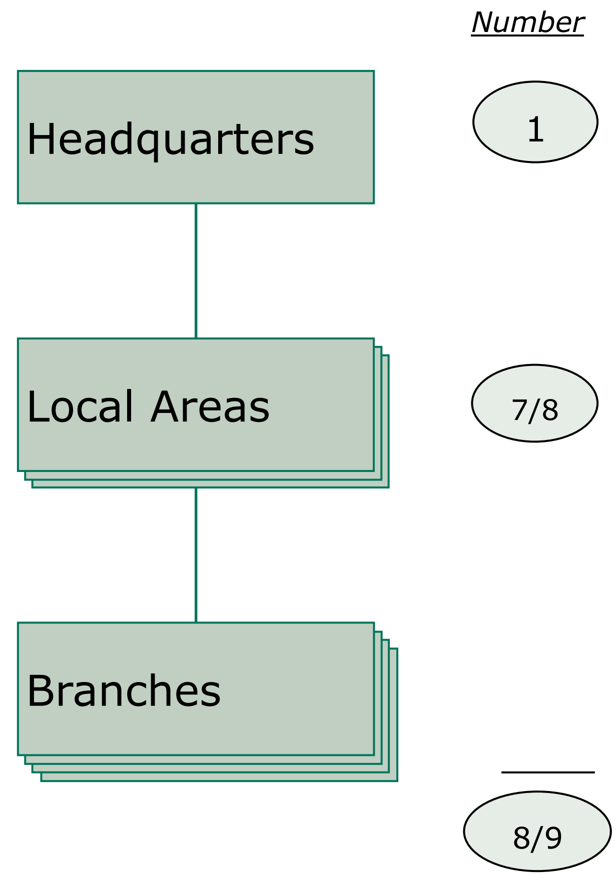
2 A shorter network structure to become a "true" Local Bank

From 3 commercial banks with up to 5 network levels...



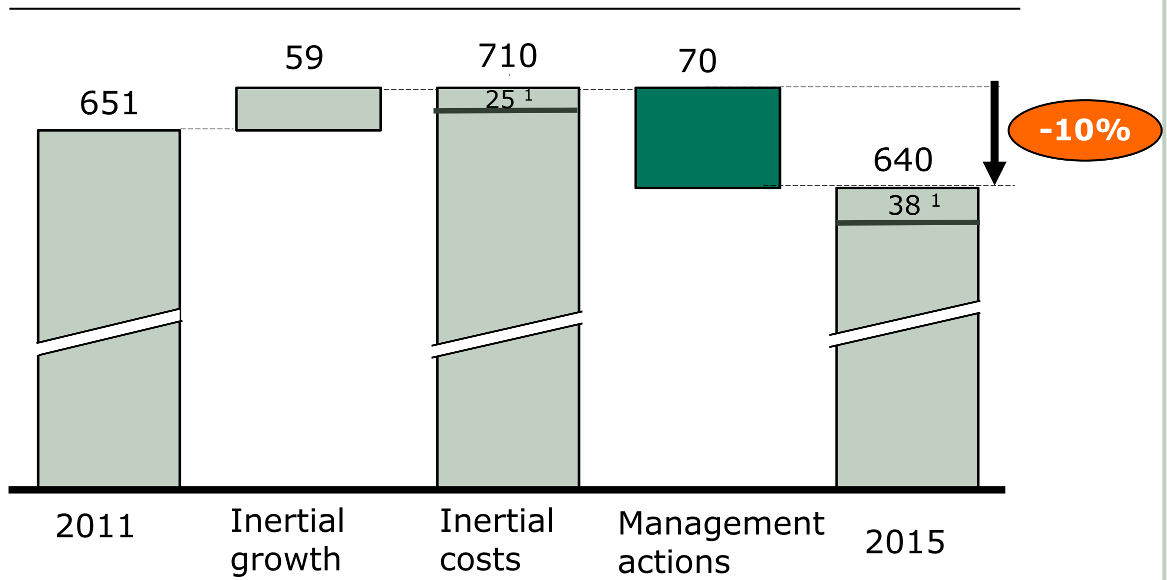
(*) sum of a coordination network structure in the 3 commercial banks

... to one single commercial bank with 3 network levels



3 Tighter cost control: structural staff cost reduction

Staff costs
€ millions



1 o/w variable component

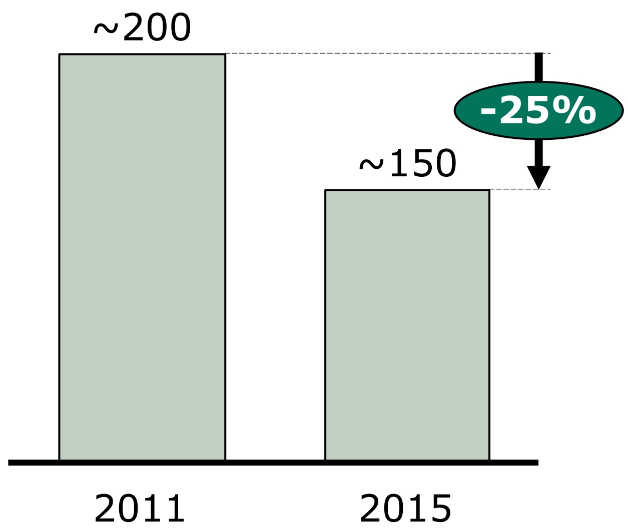
Structural reduction in staff costs, by introducing:

- **Overall socially responsible measures** to manage the staff[2] by encouraging all pension-eligible staff to retire and/or join the Early Retirement Plan and by reallocating the remaining staff to other divisions
- **Staff cost cutting**, also by re-aligning the group executive’s retribution levels with internal and market benchmarking (with one-to-one negotiations), by reviewing the Supplementary Corporate Labour Agreement and acting on total cumulated holidays, paid working hours and overtime

