The Bank as growth driver

Intesa Sanpaolo develops its offer and services with the aim of generating economic growth for the Bank and the areas in which it operates. The support provided to households, vulnerable social groups as well as to businesses and the public administration, also in times of recession, makes it possible to create new jobs and develop business initiatives and wellbeing for the community by reactivating a virtuous cycle that generates solid and long-term value.
The persistent economic downturn and the consequent slowdown in the production cycle have hindered and in some cases made it difficult to meet the primary needs of families and of the most vulnerable social groups: young people, the elderly and immigrants. Against this backdrop, Intesa Sanpaolo has continued to guarantee innovative financial solutions by also adhering to different types of support initiatives at the banking system level, such as the set-up of guarantee funds and the option of a temporary suspension of the payment of mortgage installments for households affected by job losses or pay cuts.
HOME PURCHASE, CREDIT ACCESS AND FAMILITY SUPPORT

In 2013, there was a high number of requests for renegotiation of the conditions and contractual terms of the mortgages entered into in the last few years. These requests, which highlight the increased difficulties for families to sustain the monthly mortgage cost, were met with a concrete answer: the arrangement of forms of renegotiation - for both fixed rate and variable rate mortgages - with a restructuring of the instalment, the cost of which becomes more sustainable by extending the residual maturity of the mortgage. Over 36,400 renegotiations were completed in 2013, for a corresponding residual debt amount of approximately 1.8 billion euro.

Concurrently, Intesa Sanpaolo entered into some high-profile institutional agreements developed within the scope of ABI’s memorandum of understanding “Percorso Famiglie” (“Family Path”) in collaboration with the Government and Consumer Associations, which entails a harmonised series of subsidies for home purchase, child birth, education, etc. In this framework, the payment suspension of mortgage instalments for households in temporary financial difficulties was implemented by subscribing to the Italian Banking Association’s “Piano Famiglie” (household plan) and to the Ministry of the Economy and Finance’s Solidarity fund for first home purchase mortgages as a result of which the payment of almost 3,200 mortgages was suspended in 2013 alone for a corresponding residual debt amount of around 242 million euro.

In order to meet the requirements of the most vulnerable social groups, such as young people and students, Intesa Sanpaolo adhered to some initiatives promoted by the Youth and civil service Department, such as the subscription to a Fund with an initial budget of 50 million euro, which pursues the objective of allowing young couple or single-parent households to obtain a mortgage for first home purchase. Since 2014, access to the Fund has been available to young people under 35 years of age under a temporary work contract. 47 applications were accepted in 2013 for a corresponding amount of over 5 million euro.

The Serbian bank Intesa Beograd continued to guarantee its support to young couples with low salaries by issuing almost 9 million euro for first home purchase in 2013. A similar initiative is also active in Romania, where the local subsidiary developed an offer targeted at young people renting State-owned homes in order to help them purchase leased residential property and in Slovakia, where VÚB Banka issued almost 230,000 euro loans in favour of newly-married couples.

Still on the subject of loans, “Prestito Nuovi Nati” (“new-born loan”) enabled Intesa Sanpaolo to issue over 10 million euro in 2013, amounting to more than 2,000 applications in favour of households with new-born or adopted children in the years 2012, 2013 and 2014. The initiative benefits from the partial guarantee of a specific fund set up at the Department for Family Policies.

In order to aid the recovery of Italian household consumption, Intesa Sanpaolo launched the “Rata Leggera” (“light instalment”) initiative in early December 2013. Households are already making regular first home purchase mortgage payments are given the opportunity to “lighten” the instalment burden with the suspension of the payment of the principal amount for one year without any ancillary costs. The facility enables to release resources from the family budget which may be allocated to projects or expenditure with a higher degree of confidence.

Prestito della Speranza (A loan for hope)

For the past 5 years, Intesa Sanpaolo has been involved in “Prestito della Speranza”, a micro-finance project promoted by the Italian Episcopal Conference (CEI) in collaboration with the Italian Banking Association (ABI) to support the income of families in temporary difficulties (social microcredit) and to support business activities as well as the creation of micro and small enterprises (business microcredit). For the project, CEI provided a 30 million euro guarantee fund to cover the loans issued by the banks.

In 2013, Intesa Sanpaolo issued over 500 loans to households, amounting to 2.8 million euro and to 19 new family businesses, for a total disbursement of 366 thousand euro. Overall, disbursements amount to over 10.5 million euro since 2009.

Intesa Sanpaolo has implemented the “Anticipazione Sociale” project since 2005, designed for laid-off employees. In 2013 Italian companies continued to make recourse to extraordinary lay-off payments and employees often receive the indemnity from INPS, the Italian Social Security Authority, after 7/8 months following the request. Anticipazione Sociale offers the opportunity to open a time-release credit facility with particularly favourable terms. It can be used until INPS credits the worker’s current account with the salary integration. Through agreements signed with the Authorities and local institutions in Lombardy, Piedmont, Emilia Romagna, Tuscany and Veneto, the worker does not bear any charges as these are covered by the project partners. More than 16,000 households have received almost 78 million euro in financial support from 2006 to date. Since October 2013, the Anticipazione Sociale product for...
the province of Milan also included a social buffer project in partnership with Fondazione Welfare Ambrosiano.

The Group’s International Subsidiary Banks also developed financial inclusion initiatives. Special attention was paid to the women’s world. In Egypt, Alexbank supported a project aimed at the training and employment of marginalised women in local companies or through their own businesses, developed thanks to microcredit. In Serbia, Banca Intesa Beograd continued to disburse loans allocated to the start-up or consolidation of new businesses led by women for a total amount of 87,000 euro (slightly down from 2012). In Croatia, the collaboration between PBZ and Adria Women’s Association for the development of female enterprises through dedicated training initiatives continued, while Slovakia VÚB Banka entered the fourth consecutive year of the project launched with the women’s magazine “Emma” aimed at training future female entrepreneurs, including new high-school graduates, women on maternity leave and unemployed women. The courses, held by bank managers as well, were attended by 15 women. The widespread unemployment issue was addressed with ad hoc products, such as loans inclusive of insurance in the event of job loss or disability due to accidents with the option to defer the payment of instalments in Serbia (almost 20 million disbursed). In Croatia, PBZ collaborates with the Croatian Employment Service for the organisation of professional training courses. PBZ offers a work contract to those who succeed in completing the initiative (43 young people employed in 2013).

PAVING THE WAY FOR THE FUTURE: YOUNG PEOPLE AND STUDENTS

Development of the commercial product mix continued to focus particularly on the very young, for whom special subsidies and dedicated promotions were arranged to facilitate their approach to the world of banking and allow easier financial inclusion. “Superflash” is the umbrella brand dedicated entirely to young people and is characterised by a product mix aimed at meeting their expectations regarding transactional products, lending, savings and welfare plans in a simple manner. Superflash also represents a new communication model for the Bank, which speaks the language of young people through the media they use: a section of the Bank’s website entirely dedicated to the segment, a Superflash Facebook page, which provides support and is also dedicated to product updates, promotions and events, a Twitter page and greater focus on places of social gathering (universities and events) to meet young people and disseminate the Superflash brand. In 2013 alone, over 24,300 loans were disbursed for a total of 254.5 million euro. As regards welfare, the Group considered the importance of dedicating specific facilities to young people. The two solutions launched at the end of 2012 – an open-ended pension fund, “Il Mio Domani” (“my tomorrow”), and an individual welfare plan, “Il Mio Futuro” (“my future”) – are addressed to all customer groups, including the unemployed and temporary workers. The products entail a reduced eligibility threshold which enables access at very low amounts and do not require an initial upfront in the event of TFR (employee severance indemnity) payment by the employer. Around 65 thousand plans have been activated since the launch of the two products.

Bridge Loan, on the other hand, was designed to give university students an opportunity to fund their studies at particularly favourable conditions. It is targeted at students enrolled in one of the partner Universities and its eligibility requirements do not take into account household income, but are solely based on university attendance and merit, without the need for any personal guarantees. To date, there are 20 partner universities, for a total of around 6,000 loans granted and disbursements amounting to approximately 69 million (263 loans in 2013 amounting to approximately 3 million euro). The Slovak bank VÚB also offers products dedicated to young people (loans and mortgages) under special terms. Almost 189 million euro loans were disbursed in 2013, slightly down from 2012. The Bank also continued to issue loans to students who achieved good academic results, amounting to 870,000 euro in total, recording an increase of almost 50% compared to 2012. The Croatian PBZ also provides support to students and in 2013 issued loans to cover university fees and board and lodging costs.