2 Carried out according to the choice criteria explained in the DM 158/2000 towards all potential staff concerned

3 .... reduction starting from the Bank's Top Management

Expected trend in number of Group Executives



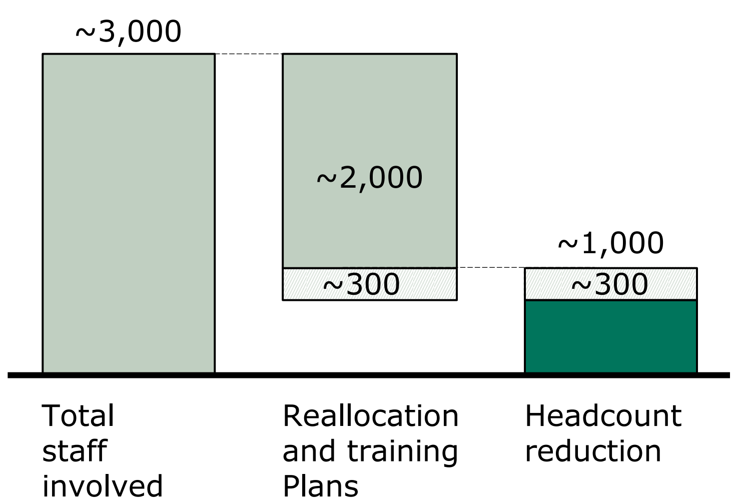
Reduction actions in the average executive costs

- Define the **"target" remuneration levels** for the group executives according to role/ responsibilities ("banding") and external benchmarking
- **Re-align** the group's target remuneration levels by "one-to-one" negotiations

3 Significant requalification plan involving 3,000 employees with a net reduction of about 700 employees by 2015

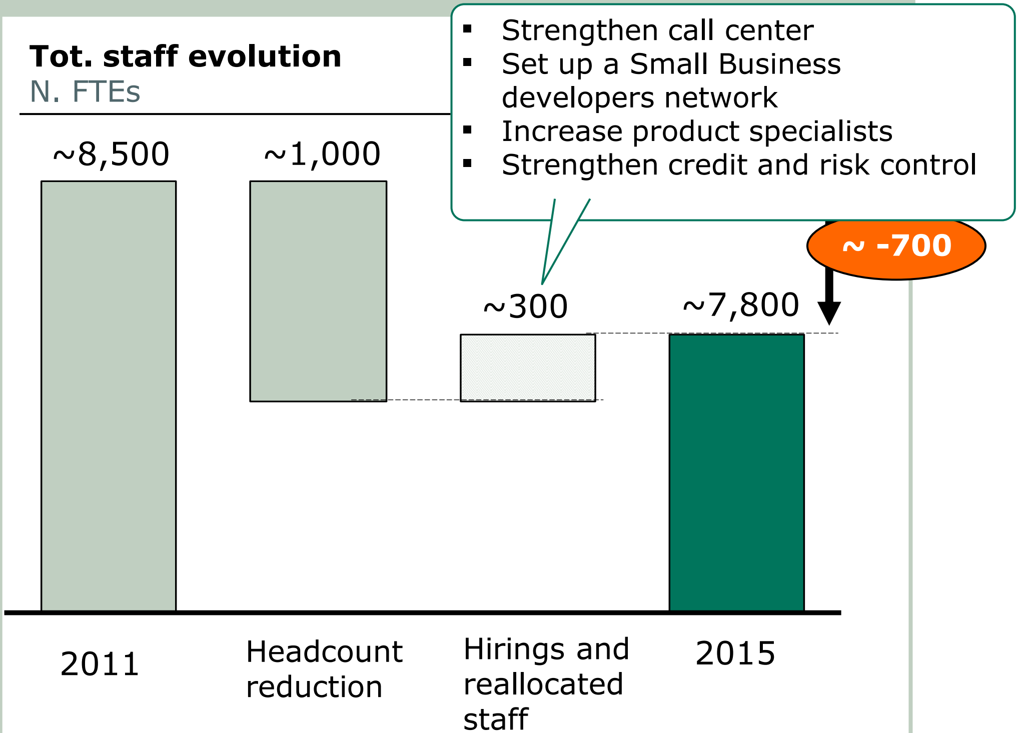
About 3,000 people involved by 2015 …

N. staff involved
2012-2015



… with net reduction of ~ 700 FTEs

Tot. staff evolution
N. FTEs



- **Improve operating efficiency** of the headquarters by cutting duplicate divisions and optimising the operating procedures
- **Optimise the network operating procedures**, by streamlining the local areas, reviewing the activities, the software tools and shifting customer operations towards remote channels
- **Integration/enhancement of the group's subsidiaries**

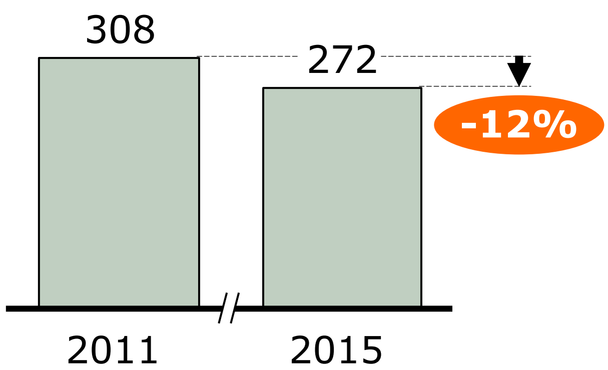
3 Tight cost control: administrative cost reduction

Management actions

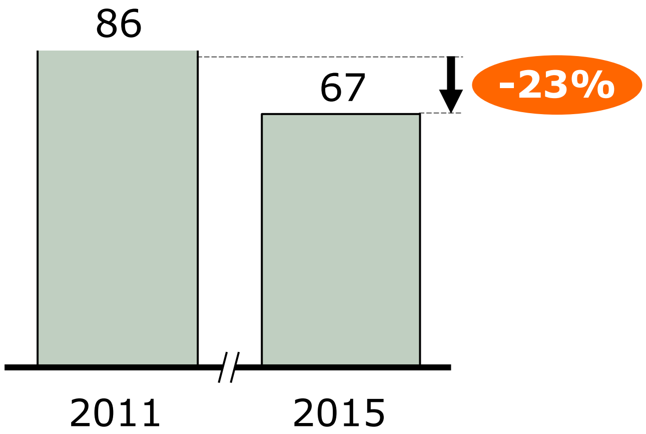
- Generate **cost synergies** by **merging** subsidiaries into BPM
- Optimise **operating procedures** (e.g. back-office automation/ centralisation)
- Rationalise **demand** management and capital **budgeting processes**
- **Optimise IT costs** to support business development

Main indicators trend

Other administrative costs
€m



Ammortisations
€m



4 Merit-based carrier path and tapping staff skills in Human Resource management

Staff training and requalification

- **Strong investment on HR training** (> 60k additional hours by 2015)
- **Requalification** of staff from administrative to commercial activities
- **Strengthen internal communication**

HR management and development:

- **Merit-based** HR management, by focusing on talent, expertise, skills and motivation
- **Promote equal opportunities** in career paths and for positions of responsibility
- **Enhance female leadership** (women make up 46% of total staff)
- **Carrier paths** dedicated to skill development of **young staff**

Union Relations

- Relations with **Unions** based on **dialogue** and developing common views
- **Review** the **corporate regulations**, starting from the CCNL (National Labour Agreement)
- **Re-build** right and fair **internal union relations**, with clear roles, according to rules defined by national negotiations
- **Enhancement of pension/internal welfare systems** and health coverage

4 Project "Innova": build the future and invest on talented people

A "project for the future" designed for the whole staff aim to draw up new guidelines for human Resources management and development

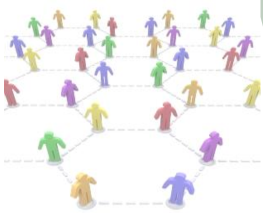
MAIN ACTIONS:

- ***Work performance assessment***
  Assign quantitative and qualitative goals and assess the results
- ***Understand professional skills***
  Ensure the right person for the job
- ***Fill the professional and educational gaps***
  Compare the current and the expected skills to identify appropriate development actions
- ***Build potential futures***
  Examine whether staff can take further managerial tasks
- ***Plan career paths***
  Ensure suitable career paths towards positions of higher management responsibility
- ***Merit-based** HR management*

4 Centrilised and strenghtened branch managers

Central role of branch managers

1. They reflect Group **Corporate values**
2. They are **pivotal** to change
3. They are a **key driver** in the relationship among the branch staff



Dedicated development Plan:

- Grant greater career **management**
- Help **decentralise independent management** of low risk counterparties
- **Support the exchange** of experience, ideas and tools among branch managers
- Promote involvement in the **corporate mission**

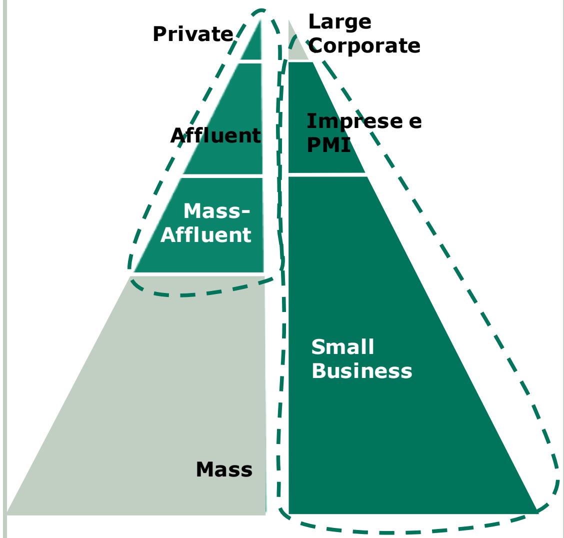
Approach:

1. Training
2. *"On the job" coaching* and *tutoring*
3. Creation of a "virtual" *Community*
4. Review of support tools

4 IT and org. innovation to regain a leading role for "our" customers in "our" territories

Our core territory

Our core customers



"Our digital" territory

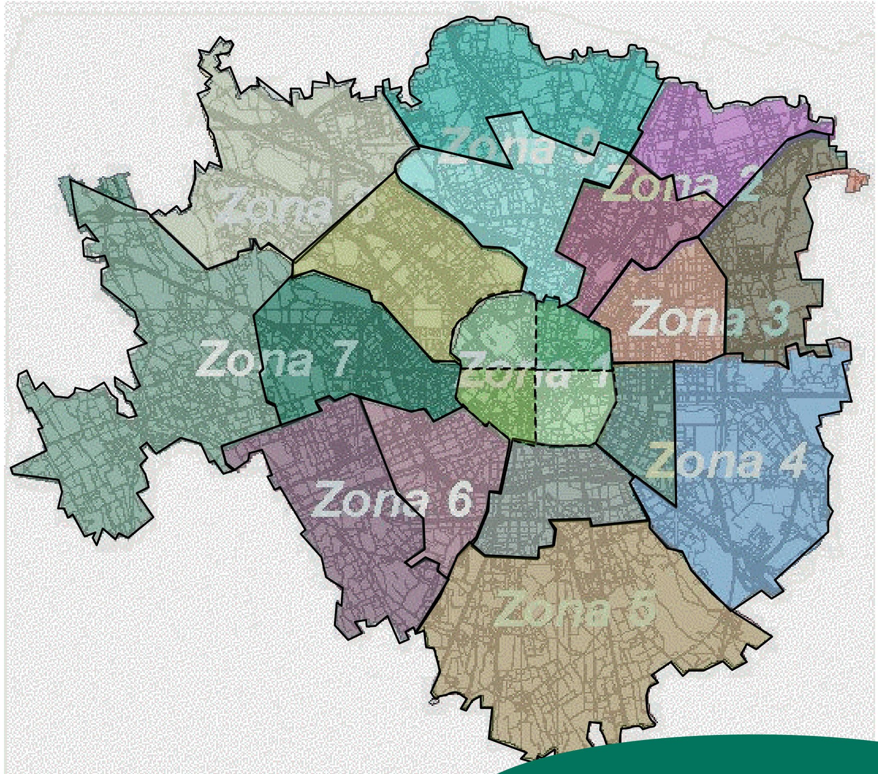
- Lombardy and Rome among our core territories