THE RELATIONSHIP VALUE: PROJECTS FOR SENIOR CUSTOMERS

Over time, our senior customers (28% of retail customers in Italy) have developed a long-standing and loyal relationship with the Bank, and they are now expecting to maximise its value: they have been our customers for many years, they have often never changed banks and in many cases Intesa Sanpaolo has also become the family bank. They are also demanding dedicated products that are easy to use and understand as well as safe and useful when it comes to the generational hand-over, in order to ensure that the family’s wealth is transferred in an informed way.

With a view to enhancing and recognising its relationship with senior customers, the Bank launched the “Riconoscimento Senior” (Senior Bonus) programme in April 2013, which includes: special partnerships with clinics and diagnostics practices which apply a direct discount on the service provided; social assistance, welfare and tax services under special terms or free of charge, accessible both locally at ACLI - Christian Associations of Italian Workers centres and through the portal ; opportunities to purchase selected leisure products and services at special rates through the Bonus Intesa Sanpaolo programme. More than 210,300
customers were able to access this programme. Moreover, the offer is broken down into three lines of dedicated products: “Libretto Pensione per Te” (pension for you savings book), “Carta Pensione” (pension card), and “Conto Facile” with a formula dedicated to senior customers. The latter offer proved to be especially popular thanks to the very favourable rate applied to the fee compared to the standard fee, with around 64,500 accounts opened as at 31 December 2013. On the same date, over 18,800 “Libretto Pensione per Te” savings books and around 2,400 “Carta Pensione” cards were issued.

The International Subsidiary Banks also developed several initiatives in favour of senior customers: specific products for pensioners are offered in Serbia (almost 24 million euro disbursed), in Slovenia and in Romania. Loans at favourable rates have already been active since 2011 in Bosnia and Herzegovina, where almost 11 million euro was disbursed in 2013.

A BRIDGE TO THE WORLD: REMITTANCE MANAGEMENT

Our Bank pays special attention to immigrant customers, who represent a large volume (over 635,000 customers). In order to meet these customers’ requirements with regard to the transfer of savings to their countries of origin, Intesa Sanpaolo has developed three complementary services which make the product range comprehensive and competitive in terms of characteristics and costs: Getmoney to Family, which enables to send money to the migrants’ main countries of origin thanks to agreements entered into with local banks; Express to Family, designed to transfer money to Intesa Sanpaolo Group banks located in Albania, Egypt, Romania, Serbia and Ukraine and Money Transfer Western Union, which thanks to its widespread agent network enables to receive money worldwide. In 2013, overall the three services handled more than 87,400 transactions for a total amount of 52.8 million euro remittances.

In the second half of 2013, Intesa Sanpaolo adhered to an ABI (Italian Banking Association) protocol which, thanks to the involvement of the Microfinance Institutions of some of the New Italians’ countries of origin, Money Transfer Operators and Banks, pursues the objective of channelling migrants’ remittances thus facilitating the allocation of savings.

INTESA SANPAOLO AND THE THIRD SECTOR TO CREATE SOCIAL VALUE AND DEVELOPMENT

Intesa Sanpaolo attributes a great deal of importance to the Third Sector, which represents a significant part of the economy and of Italian society: at the end of 2013, over 70,000 Group customers were recorded in the “non-profit” sector, for a total amount of over 2.5 billion euro in loans and around 12 billion euro in direct and indirect deposits. These figures, combined with the projects developed and the offer dedicated to the non-profit segment in the last few years, bear witness to the dynamism of the relations entertained by the Bank in this sector.

In many of the initiatives launched, the collaboration with VoBIS (Volontari Bancari per le Iniziative Sociali), a national non-profit association comprising former bank employees who offer their expertise to citizens and non-profit organisations, providing applicants with mentoring and tutoring activities, proved to be particularly valuable.
The Bank as growth driver

issue of bonds for the development of the non-profit sector and the study of a procurement centre capable of significantly reducing costs and thus enabling the Organisations to focus on their mission in a more efficient manner.

In order to help non-profit organisations find sources of financing for their projects, in 2011 Banca Prossima developed Terzo Valore, a fundraising portal which enables individuals and legal entities to lend money to non-profit projects directly, without the use of intermediaries and with capital repayment guaranteed by the bank.

In addition to the traditional contribution that people can give to the social world – donations – Terzo Valore provides an entirely new method on the Italian scenario: Prestobene, the first loan taken out directly by an individual or non-profit organisation, which will then repay it at an agreed interest rate. In the interest of the utmost transparency, the portal provides a detailed account on the progress of the projects. At the end of the year, 32 projects in the education, religious, social-assistance and cultural sectors were completed. In February 2013, an agreement was signed between Fondazione Cariplo and Banca Prossima for an initiative aimed at the promotion and support of social housing, which will use this Internet platform to access the financial resources not covered by the Foundation’s contribution.

The most significant partnerships with the Third Sector include: Consorzio SPIN-Sport Insieme, a non-profit entity deriving from the collaboration with the leading sports Promoting Entities at national level (ACSI, AICS, ASI, CSI, ENDAS, LIBERTAS, UISP, USACL) to build new sports facilities, renovate or adapt the existing ones to promote the practice of sport in Italy. SPIN credit access model is innovative: the association takes on the risk investing its own capital (minimum 20% of the amount) and undertakes a project study and analysis process together with the Consorzio. Banca Prossima’s credit decisions are supported by SPIN’s certification, which investigates some aspects, such as the investment’s economic and financial sustainability, the cost adequacy and the necessary authorisation process, which are key factors for the success of the project. 15 projects were financed in 2013, for a total amount of about 5 million euro. 50 projects have been financed since 2011 for a total of 17 million euro.

Our willingness to play a part in the social growth of the communities where we operate has resulted in numerous micro-finance projects and initiatives aimed at the prevention of usury, which involved us as partners of shareholders’ foundations and Onlus associations.

Initiatives with high social impact 2013: Italy

Initiatives with high social impact 2013: abroad

In 2013, Intesa Sanpaolo issued loans for high social impact activities amounting to over 3.6 billion euro (1.28% on total loans from commercial activities), contributing to creating business and employment opportunities as well as assisting people in difficult situations in several ways: microcredit; anti-usury loans; loans to the Public Administration to develop socially useful services and activities; credit facilities granted to small and medium enterprises belonging to CONFIDI (consortia or cooperatives for collective credit guarantee); products and services destined to Third Sector associations and entities; products dedicated to the most vulnerable social groups to aid their financial inclusion.
The most significant initiatives entail Intesa Sanpaolo’s participation as partner to Fondazione Lombarda Antiusura and Fondazione Welfare Ambrosiano.

**Fondazione Lombarda Antiusura** has been operating since 1997 to defend individuals or small businesses in financial dire straits or at risk of usury. The Foundation, set up by Cariplo S.p.A. in collaboration with Fondazione Cariplo and Caritas Ambrosiana, provides the guarantees required to cover the credit granted free of charge. The selection of the applications takes place through sector experts, employees or retired members of the Group, who act as a listening and guidance centre in identifying the financing solutions required to remedy critical situations. Thanks to the Foundation – acting as guarantor or to cover interest – 553 entities have been able to gain access to Intesa Sanpaolo loans for a total of over 8.9 million euro since it was set up.

**Fondazione Welfare Ambrosiano**, an entity financed by the Municipality of Milan, which also involves the participation of Fondazione Lombarda Antiusura, entails microcredit initiatives both of a “social” nature to provide income support to households in temporary difficulties and of a business nature, for the creation of micro and small enterprises. The catchment area is essentially the Milan area. Intesa Sanpaolo is one of the four financial partners involved in the initiative: in 2013, it granted 58 loans for a total of around 289 thousand euro. Other two projects, launched in 2011, cover the Piedmont and Lombardy areas in particular:

- the “Microcredito per il lavoro” (employment microcredit), in collaboration with Fondazione Lombarda Antiusura Onlus, is aimed at Italian and foreign individual and family businesses located in the Lombardy Region; the loans are backed by the guarantee of a fund set up by the Foundation which accounts for 90% of the loan.
- the “Finanziamento a valere sul Fondo Regionale di garanzia per il Microcredito – Regione Piemonte assistito da garanzia FINPIEMONTE” (loan to the guarantee regional fund for microcredit – Piedmont Region backed by FINPIEMONTE guarantee), dedicated to newly set-up small businesses and self-employed workers with operational headquarters in Piedmont, for the business start-up phase. The loans are backed by a guarantee of 80% of the capital issued, released by Finpiemonte.

Major initiatives were launched during the year:

- the agreement with Fondazione San Patrignano, launched dated May 2013, which entails microcredit activities for the integration of the San Patrignano Community Youth in the job market. Thanks to a guarantee fund of 250,000 euro established by Fondazione San Patrignano and assigned to Banca Prossima, Intesa Sanpaolo has allocated a maximum of 750,000 euro to grant loans in favour of residents of the Community who wish to start up businesses. The project entails a training stage with the support of Bocconi University and guidance through the first business experience with the 250 “Credit Angels” of Vobis association.
- the agreement with Fondazione San Bernardino (Diocese of Milan): “Fondo Famiglia e Lavoro” (“family and work fund”), a microcredit project promoted in February 2013 by the Diocese of Milan and coordinated by our Bank, which was joined by another 4 banks (Monte dei Paschi di Siena, Banca Popolare di Milano, Unione di Banche Italiane and Credito Valtellinese). The Fund is aimed at facilitating credit access for families from the Diocese of Milan who have lost their main source of income from employment or freelance work but who still retain an income, albeit modest, coming from one of their household members or have a project to generate a household income again. Fondazione San Bernardino, the guarantee fund manager on behalf of the Diocese, is in charge of selecting the Fund subscription applications and, thanks to this guarantee fund, Intesa Sanpaolo is able to issue loans at favourable terms.

The banks belonging to the Banche dei Territori Division also renewed their commitment to supporting the social and business context in which the microcredit projects targeted at the most disadvantaged social groups and to micro-enterprises in difficulty operate and which were activated in collaboration with local Foundations and institutions and Third Sector Associations. Overall, the numerous microcredit and anti-usury initiatives in Italy resulted in disbursements of more than 9.3 million euro.

Numerous projects were launched by our International Subsidiary Banks.

In Egypt, microcredit activities have been developed since 2007, both for loans to individuals who have no access to banks and for the development of small businesses. Thanks to the widespread presence of dedicated branches, the managed portfolio recorded a growth in 2013 compared to 2012 and loans were disbursed for a total amount of over 25 million euro, with an increase of approximately 1.5% on the previous year. Since 2013, Alexbank’s commitment has been included within the scope of a dedicated project - “Bank the Unbanked” – with a view to increasing penetration and diversifying the offer in terms of products (introduction of savings methods, cards, insurance products) and channels (mobile banking).

The agricultural sector is particularly important in Slovenia, where Banca Koper renewed the offer dedicated to this type of customer in order to best adapt to farmers’ specific requirements and their activities, with special reference to seasonal factors. Loans for almost 2.4 million euro were disbursed in 2013. At the end of the year, the Slovenian subsidiary also entered into an agreement with the European Investment Fund in order to launch enterprise microcredit programmes starting from 2014.
NATURAL DISASTERS: OUR SUPPORT TO HOUSEHOLDS AND BUSINESSES

The environmental and social emergencies of 2013 once again saw Intesa Sanpaolo working alongside households and economic operators. Measures were taken both through ad hoc loans and the suspension of the instalments payable for existing loans taken out independently and by promptly adhering to all legal initiatives. In particular, the suspension of the instalments on mortgages and loans was granted and credit facilities were issued following the earthquake in the provinces of Massa Carrara and Lucca, the floods in the Tuscany Region and those that hit the provinces of Matera and Potenza, the tornado that swept across the high and central Polesine region and the one that hit the provinces of Udine and Pordenone, the floods in Sardinia, the blizzard that hit the Belluno area and the bad weather that affected the provinces of Cremona, Mantova and Brescia.

Furthermore, the suspension of repayments of mortgages/loans applied to inhabitants of the Emilia Romagna region and the provinces of Mantova and Rovigo hit by the earthquake in May 2012 was extended to 31 December 2013. A total of 95 million euro was disbursed overall and 639 suspensions were activated, for a corresponding amount of approximately 83 million.

GROWING WITH OUR STAKEHOLDERS: FINANCIAL CULTURE FOR INFORMED CHOICES

A commitment which falls within the realm of the Intesa Sanpaolo Group’s expertise is the dissemination of knowledge related to economic/financial issues, to make people more aware of their financial choices, with special attention to the new generations. The Bank undertook numerous initiatives by providing, without marketing purposes, its experience and advice on asset management and family budget issues.

We adhere to the financial education initiatives promoted in Italy by the PattiChieri Consortium and targeted at students. “L’impronta economica teens” (the teens economic footprint), in particular, is a didactic package which introduces the basic concepts laying the foundation for a first understanding of the economic rules and which provides a final test in the form of a contest entitled “Sviluppa la tua idea imprenditoriale” (“develop your business idea”), where students are asked to come up with a real Business Plan. “Settimane dell’educazione finanziaria” (“financial education weeks”) are also organised for secondary school students and held at different Italian cities.

Another project promoted by Intesa Sanpaolo since the 2008/2009 school year, together with Osservatorio Permanente Giovani-Editori (Permanent Observatory Youth and Media), is “Cultura finanziaria a scuola: per prepararsi a scegliere” (“financial culture at school: get ready to make choices”). Developed within the scope of the Il Quotidiano in Classe (Daily newspaper in the classroom) initiative, the project provides useful information support tools to make informed choices about one’s future and foster a culture geared towards responsible citizenship. The initiative relies on a series of tools: a “Workbook,” prepared with the involvement of Intesa Sanpaolo Research Department, to support lecturers in conducting the learning activities; video clips; an annual training meeting for lecturers with the participation of university professors, Bank’s representatives and training experts. For further information, visit the Observatory’s website.

Within the scope of the collaboration with Consumer Associations, the project “Mettere in comune competenze” (skills pooling) was launched in 2011, with a four year plan, which stems from the Bank’s intention to improve the mutual knowledge and collaboration skills to the benefit of customers and consumers. The project is set out in four stages: the training of Consumer Associations’ managers, the development of a training plan targeted at all Intesa Sanpaolo employees which was held in 2013, the meetings on the territory which will involve both local organisations from the Associations and Intesa Sanpaolo’s Regional Governance Centres. In the last phase of the project, the Intesa Sanpaolo Group’s top managers and the Associations’ managers will pool together their skills and guidelines in a series of meetings specialised by key business area, such as retail, legal and customer service.

The Group’s International Subsidiary Banks also gave rise to numerous financial education initiatives which involved different segments of the population. In Serbia, Banca Intesa Beograd promoted a project on the credit sector for secondary school students in collaboration with the local network of the United Nations Global Compact. In Slovenia, Banca Koper continued to pursue the digital literacy programme for elderly people in collaboration with Università Popolare di Capodistria to aid access to banking services through the use of new technologies. In Hungary, CIB Bank participated in the “Finance Compass” programme launched by the Hungarian Bank to raise awareness among citizens as to the financial issues associated with day-to-day life through the publication of press articles. In Slovakia, VÚB Banka has proposed for several years a training project targeted at primary school students which is based on the use of an interactive online game to disseminate basic concepts on the world of finance and make children more responsible towards the use of money.
Support to the business system

**ACHIEVEMENTS IN 2013**

<table>
<thead>
<tr>
<th>2013 OBJECTIVE</th>
<th>RESULTS</th>
<th>STATUS</th>
</tr>
</thead>
</table>
| **Support to new businesses and employment:** new credit lines addressed to Small Business customers and aimed at supporting new businesses | • Support to more than 4,500 new business activities with almost 450 million euro of medium/long-term loans and over 19,000 new businesses with 578 million euro of new short-term loans.  
  • After the launch of an Agreement with Ente Cassa di Risparmio di Firenze in 2012 to support employment, in 2013 the project was extended to the territories of Foligno, Spoleto and Pistoia and enabled the disbursement of more than 100 loans amounting to almost 6.2 million euro.  
  • Collaboration with the leading credit guarantee consortia continued. To date, over 83,000 outstanding guaranteed loans have been granted, for a corresponding amount of approximately 4.7 billion euro | ![ ] |
| **Innovation and Start-up:** Undertaking of initiatives to assist start-ups and developing companies | • Intesa Sanpaolo StartUp Initiative continued its acceleration process for growing businesses: more than 60 editions in four years. 101 start-ups were presented to investors in 2013.  
  • Nova+: loans for business innovation amounted to over 360 million in favour of 333 initiatives. | ![ ] |
| **Business development agreements:** Definition of a new agreement with Confindustria focused on size growth, internationalisation and new businesses | • New Agreement with Confindustria Piccola Industria entered into in March 2013: 10 billion euro were allocated to support SMEs.  
  • New 2013 ABI (Italian Banking Association) credit agreement updating the loan payment suspension and extension measures provided for by the previous agreement. The transactions subject to suspension were more than 12,700 overall for a total residual debt amount of over 3 billion and around 490 million of extended debt. For the extensions, the accepted applications were more than 1,000 for a total residual/deferred debt of over 337 million, while recapitalisation loans were 39 for a total amount of 14.4 million. | ![ ] |
CREDIT ACCESS AND SUPPORT TO NEW ENTREPRENEURSHIP