- Excellent and distinctive service on Affluent, Corporate and Small Business segments

- Important "Digital Agenda" to become the #1 multichannel bank

5 ~130 micro-markets to offer a "distinctive" service to our customers

23 micro-market targets in Milan



130 micro-market targets

- **Specific commercial policies** (communication, pricing, products), dedicated to **micro-markets**
- A **flexible** territorial **model** of "monitoring" and "development" based on Hub & Spokes
- **"Controlled" decentralisation** of decisional power
- Supporting **integrated multichannels**

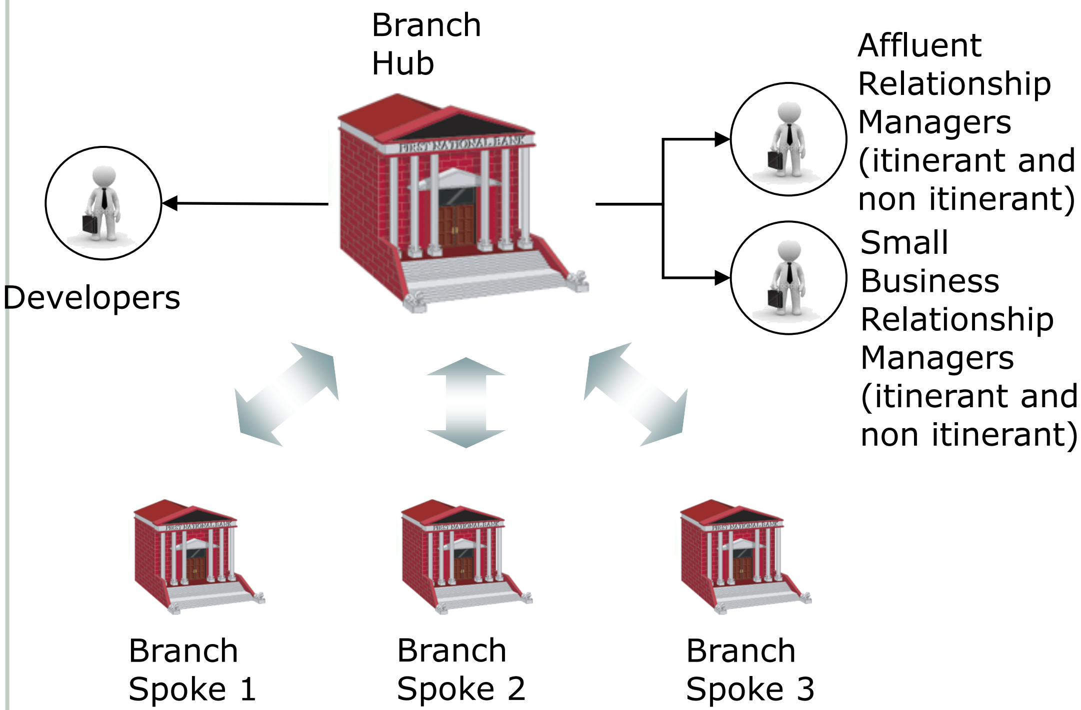
5 Significant innovation in customers service through the Hub & Spoke model at micro-market level

A "true" local bank

- Hub manager with **full responsibility** and introduction of a **deputy in charge** of each Spoke
- **More efficiency in controlling core customers**, through a team of dedicated relationship managers and a network of developers
- Increase number of **dedicated relationship managers** (ca. 300*) in core segments
- **More flexibility** and efficiency in **mass market customer management** in the Spokes
- **Automated** transactions and shift to direct channels (increase in ordinary and advanced ATMs)
- **Closure/merger** of around 30 branches with poor critical mass

Model with highest flexibility and efficiency

- Set up **branch "clusters" composed of 1 hub and up to 4 spokes**, to serve a specific micro-market
- The model will be implemented in ~**70% of commercial network** with **~100 hubs** and over **400 spokes**



* Bringing in ca. 200 affluent relationship managers and 100 new small business relationship managers

5 Innovation in the model dedicated to serve Corporate

Rationale

- Increase in number of staff to serve customers
- Putting in **specialised skilled product people in direct contact with customers**
- Serve customers better according to **needs and segment**
- Achieve **economies of scale** in the network

New classification		4 specific segments
Large Corpo-rate	**€250m**	▪ Control on Large Corporate, through a **dedicated centralised unit**
Imprese	**€15m**	• "**Corporate Centres** " with dedicated relationship managers (ca. 7/8 on the territory) • **Team of product specialists** on the territory: international product specialists, Akros specialists, (hedging, forex and derivatives, structured finance)
Small Business		▪ Team of dedicated small business relationship managers in Hubs and Spokes and supporting **network of developers**
Lower Small Business		▪ Commercial management of the lower small business with retail and small business managers according to the priority needs (corporate, personal)