In March 2013, Intesa Sanpaolo entered into a new agreement with Confindustria Piccola Industria which envisages the allocation of a 10 billion euro credit line, 200 million of which is dedicated to new business projects. The collaboration, launched in 2009, was focused on the dialogue between businesses and the Bank and on SME credit access through credit facilities. The areas considered to be of strategic importance to recovery include: international business development, size growth and new high quality business projects. The agreement also confirms the Group’s offering in these three areas: innovation and research, business networks and other forms of collaboration, energy efficiency and environmental sustainability. The enhancement of local characteristics is also of pivotal importance: the Local Delegates for the implementation of the agreement (between the Bank and Confindustria) are tasked with disseminating its content at the local level. Tavolo Nazionale di Coordinamento e Monitoraggio analyses the requests and demands coming from the local areas and combines the best experiences achieved at the local level. 17 regional meetings were held in 2013, for a total of approximately 90 agreements entered into with Confindustria’s provincial and regional associations.

AdottUP

The AdottUP project was created with a view to the promotion of new high quality enterprises: the Confindustria Piccola Industria programme for the adoption of start-ups, of which Intesa Sanpaolo is a strategic partner. AdottUP turns the best entrepreneurial ideas into sustainable businesses thanks to the training provided by established companies which become their “tutors” and guide them through their development. Intesa Sanpaolo gathers business idea applications, submits them to a joint Committee (Intesa Sanpaolo and Confindustria) which evaluates them, selects them and provides high level training and work areas, and creates the “Vetrina delle migliori idee” (showcase of the best ideas) to: a dedicated area on Confindustria’s website which provides members with an overview of the best projects, thus enabling them to review the selected ideas and apply to become their “tutors”. 160 business ideas were submitted and evaluated from April to October. 65 of these were selected by the Committees and contacted for further information.

In addition to the specific support (including NeoImpresa, Officine Formative and StartUp Initiative), Intesa Sanpaolo also provides credit lines both for the tutor company and for the tutee.

In 2013, overall Intesa Sanpaolo provided support to more than 4,500 new business activities with almost 450 million euro of medium/long-term loans (including the new “Finanziamento NeoImpresa” (NeoImpresa Loan), specific for start-ups) and over 19,000 new businesses with around 578 million euro of new short-term loans.

OFFICINE FORMATIVE (OFF) 

Officine Formative is Intesa Sanpaolo’s project that provides unemployed students and potential entrepreneurs with a free training course to learn the features necessary to transform a rough idea into a potential business. The course is split in two phases: Think it, online modules for basic skills transfer and Make it, modules by attendance to develop the skills to transform business ideas into companies. At the end of the course, the best business ideas arising from the workshop activities and satisfying the necessary requirements can access the Start-up Initiative selection.

NEO IMPRESA 

To overcome the difficulties in accessing the job market, Intesa Sanpaolo has created the Neo Impresa portal. The portal supports people wishing to start up a business or take over an existing business, and helps to identify available private and public financing. NeoImpresa is divided into three sections, each corresponding to a crucial step in starting a business initiative: from creation of the idea (“Think it”), to its planning and economic assessment (“Make it”) and on to the proposal of a dedicated banking product and an indication of ordinary and alternative funding sources such as tenders and subsidies (“Finance it”).

In September, Intesa Sanpaolo also entered into the agreement signed by ABI and the Business Associations, which identifies measures in favour of Small and Medium Enterprises. In an economic downturn scenario, the agreement aims to guarantee the availability of adequate financial resources for SMEs which, despite the liquidity tensions, are still showing positive prospects of development and going concern assumptions. The agreement reproposes measures aimed at the suspension and extension of loans similar to those already provided for by the New Measures relating to Credit for SMEs of February 2012 (agreement terminated on 30 September 2013). As regards both agreements, the transactions subject to suspension were more than 12,700 overall for a total residual debt amount of over 3 billion and around 490 million of extended debt. For the extensions, the accepted
applications were more than 1,000 for a total residual/deferred debt of over 337 million, while recapitalisation loans were 39 for a total amount of 14.4 million.

AGREEMENT WITH ENTE CASSA DI RISPARMIO DI FIRENZE: “SVET, SVILUPPO ECONOMICO DEL TERRITORIO” (LOCAL ECONOMIC DEVELOPMENT)

In September 2012, the Bank launched a type of local employment support by involving SMEs and craftsmen from the Provinces of Florence, Arezzo and Grosseto that have been in business for at least two years. The aim of the project is to put in place measures capable of slowing down the reduction in employment levels by supporting investments in the sectors with the greatest growth opportunities. The Entity allocated a credit line of 4.8 million with Cassa di Risparmio di Firenze by waiving its remuneration for a 5-year period: this enabled the bank to issue 5-year unsecured loans at especially low fixed rates. The project sets the example of a partnership model with local foundations and in 2013 it was developed also with Fondazioni Cassa di Risparmio di Foligno, Fondazioni Cassa di Risparmio di Spoleto and Fondazioni Cassa di Risparmio di Pistoia. Overall, almost 100 loans were disbursed totalling about 6 million euro.

AGREEMENTS WITH CONFIDI AND BUSINESS ASSOCIATIONS TO AID CREDIT ACCESS

The Intesa Sanpaolo Group collaborates with the leading guarantee consortia which release guarantees on loans issued with hedging that generally does not fall below 50%, thereby providing small and medium enterprises with easier credit access. To date, over 83,000 guaranteed loans have been granted, for a corresponding amount of approximately 4.7 billion euro. Some of these guarantee consortia also entail anti-usury operations (see chapter Financial inclusion and economic empowerment).

BUSINESSES: NETWORKING TO OVERCOME SIZE LIMITATIONS

The relaunch of business competition can make use of the synergies offered by innovative business combination tools. For this reason, with the support of specialist Mediocredito Italiano expertise and the involvement of the main institutions and business associations, Intesa Sanpaolo has promoted targeted actions to promote the dissemination of awareness of this specific issue among business owners and has provided full support to networking projects promoted by Banca dei Territori. The service model dedicated to the development of business networks led to the setup of a “National Observatory” by the Research Department in partnership with Mediocredito Italiano and the Business Marketing Department, with the aim of assessing the positive effects of the network system on business performance and, in more general terms, on the competitiveness of the Italian production sector. The studies conducted as part of the National Observatory gradually extend to other areas through the setup of Regional Laboratorios involving local Associations and Institutions in order to provide concrete support to the local areas, both in terms of financial offering and advice to entrepreneurs and in terms of raising awareness among Institutions on specific industrial policy actions in support of the competitiveness of the local economy. The fourth National Observatory describes the second half of 2013 as a turning point, with a record of 389 new network contracts and 1,555 companies involved. At the end of December, the networks recorded at the Chamber of Commerce were 1,353 for a total of 6,435 member companies

INNOVATION FOR GROWTH

Innovation is the strategic key to a competitive repositioning of companies on the global market and represents one of the main levers available to generate growth and new jobs. Our offer includes financing, assistance and advisory services through specialised dedicated structures.
The Bank as growth driver

Nova+ loans

The Nova+ financing programme continued to support Italian companies investing in innovation and research. More specifically, Nova+ supplements the traditional creditworthiness analysis with a technical and business assessment of the investment plans, conducted by a team of engineers specialised in the various product sectors and with in-depth knowledge of technology trends. In this regard, Mediocredito Italiano continues to make use of partnerships with a number of reputable Italian universities which offer their technical and scientific support to assess the technological risk of the more complex and ambitious projects.

Two new loan facilities were activated in 2013, namely “Nova+ FNI Disegni” and “Nova+ FNI Brevetti”, supporting the industrialisation plans of SME’s models, design and patents through loans included in a portfolio of operations backed by a guarantee on the funds of the Italian National Innovation Fund.

Over 360 million euro loans were disbursed overall for 333 initiatives in 2013.

<table>
<thead>
<tr>
<th>Year</th>
<th>Projects financed</th>
<th>Disbursements €/000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>244</td>
<td>467,618</td>
</tr>
<tr>
<td>2012</td>
<td>291</td>
<td>369,140</td>
</tr>
<tr>
<td>2013</td>
<td>333</td>
<td>360,091</td>
</tr>
</tbody>
</table>

SERVICES TO COMPANIES FOR ACCESS TO EUROPEAN FUNDING

IntesaSanpaolo Eurodesk is the Intesa Sanpaolo Group company based in Brussels and Milan which provides assistance and advisory services to companies wishing to access European Union funding opportunities, with a particular focus on research and development and innovation.

The company also acts as partner in the research and innovation projects funded by the European Commission, thus involving the Group right from the initial stages of development of the project ideas and enabling it to better evaluate the relative risks and potential. This activity aims to facilitate the dialogue between the financial, business and academic worlds. Through its specialist desks, Intesa Sanpaolo Eurodesk monitors EU policy in the strategic business sectors for European competition, i.e. agro-food, health, renewable energies, IT and communications, and collaboration with third party countries, guiding relations with the sector stakeholders (businesses, universities and European institutions). The Desks rely on a communication channel available for free on the company’s website, where news, tenders and events concerning European policies and funds are accessible to the general public.

Intesa Sanpaolo Start-Up Initiative

The Bank continues its acceleration process for growing businesses: a structured and continuous process of research, training, selection and presentation to investors of high-tech start-up companies, which in four years has seen more than 60 editions, increased the number of countries, technologies and business sectors, and developed partnerships worldwide with the Global Social Venture Competition of Berkeley University and in Italy with the Università Cattolica/Altis and the San Michele Valore Impresa Association, in partnership with Banca Prossima.

Three years on from the launch, 39 Italian editions and 24 international events have been held. Of over 2,100 start-ups involved, 591 took part in training courses and 454 met with more than 5,000 Italian and international investors. For the start-ups these meetings generated around 2,400 statements of interest from potential investors, identifying 65 “success stories” among the companies they met.

The activity conducted by Fondazione Ricerca e Imprenditorialità continued with a number of leading Italian industrial groups (Telecom Italia, Enel, Finmeccanica) and top research centres (Italian Institute of Technology - IIT, Fondazione Politecnico di Milano, Scuola Superiore Sant’Anna di Pisa), in order to support the growth of companies in the high-tech sectors, through entrepreneurial training, development and industrial tutoring. 123 service subscription requests have been processed to date. Intesa Sanpaolo also participates in the project by integrating all the initiatives already undertaken by the Bank in order to provide assistance and consultancy to SMEs, Start-Ups, and university spin-offs with the Foundation’s activities. In particular, the Bank pools together all the experience acquired, including that through Intesa Sanpaolo StartUp Initiative. The specialist technological desk, Technological Opportunity Proposal, is dedicated to large companies and,
according to an open innovation approach based on the capacity to seize upon the best opportunities beyond the corporate context, proposes to customers investment opportunities in growing companies that produce innovative technologies. In 2013, the portfolio of customers involved in the ICT, Media, Cleantech and Industrial sectors was expanded, encompassing 90 of the leading Italian and European companies.

**PROMOTING BUSINESS SUSTAINABILITY: ETHICAL FUNDS AND ACTIVE SHAREHOLDING**

Intesa Sanpaolo is aware of the positive influence that major institutional investors and banks are able to exert in the activation of sustainability dynamics among the companies they invest in or liaise with. The choice to establish a dialogue with the portfolio companies, to select virtuous issuers, to exercise voting rights or participate in working groups with international organisations in order to contribute to drafting rules, regulations and research, translates into the influence that the investor exerts in the life of companies and in its ability to have a partial impact on the development and growth policies with attention to economic, financial, environmental and social sustainability.

**ISSUE OF INTESA SANPAOLO BANCA PROSSIMA SPECIAL SERIES BONDS**

In October 2013, Intesa Sanpaolo issued “Banca Prossima Special Series” Bonds, aimed at establishing funds to be used for financing Third Sector entities. In view of the peculiar allocation of the funds collected, the Bonds are issued at lower rates than those normally adopted for securities with the same characteristics in terms of rate type and maturity. The funds collected will be entirely transferred by Intesa Sanpaolo to Banca Prossima and will be used solely for the purpose of financing non-profit organisations. The return on the bonds has lower values than those normally adopted on the market; the higher cost incurred by the investor in terms of lower return will be entirely transferred to the benefit of the borrower.

**ETHICAL FUNDS**

Investments in ethical funds are selected on the basis of positive criteria (inclusive principle) to identify the presence of good social and environmental governance in companies or institutions under analysis and negative criteria (exclusive principle) for those areas of activity that are considered to be in contrast with the ethical principles asserted by the funds. The “best in class” principle is also used to identify companies that, in certain markets at risk, stand out for their social-environmental initiatives. Environmental screening is entirely subject to the principle of “best in class” given that all the companies listed with major capitalisation have a notable impact on the environment, and this principle facilitates the selection of the most “virtuous” securities.

During 2013, the application of these criteria led to a variation in the investible universe, and consequently the inclusion or exclusion of certain issuing bodies from the fund portfolio. The reasons for inclusion comprise programmes to reduce greenhouse gases, the protection of biodiversity, the use of clean technologies, the involvement of suppliers and protection of minorities in the workforce. The reasons for exclusion include involvement in the arms sector, the breach of anti-trust rules, accounting fraud and discrimination in the granting of loans. The exclusions for 2013 were related to 18 companies for environmental issues, labour law disputes on fair conduct in market competition, product safety or exposure to controversial sectors.

**Share Ownership**

The share ownership practices target large institutional investors that request them. This activity translates mainly to engagement practices involving direct communication with the management boards of investee companies, posing questions and notes on topics of particular interest to customers on social, environmental and corporate governance issues.

The FAPA - one of the primary pension funds of Intesa Sanpaolo personnel - is the first in Italy to adopt a share ownership strategy, interacting directly with a number of large companies included in the portfolio. The dialogue focused on the chain of suppliers and allowed assessment of the companies’ conduct and recommendations for improvement measures. Thanks to this activity, in 2013, the FAPA won the award for best responsible investor in Italy and adhered to the Principles for Responsible Investment, the sustainable investment principles set forth by the United Nations in 2005 and which involve the participation of companies for a total amount of 30 thousand billion dollars of assets under management.
FONDITALIA ETHICAL INVESTMENT

Fonditalia Ethical Investment is the socially responsible investment solution of the Fideuram Group which integrates income objectives with financial sustainability and social value aspects. The sub-fund invests in the bonds of those States that stand out for the special focus on social and environmental issues, in bonds issued by Supranational Bodies in favour of developing economies and in funds specialised in microfinance, and in fair trade funds and similar instruments targeting sustainable development.

An Ethics Committee composed of managerial and other professionals with proven experience in social, economic, environmental and financial sustainability, as well as qualified academic professionals, is tasked with verifying consistency between the actual fund portfolio composition and the ethical principles characterising the same, thereby formulating, where applicable, its own opinions on the ethics of the investments.

A further element characterising the ethics behind the sub-fund is given by its commitment to supporting scientific research, through the placement of share units and through the donation in favour of the AISMI and its Foundation (FISM), the amount of which is proportional to the fund fees.

The sub-fund assets as at 31 December 2013 amounted to 23,091,952 euro.

SUPPORT TO PUBLIC ADMINISTRATION AND SOLUTIONS TO GUARANTEE LIQUIDITY TO CREDIT COMPANIES

The factoring of receivables to the Public Administration is a rather complex and at the same time highly relevant issue, especially in view of the large volume of receivables that companies claim against central and local public Entities and the major payment delays accumulated in that regard. As at 31 December 2013, 135 SME applications were received relating to the factoring of receivables to the Public Administration for a total of more than 4.5 million euro.