6 Important digital agenda to turn the multichannel system into a competitive advantage: BPM *Next*

BPM: fully operational internet banking

- Full **integration** of the distinctive expertise of **WeBank platform** to all group customers
- Focus on **"phone"** as *device* of main development
- **Tailored product range**

Call-centre to support sales activity

A call center to develop and strengthen the **sales activity**, with a target of ~100-120 dedicated staff by 2015

Automation

- **Review** the group's ATM base
- Increase the number of **advanced ATMs** to allow for checks/cash deposits
- **1,000 +** "cash-in cash-out" **ATMs**

New IT platform

- **New integrated IT platform:** user friendly and reliable
- **Hardware renewal** (PC, laptops, tablet)

6 Innovation projects "BPM *Next*": new solutions and offers for our customers

High level "Concept"

BPM Place

- ***Market place*** *(e-commerce) for B2B and B2C among BPM customers/members (private and corporate)*

BPM AppIdea

- ***"APPs"*** *dedicated to specific BPM customer/ member needs (daily time savings)*

BPM BUSINESS

- ***Solutions*** *for BPM's "SMEs/Small Business" customers: e.g. on line invoicing, clouding (safe data storage)*

BPM Personal

- ***Customised solutions and services*** *for BPM's Affluent customers*

7 Our targets on retail side

Management actions

Affluent and Private

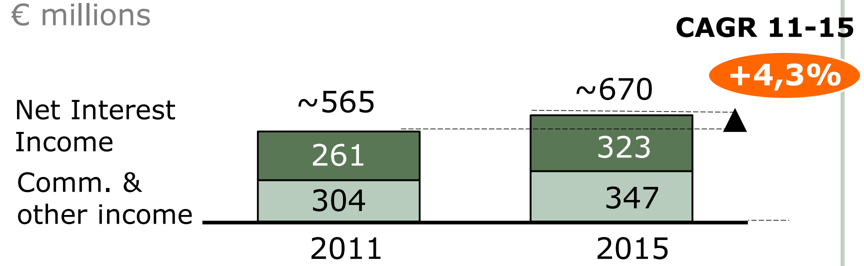
- Better control on customers currently not/badly served: increase volumes and profitability on the **investment** segment and **cross selling**
- Growth on **insurance/pension products**
- Acquire **new customers:** new *BPM Personal* offer, synergies with Affluent/Corporate and **new offers for BPM's members**

Mass market

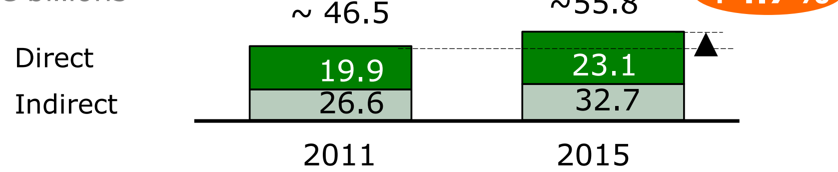
- Increase **cross selling**
- Personal loans/consumer credit, bancassurance and e-money
- Strengthen **CRM** and new IT platform in the branches

Main trend indicators 2011-2015

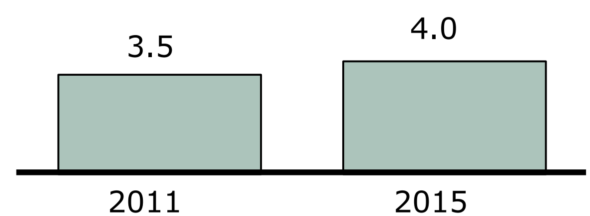
Revenues from Retail customers
€ millions



Totale funding
€ billions



***Cross selling* product ratio**
N. of products



7 Our targets on corporate side

Management Actions

Small Business

- Better control on customers through increase in number of relationship managers: **increase** in share of wallet
- New **pricing tools**
- **Commission increase** on transaction banking, international operations, bancassurance
- Acquire customers with a dedicated **developer** network

Corporate

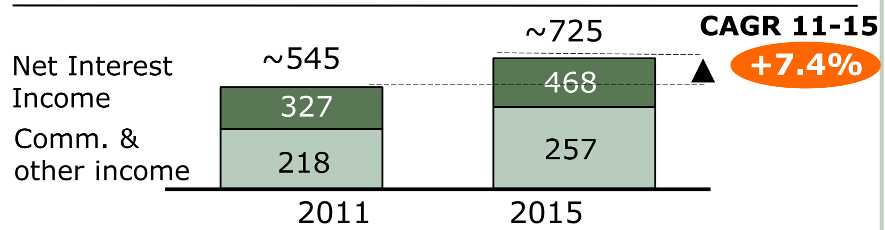
- Optimise RWA **remuneration:** loan book re-mix, **EVA®-based management systems**
- **Increase SOW/customer credit volumes** /core territories
- **Increase commissions,** by bringing in product specialists and strengthening the headquarter supports: derivatives, forex, international operations, *transaction banking*

Large Corporate

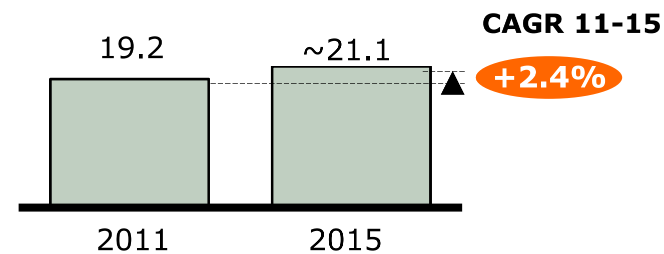
- Deleverage on non core customers/segments
- **EVA®-based management systems**