In 2013, in order to meet the liquidity requirements of the Public Administration’s suppliers, it was decided to carry out an organic review and simplification of the regulations on the matter of Factoring of Receivables to the Public Administration, thereby supporting and raising the Network’s awareness with regards to this opportunity. In addition to simple advance on receivables, it was also decided to provide the option of “without recourse” factoring, a method which enables the company to assign receivables without being held liable for the debtor’s default, if any. Specific agreements were entered into with numerous Local Entities all over Italy, including the Municipalities of Florence and Varese and the Provinces of Alessandria, Padova, Ravenna and Pesaro-Urbino, Matera and Nuoro. This was also the context for the renewal of the agreement with Roma Capitale for the factoring without recourse of receivables claimed from the Municipality by cooperatives that provide personal and community services, such as associations that support the disabled and elderly, day-care centres and park maintenance services.

With regard to urban and local development projects, we note the subscription by the Bank – acting as lead arranger of a pool of banks – of the loan to Arexpo for the purpose of acquiring the areas and covering the infrastructure costs relating to the venue destined to host the universal event Expo 2015 “Nutrire il pianeta. Energia per la vita” (Feeding the Planet – Energy for Life). The International Subsidiary Banks of the Intesa Sanpaolo Group also put in place initiatives to provide support to the Public Administration. In Serbia, Banca Intesa Beograd activated credit lines in collaboration with development banks in order to finance socially useful projects such as the construction of crèches, animal shelters and gyms for elementary schools, the reconstruction of roads, the management of waste and water systems. In Croatia, PBZ participated in the national railway financing for the purpose of modernising the infrastructure system and the local roads and motorways for the creation of new links.
Green economy development

ACHIEVEMENTS IN 2013

<table>
<thead>
<tr>
<th>2013 OBJECTIVE</th>
<th>RESULTS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green loans: Adeguamento dei prodotti ambientali rivolti alla clientela small business per l’efficientamento energetico</td>
<td>The adaptation of environmental products addressed to small business customers will be implemented during 2014, since 2013 marked a year of regulatory changes regarding environmental matters, which terminated towards the end of the year. For this customer segment (small businesses and professionals), in 2013 medium and long-term loans continued to be granted to support projects related to the use of photovoltaic panels, biomass and hydroelectric plants and energy efficiency measures.</td>
<td>□</td>
</tr>
</tbody>
</table>

Innovation of the offer targeted at businesses for energy saving and the use of renewable energies

- Within the scope of the “sustainable energy programme”, Mediocredito Italiano provides tailor-made financial solutions and specialised advisory services dedicated to businesses investing in plants for the generation of energy from renewable sources or in energy efficiency processes. 164 loans for a total of over 213 million euro were disbursed in 2013.
- In 2013, 120 contracts were signed for the “Leasenergy” and “Leasenergy 20-200” products for a total of around 250 million euro. As part of its activities in support of green energy development, Leasint entered into 1,787 lease contracts overall, thus contributing to the construction of renewable source energy production plants totalling more than 2.2 Gigawatt.
- In the first months of 2013, Leasint completed an innovative product to support the offer from Energy Service Companies aimed at updating public lighting systems. Although the amounts financed so far are still modest (contracts entered into for 6 million euro with additional 8 million euro pending resolutions), the model presents some very interesting characteristics for all key players and paves the way for the renovation of public facilities.
- Corporate energy loans: Banca Prossima provides credit support to the energy efficiency projects of non-profit Organisations.
PRODUCTS AND SERVICES FOR THE ENVIRONMENT

The pursuit of the sustainability of their own environmental choices is an increasingly pressing issue for those companies that are aware of the impact that could potentially be generated either directly or indirectly by their business activities. Intesa Sanpaolo considers environmental protection as an integral part of its business strategy and for years it has been committed to promoting responsible resource management in order to reduce its carbon footprint and evaluate – with the utmost care - the consequences of its economic activities on the environment. The responsibility towards the territory and the community thus implies an integrated approach encompassing all areas of the Bank’s operations and proves to be all the more significant in consideration of the very role played by the Bank as financial intermediary.

In order to boost and support the green economy, over the years Intesa Sanpaolo has developed a wide and diversified range of financing and advisory products dedicated to all types of customers, whether in Italy or abroad. Moreover, according to the study presented by ABI’s Renewable Energies Observatory, the sector that made the largest investments in Italy during the crisis was the Green Economy, so much so that from 2007 to 2011 the banking system financed projects for around 25 billion euro, to which the Intesa Sanpaolo Group contributed approximately 10 billion euro.

In terms of personal loans to retail customers, in 2013 about 181 “Prestito Multisito esigenze ecologiche” loans were disbursed for a total of approximately 9.8 million euro. In the second half of the year, a new financing solution was launched for environment-friendly customers: the “Mutuo Domus - Case prefabbricate in legno” loan, which is granted for the purchase, construction or restructuring of pre-fabricated wooden homes.

With reference to Small Business and SME customers, in 2013 medium and long-term loans continued to be granted to support projects related to the use of photovoltaic panels, biomass and hydroelectric plants and energy efficiency measures.

Loans in the photovoltaic sector are still showing a downward trend both as a result of the difficult economic period and owing to the dramatic reduction in public incentives. In particular, with reference to SME customers, the number of loans is in line with the previous year, but they are dedicated to smaller scale projects, which led to a decrease in the total amount of disbursements by over 70%.

Within the scope of the Sustainable Energy programme, Mediocredito Italiano provides “tailor-made” financial solutions and specialised advisory services dedicated to businesses investing in plants for the generation of energy from renewable sources or in energy efficiency processes. The offer is targeted at companies operating in any sector, excluding arms, and is set out in five credit lines: Photovoltaic, Bioenergy, Hydroelectric, Wind Power, Energy Efficiency.

The Sustainable Energy Programme stands out for the contribution by the Energy Desk, a team of specialised professionals capable of: supporting entrepreneurs both during the evaluation phase of the project specifications and during the construction of the financial structure of the transaction; evaluating projects from a technological and environmental as well as from an economic and financial point of view; selecting technical and industrial partners, and guiding entrepreneurs through the processes required in order to access the incentives available.

A significant number of loans for plants designed to produce energy from renewable sources were disbursed through the Intesa Sanpaolo Group companies dedicated to leasing transactions. In 2013, with the “Leasenergy” and “Leasenergy 20-200” products, 120 contracts were entered into for a total amount of approximately 250 million euro, down from 2012. Overall, 1,787 lease contracts were entered into, contributing to the construction of plants for the production of energy from renewable sources, amounting to over 2.2 Gigawatt. In addition, Leasint is in the process of extending its offer and, in the first months of 2013, it completed an innovative product to support the offer from energy service companies aimed at updating public lighting systems. By entering into a lease contract where it acts as User, the Energy Service Company obtains the resources necessary to finance the renovation of the public lighting facility according to the most advanced sustainability criteria. Thus, the Energy Service Company is able to provide the client with a public lighting service which includes both the construction of the new plant and its maintenance. The technology used makes it possible to contain costs and obtain a new plant with lower environmental impact (as a result of the fact that less energy is absorbed). Although the amounts financed so far are still modest (contracts entered into for 6 million euro with additional 8 million euro pending resolutions), the model paves the way for the renovation of public facilities.

Agrivventure, an Intesa Sanpaolo Group company dedicated to the agricultural, agro-food and agro-energy sectors, provides consulting services to businesses in the production chain, from the primary industry to initial transformation. Thanks to Agrivventure’s expertise, in 2013 an important convention was held in collaboration with the Cuneo Chamber of Commerce on the way the exploitation of renewable energy could lead to long-term benefits for the territory, with a driving effect on the entire national economy.

Banca Prossima supports the energy efficiency projects of non-profit Organisations (NPO) with solutions that help customers optimise the financial flows generated by the investment and thus reduce financing costs. Through the collaboration of Fondazione per l’Innovazione del Terzo Settore (Foundation for the Innovation of the Third Sector) (FITS!) and of Gestore Servizi Energetici (GSE) a
At the beginning of 2014, an agreement was entered into between Fiper, Federazione Italiana dei Produttori di Energia da fonti Rinnovabili (Italian Producer of Renewable Energy Federation), and the Intesa Sanpaolo Group for the support and development of the production activities tied to the wood-energy sector (biomass and biogas district heating systems). The agreement, which currently involves solely the sector companies operating in Lombardy, where a large number of plants is located, will subsequently be extended to other regions as well. Fiper gathers 83 virgin wood biomass district heating plants at the national level, representing almost the entire group of the plants in Italy and 22 biogas plants. In addition to the traditional products and services dedicated to businesses, the partnership agreement also entails specific financial instruments for companies operating in the agricultural and renewable energy sector, as well as financial support to investments in modernisation, farming reconversion and requalification of the production chain, investments in fixed plants and machinery and improvement measures (e.g. property upgrade, purchase, construction and renovation).

In an especially difficult economic context that is increasingly depleting the resources available to individual States for infrastructure and social measures, the availability of Structural Funds has acquired an increasingly strategic importance and their timely and efficient use has become more and more challenging. Equiter is among the Group companies that have already taken on this challenge for some years: aside from committing its own venture capital in the environment, infrastructure and utilities sectors, it also manages three closed-end funds, established with a capital base of approximately 190 million euro from the European Regional Development Fund, dedicated to financing urban development and energy retrofit projects. Within the scope of the Jessica initiative, established with the support of the European Investment Bank and the Sicily, Sardinia and Campania regional authorities, Equiter selects projects capable of repaying the loan amount thereby helping to overcome those inefficiencies and gaps in the market which prevent the possibility of obtaining sufficient funding. The projects can include a wide array of measures: urban redevelopment, the revitalisation of disused or deteriorated areas, the upgrade of mobility systems, the creation of urban parks and social gathering centres or the improvement of energy efficiency. These measures must be implemented in strict adherence to the values enshrined in the Union’s scope of action: social inclusion, sustainable growth, environmental protection, dissemination of legal, safety-conscious actions.

The activity of the Internet portal Impres@mbiente also continues: a tool dedicated to companies wishing to adopt a “green” approach to their business activities, allowing customers to promote the products and services they offer to their potential customers. The Group’s International Subsidiary Banks also provide a wide range of products and services in support of the green economy. In 2013, Privredna Banka Zagreb
In 2013, over 0.4% of the total receivables from Intesa Sanpaolo’s business activities referred to renewable energy, agriculture and environmental protection sectors, for a total of around 1.2 billion euro.

**Loans for energy efficiency and renewable energy: Italy [%]**

- 23% Leasing
- 5% Public finance
- 14% Project finance
- 40% Businesses
- 1% Retail
- 17% SME's

**Loans for energy efficiency and renewable energy: abroad [%]**

- 29.87% SME's
- 44.32% Retail
- 25.13% Project finance
- 0.67% Public finance

**ENVIRONMENTAL CULTURE**

Raising awareness both inside and outside of the Bank as to the importance of protecting the environment and promoting good practices is one of the primary objectives of Intesa Sanpaolo’s Environment and Energy Policy. Employee training and awareness-raising actions involved the continued dissemination of the “Ambientiamo” platform, which promotes good practices to be implemented both at home and in the office through educational games, videos, quizzes and multimedia insights into specific topics. In 2013, it was enriched with a module dedicated to the products that the Intesa Sanpaolo Group offers in support of the development of renewable energy, energy savings and environmental sustainability. This tool proved to be very popular among employees, both from a professional and personal point of view: from 2010 to date, the training modules have been accessed around 90,000 times.

An e-learning course is available to employees working in the central units and in the operating units involved in the application of the Environmental and Energy Management System. The course provides an insight into the objectives of the System, the requirements of the international reference standards and their application within Intesa Sanpaolo. Over 1,000 people have been trained over the past few years.

People operating outside of the Bank who are interested in the application of the System are also made aware of this issue: maintenance and cleaning companies, contractors of works for the outfitting or renovation of operating units, providers of goods and services operating within the Bank’s premises. In the 2012-2013 period, meetings were held with the managers of 30 service companies, during which the good practices implemented within the Bank’s premises and the regulatory requirements – with which suppliers are not always familiar – were highlighted.

Other awareness-raising actions, targeted at a wider
Tutte le strutture aziendali interessate alla tematica ambientale si ritrovano regolarmente attorno al “Tavolo Verde”, gruppo di lavoro interfunzionale coordinato dall’Unità CSR, che affronta di volta in volta tematiche di attualità sul tema e offre uno spazio di condivisione delle novità normative e delle best practice interne.

Nel corso del 2013 sono stati realizzati tre incontri focalizzati rispettivamente sull’efficienza energetica (nuovi prodotti e approfondimento della normativa), sulla valutazione del rischio ambientale nell’erogazione del credito e su nuove iniziative e servizi della Banca a favore della green economy.

The October 2013 edition of the Report analysing industrial sectors, the result of the collaboration between Intesa Sanpaolo Research Department and Prometeia dedicated a focus to the subject of the impact of environmental certifications on business performances. The dissemination of voluntary environmental protection tools (ISO 14000, FSC, EMAS, Biological) appears to be a rather significant phenomenon in the Italian manufacturing sector: around 7% of companies, equal to slightly below 30% of the manufacturing turnover, appears to have adopted those tools and is showing a level of attention to environmental issues which is not to be taken for granted in the highly difficult last few years. In the 2008-2011 period, these companies recorded better performances both in terms of growth and profitability: therefore, environmental protection appears to have translated into a benefit both in terms of cost reduction and market opportunities for the companies that supported it. These companies are equipped with a complex set of strategies, where the choice of a greater focus on the environment is combined with an array of other strategic levers: indeed, these companies focus greater attention not only on the environment issue, but also on technology, quality, marketing and internationalisation, which, thanks to a better strategic positioning, have gained importance in the Italian manufacturing sector.

The in-depth analysis was presented to the public in October 2013 at a Convention dedicated to “I settori industriali al 2015. Competitività e ambiente: due sfide per la ripresa” (Industrial sectors in 2015. Competitiveness and environment: two challenges for recovery). The round table was attended by entrepreneurs and managers who confirmed that, in the concrete operations of their respective companies, the attention to the environment turned into a competitive lever, promoting technology innovation and the relationship with the market.

Research and Innovation

The Intesa Sanpaolo Group, through its subsidiary Intesa Sanpaolo Eurodesk is actively engaged in technology research and innovation projects co-financed by the European Commission.

Intesa Sanpaolo Eurodesk is a partner of five European projects in the energy and environment sector:

- EC2 (Europe – China Clean Energy Centre), which aims to create a Euro-Chinese Centre dedicated to Clean Energy;
- FC DISTRICT (New μ CHP technologies for energy efficient and sustainable districts), which aims to develop the prototype of an energy-efficient district by exploiting small power generators based on micro-cogeneration and placed near the end users;
- E-HUB (Energy-Hub for residential and commercial districts and transport) which aims to develop an integrated system of renewable energy sources and microgeneration,
- NEED4B (New Energy Efficient Demonstration for Buildings) to develop an easily repeatable methodology for the design, construction and maintenance of new low energy consumption buildings;
- VERYSCHOOL (Valuable Energy for a smart School), which aims to develop ad hoc ICT solutions to manage energy consumption in schools.

Environmental protection: from cost to opportunity

The audience, are conducted through the participation in initiatives promoted by entities or organisations both in Italy and abroad. Intesa Sanpaolo takes part each year in RAI’s Radio2 broadcast “M’llumino di meno”, “World Environment Day”, “EU Sustainable Energy Week” and “European Week for Waste Reduction” with communication campaigns that target customers through the use of IT tools available on the ATMs, the website and at Branches.

The International Subsidiary Banks also promoted training and communication initiatives and projects on environmental matters. They all adhered to the “World Environment Day” with original initiatives aimed at raising awareness among customers as well as among employees and their families. On that occasion, Alex Bank promoted a campaign entitled “A touch of Green” aimed at sharing environmental tips and suggestions among colleagues. The Earth Hour campaign promoted by the WWF was also highly popular in terms of participation, as was the photography contest “My green land” proposed by Banca Intesa Russia. Finally, at the local level, Intesa Sanpaolo Bank Albania adhered to the initiative “Let’s clean Albania in 1 day” involving some employees on a voluntary basis.
Responsible management of the supply chain