Main indicators trend
2011-2015

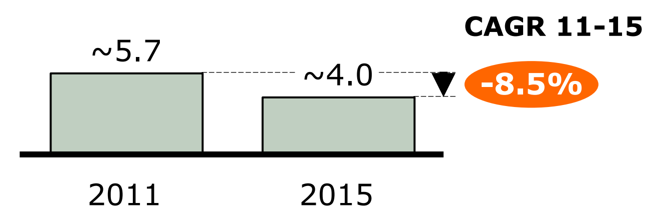
Revenues from Corporate (excl. Large Corporate)
€ Millions



Corporate Loans[2] (excl. Large Corp.)
€ Billions



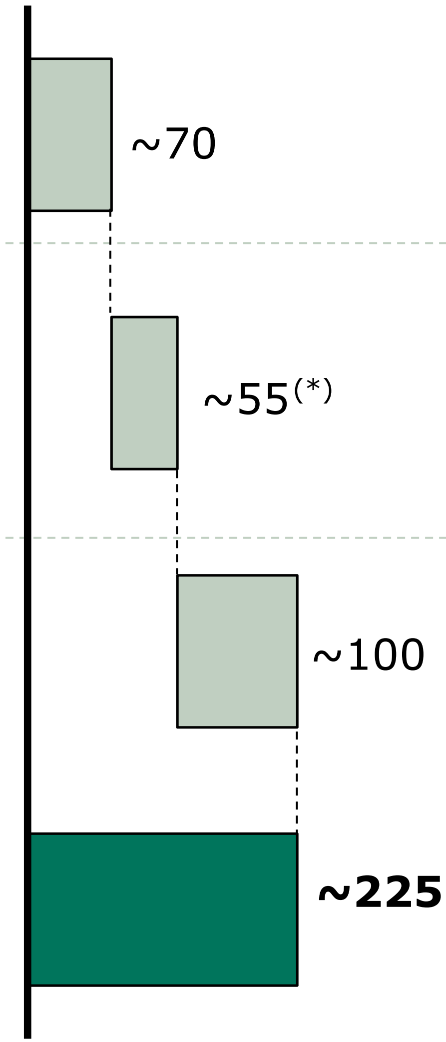
Large Corporate Loans
€ Billions



7 Resources dedicated to business development

	Description
Branches and communica-tion	▪ Branch modernisation ▪ Product **Marketing** and institutional communication
IT	▪ New **commercial network IT platform** ▪ Bolster the **call center** infrastructure ▪ Integrated multichannel system (web – branch – call center) ▪ Introduction of **advanced ATMs, cash in cash out**
Training and incentive	▪ ~60k additional hours of **training** and **requalification** of the Human Resources (€~5m) ▪ **Variable components** linked to specific Business Plan targets (€~95m)
	Total

Cumulated amounts '12-'15
€ Millions



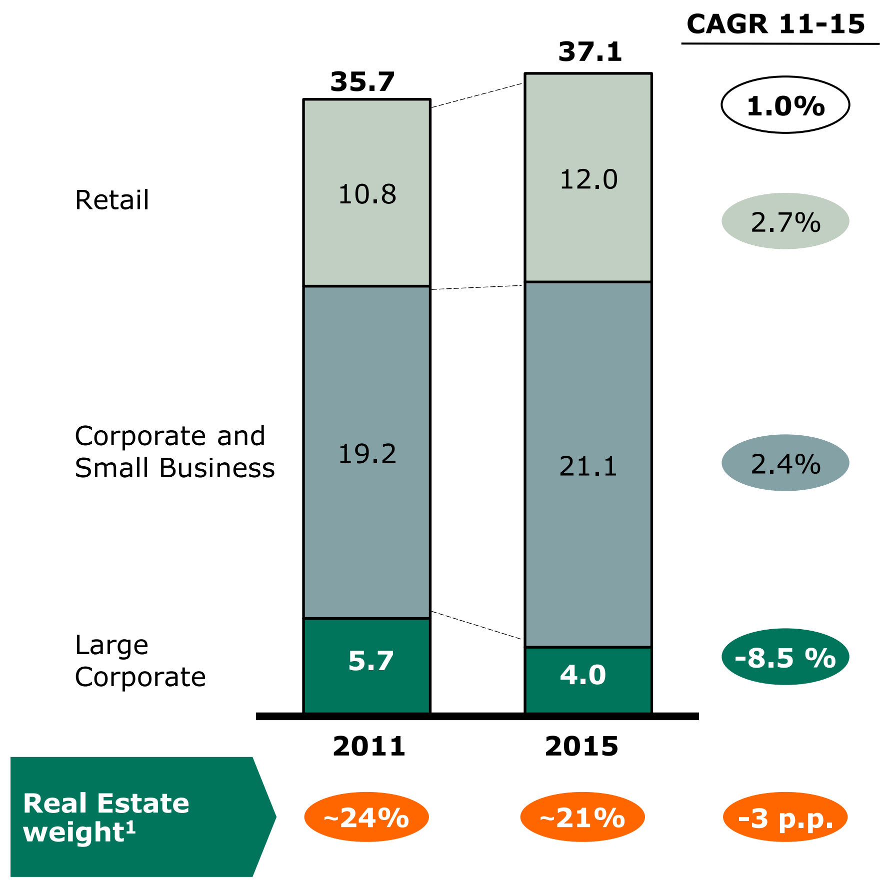
(*) in addition to the ordinary investments

8 Credit risk control and loan growth

Management Actions

Strategies and *Group* credit policies	▪ **Portfolio re-allocation** on the base of sector assessment and risk-return profile
Credit granting	▪ Review the **process** and **tools** used to grant credit, ▪ Extention/review of the **minimum prices** and **mandates**
Monitoring and portfolio management	▪ **Strengthen procedures** and **tools** to **monitor** and **manage credit**
Credit control	▪ Bring in s**upervisors** operating on the territory to control the **granting and management of credit**
Loan book run-off	▪ Identification of a **non-strategic loan book** to be managed with a dedicated run-off approach

Loan book trend
€ Billions, %



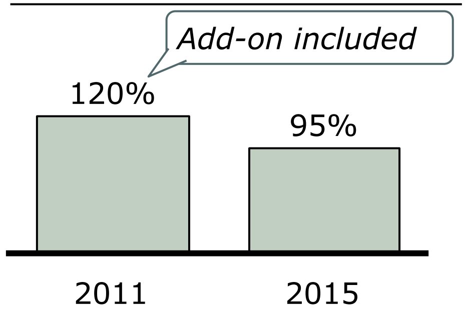
(1) Not including retail mortgages

9 Capital strengthening

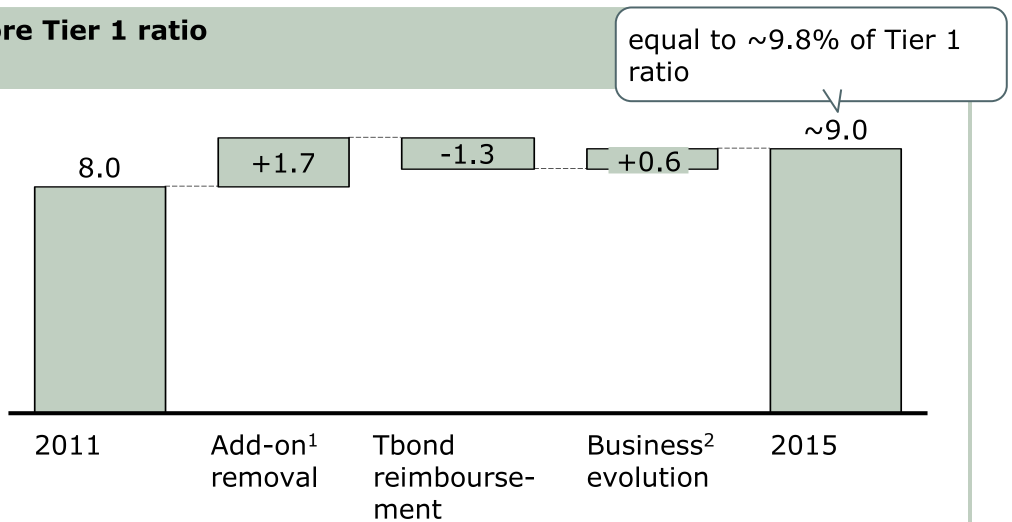
Actions

- **Solve the issues highlighted by the Regulator**
- **Optimise RWA** and target **to** shift to **internal models**
- **Asset disposal assessment** on: loan book, minorities, UICTS funds etc.
- Assessment of **liability management operations**

Credit RWA/Loans



Core Tier 1 ratio
%



Not including potential additional positive impact from the adoption of internal models (IRB) to calculate the RWA

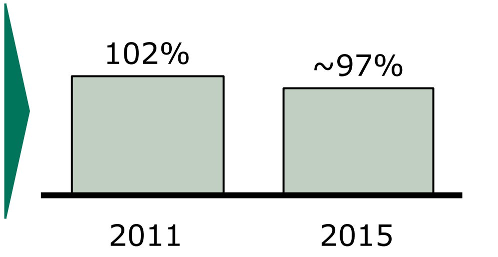
1 Subject to approval by Bank of Italy
2 Including RWA and capitalisation of 2012-15 net income, with a payout ratio at 50%

10 Liquiditity strengthening

Actions

- **Improve liquidity position thanks to:**
  - Optimisation of **eligible assets** for ECB refinancing operations
  - Further **reduction of commercial gap** with consequent improvement in **loan to deposit ratio**
  - Evaluate asset disposal opportunities

Loans/Deposits



Evolution of the liquidity gap and wholesale funding
€ bn

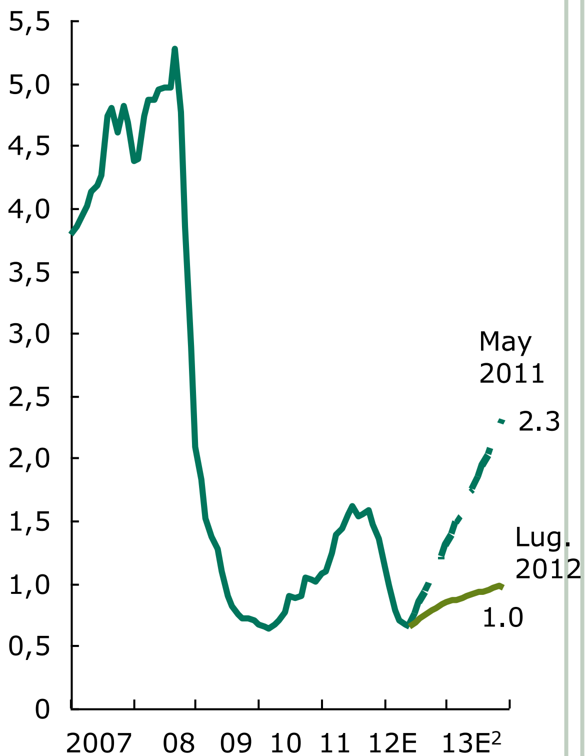
Unsecured interbank exposure	***-100 m***	***122 m***

Agenda

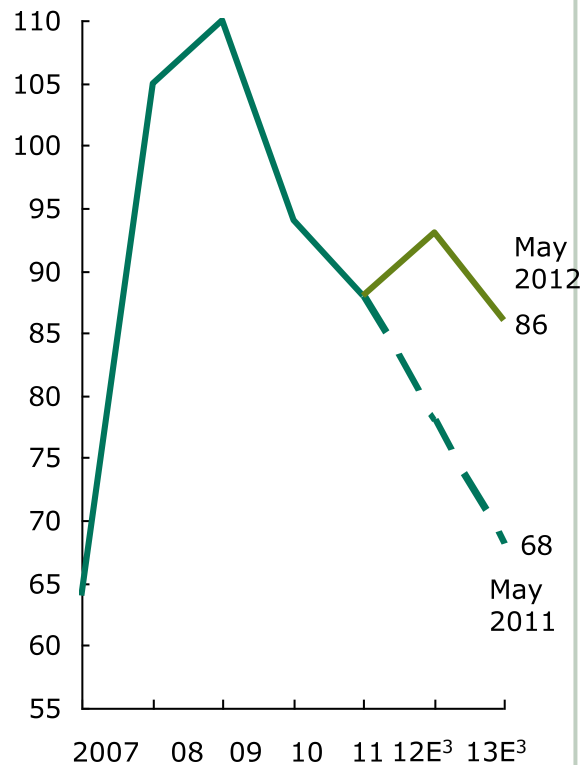
- Macro-economic scenario and BPM starting point
- **Business Plan 2012-2015**
  - Guidelines
  - Management Actions
  - **Targets**

The targets of the Plan are affected by the scenario dynamics

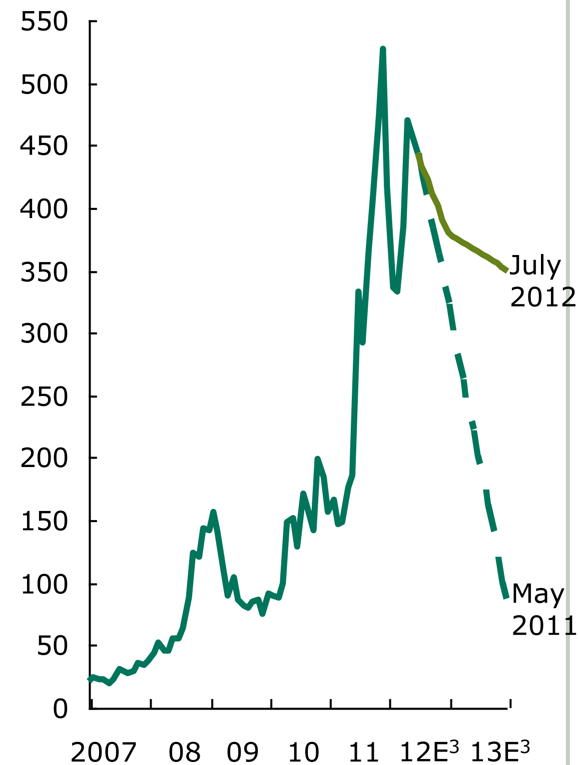
Trend 3m Euribor
%



Loan loss provisions for the industry[1]
Bps



BTP-Bund spread
Bps



[1] Calculated as: provisions and write backs and adjustments/loans
[2] Average yearly estimates
[3] Estimates at the end of the period

SOURCE: Bloomberg; Prometeia

The Plan target "priorities"

Priority	Indicator	2011	2015	Change	CAGR 2011-15 %
Operating costs control	Operating costs (€ Millions)	1,045	978	-6%	-1.6%
Increase income from Value Added Services	Net commission income (€ Millions)	523	615	+18%	+4.1%
Re-balance the loan book	Corporate Loans (excl. Large Corporate) (€ Billions)	19.2	21.1	+10%	+2.4%
Strengthen the liquidity position	Loans/Deposits (%)	102%	97%	-5 p.p.	n.s.
Strengthen the capital position	Core Tier 1 Ratio (%)	8.0%	>9.0%	+100 bps	n.s.

Vs. **average ~8.5% yearly reduction on Large Corporate**

P&L evolution and main indicators

		2011	2015	CAGR 11-15
P&L € Millions	Net interest income	825	~1,035	5.8%
	Net commission	523	~615	4.1%
	Other income	4	~110	130.6%
	Operating income	**1,352**	**~1,760**	**6.9%**
	Operating costs	**1,045**	**~980**	**-1.6%**
	Operating profit	**307**	**~780**	**26.4%**
	Loan loss provisions	483	~330	-8.8%
	Profit before taxes	-707	~450	n.s.
	Net income	**-614**	**~270**	**n.s.**
Main balance sheet indicators € Billions	**Customer loans**	**35.7**	**37.1**	**1.0%**
	Direct funding	**35.1**	**38.2**	**2.1%**
	o/w: customer funding	21.4	23.0	1.8%
	Securities in issue and FV liab.	13.7	15.2	2.5%
	Indirect funding	**32.1**	**37.0**	**3.6%**
	o/w: AUC	19.0	21.3	2.9%
	AUM	13.1	15.7	4.6%
Main ratios	Cost of risk (bps)	135 bps	90 bps	- 45 bps
	Cost/ Income (%)	77.3%	56%	21.3 pp
	ROTE (%)	n.s.	~ 8.0%	n.s.
	Tier 1 Ratio[1] (%)	8.6%	~ 9.8%	+1.3 pp
	Core Tier 1 Ratio (%)	8.0%	>9.0%	+1 pp
	Loans/Deposits(%)	102%	97%	-5 pp
	Headcounts (#)	8,467	~7,800	~ - 700

1 Assuming add-ons removal and Tremonti Bond redemption by 2015

Our short-term commitments

By the end of 2012

- ***Resolution of the issues*** *highlighted by the Regulator*
- ***New organisational structure*** *fully operational*
- ***Spending review***

By mid 2013

- ***New commercial network structure****, segmentation and Hub & Spoke model*
- ***New sales IT platform in the branches***
- ***Merger*** *of* ***Banca di Legnano*** *and* ***Banca Popolare di Mantova*** *in BPM*
- ***Tapping the product companies' skills*** *to better serve Group customers*