ACHIEVEMENTS IN 2013

<table>
<thead>
<tr>
<th>2013 OBJECTIVE</th>
<th>RESULTS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier relations: Extension of the e-sourcing Portal and use of online tenders to promote the transparency of procurement procedures</td>
<td>The increase in the number of online tenders, which are conducted through the e-sourcing Portal, improved both communications and transparency of procurement procedures. Throughout the entire tender stage, each supplier, through the FAQ area, can communicate and interact with the relevant buyer and, through the special section, can view all the documents, thus keeping constantly up-to-date with the answers provided by the buyer to other tender participants (maximum transparency and fairness). In 2013, 2,700 suppliers completed their registration on the Portal (about 1,400 in 2012). Number of online tenders in 2013: 1,382 (499 in 2012)</td>
<td>✔</td>
</tr>
<tr>
<td>Full implementation of the module for the management of accounting communications with suppliers</td>
<td>In the last quarter of 2013, the implementation – partly on SAP and partly manually – of the module for the management of accounting communications, which gives suppliers full visibility of their orders, payments and invoices, was launched.</td>
<td>✔</td>
</tr>
<tr>
<td>Green procurement: Further increase of the use of ecological and recycled paper</td>
<td>The digitisation initiatives aimed at cutting down paper consumption and at procuring ecological and recycled paper continued in Italy. In 2013, the procurement of ecological and recycled paper recorded +12% compared to 2012</td>
<td>✔</td>
</tr>
<tr>
<td>Replacement/purchase of low-environmental impact office equipment</td>
<td>Around 3,000 monitors, 12,000 desktops, 2,800 notebooks and around 500 printers were purchased in 2013</td>
<td>✔</td>
</tr>
<tr>
<td>Purchase of green energy more in line with the highest environmental sustainability requirements</td>
<td>The figures highlight a constantly growing trend in the use of energy from renewable sources both in Italy and at International Subsidiary Banks. Electricity: ratio of consumption from renewable sources to total consumption: 76%</td>
<td>✔</td>
</tr>
<tr>
<td>Sustainability culture: Suppliers’ qualification including on the basis of environmental and social requirements</td>
<td>A redefinition of the supplier’s qualification including in the social and environmental sectors, is still being analysed within the scope of the procurement centralisation project</td>
<td>□</td>
</tr>
<tr>
<td>Additional training of procurement managers on the issues of social and environmental sustainability</td>
<td>The structured training on social and environmental sustainability issues was launched in 2013 with a training event that involved all buyers and Procurement Managers. It will continue with training targeted at the Procurement CSR Delegate, which will act as a de-multiplier. Training sessions broken down by product category have been hypothesised.</td>
<td>✔</td>
</tr>
</tbody>
</table>
Intesa Sanpaolo is aware that the quality of supplier relations and the procurement policies adopted can also create the necessary conditions to foster an economic development focusing on the protection of the environment and the respect for human rights and workers. In 2013, the Bank developed the Group Procurement Centralisation Project. Designed mainly to standardise the procurement rules and processes and to apply a standard model within the Intesa Sanpaolo companies, the project also proposes greater awareness of social and environmental responsibility issues. Thus, it is in this context that the new “Group Procurement Guidelines” and the related “Implementing Rules” were issued. The new version includes, within the scope of the “centralised procurement” model, the “local” product categories which draw from local supplies in the case of goods or services for which the procurement market is typically local or closely tied to the specific market. The Guidelines, which are described in more detail in the related Rules, combine social and environmental responsibility criteria in a transversal and well-structured manner and require all the departments involved to take them in due consideration during the sourcing process, from the request for quotation to the request for the offer and supporting information.

**2013 Breakdown of administrative expenses by category**

In 2013 the overall expenses incurred by the Intesa Sanpaolo Group for procurement totalled over 2.6 billion euro, with breakdown as follows:

- 22.9% Goods and services
- 26% Real estate management
- 13.7% Professional and legal services
- 5.8% Advertising and promotional services
- 5.7% Other expenses
- 25.9% IT services

**EQUAL ACCESS AND TRANSPARENCY IN THE SUPPLIER SELECTION PROCESS**

The relations held by the Parent Company with its suppliers were inspired by principles of transparency and fairness during 2013 as well. In order to guarantee this, the monitoring of the e-sourcing Portal and the constant upgrade of its functions is of primary importance. Among the other functions, the Portal provides a Web-based negotiating system: applicants are required to register online, where, if invited to take part in a tender, they can follow all the stages of the process in a transparent manner. Thus, each supplier, through a special section, can interact with the relative buyer and view the documents available or the progress of the tender itself. There were almost 1,400 online tenders in 2013 compared to almost 500 in 2012 and this constant and significant increase enabled to improve communications and the level of transparency of the relationship itself.

With regard to the monitoring of payment times, the module for the management of accounting communications, which gives suppliers full visibility of their orders, payments and invoices, was completed and implemented in 2013. However, it must be specified that the introduction of obligations associated with Tender Joint Liability caused a relative slowdown in the positive trend; this is primarily due to the availability of the supplementary documentation required of suppliers, or lack thereof.

**PROMOTION OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY**

The Portal is an online platform where the registration phase requires suppliers to complete, in addition to their personal details, also a questionnaire dedicated to social and environmental responsibility, even if the required supplier assessment obligations have not yet been fulfilled through the technical and sustainability ratings. Still in this stage, candidates are required to state that they have read the Organisational, Management and Control Model (Legislative Decree 231/2001), the Group’s Internal Code of Conduct and Intesa Sanpaolo’s Code of Ethics. Should the candidates then become our suppliers, among the contractual clauses to be signed, there is also the commitment to adhering to the principles contained in the above-mentioned documents, including on behalf of their own officers/employees/collaborators.

Finally, the overall sustainability of the contract is considered in the assessments of bids. In other words, the selection criteria are not based solely on the search for the best price for the Bank, but also evaluate the actual adequacy of the price offered by the supplier in relation to the activities carried out, thereby excluding excessively low offers or offers that are not otherwise justified, which may underlie irregular conduct on the part of the service provider, such as tax avoidance or the failure to fulfil legal obligations or comply with safety regulations.
At the end of 2013 around 5,300 suppliers were registered on the Portal. Around 2,700 of these completed the registration. An in-depth analysis of the answers provided by the latter to social and environmental responsibility questions showed the following breakdown: 11% declare to publish a social and environmental report, 3% hold SA 8000 certification, 17% have a code of ethics or policies describing their social commitment, 12% hold environmental certifications and 7% have an environmental policy.

The statements provided by suppliers are verified through a sample monitoring system which focuses on the product categories most at risk and on cases considered worth studying further (in 2013, several audits were conducted in order to check compliance with contractual terms and 20 of these were environmental audits). The verification of compliance with the social criteria is conducted by in-house staff and refers to property service specifications (plant and system maintenance) and to persons (cleaning staff), and envisages checks on the expiry of Chamber of Commerce documentation and the Single Register of Contributions Paid.

However, for investigations into compliance with environmental criteria – for example, energy efficiency, the use of cleaning products that meet regulatory standards and contractual clauses relating to compliance with environmental regulations – site inspections are performed by either in-house staff or by external companies. 800 document verifications were conducted in 2013.

PROCUREMENT SUSTAINABILITY CRITERIA

For quite some time now, Intesa Sanpaolo has introduced criteria for the respect of the environment into its procurement practices. The said respect for the environment has already taken shape since 2011 with the issue of two policies: one sets the criteria for the procurement of paper with environmental sustainability characteristics, while the other defines the minimum criteria and the operating procedures for the evaluation of the procurement of office equipment with reduced environmental impact.

With regard to paper procurement, the attention to the use of ecological paper (high post-consumption recycled fibre content paper and certified paper) ensured that procurement in Italy reached 93% of the total requirement in 2013.

In relation to the procurement of office equipment with low environmental impact, around 3,000 monitors, 12,000 desktops, 2,800 notebooks and around 500 printers were purchased in 2013.

With regard to the procurement of other materials, Intesa Sanpaolo introduced the use of 92.06% recycled pens, 57% recycled pencils featuring NF environment certificates, 100% recycled PVC purses and three-stud folders in 100% recycled paperboard.

Finally, the procurement of electricity with certified origin from renewable sources is now a well-established practice in Italy at all sites where such is allowed and it has reached 95% of electricity consumption.

The chapter “Reduction of direct environmental impact” (page 47) provides an account of the positive impact of these practices on the environment.

Promotion of social and environmental responsibility at International Subsidiary Banks: a few good practices

All the Group’s International Subsidiary Banks implemented the International Subsidiary Banks’ Procurement Policy, created in 2009 with the aim of disseminating a procurement management model based on criteria of quality and social responsibility. Below are some examples of good practices regarding specific CSR aspects.

Supplier selection transparency

- Intesa Sanpaolo Bank Albania, Pravex-Bank, Privredna Banka Zagreb and VÚB Banka have implemented an e-sourcing portal where the tender processes and the relevant information are published

Screening of suppliers on the basis of social and environmental responsibility criteria

- Banca Intesa Beograd has introduced a CSR questionnaire in the letters of invitation to potential suppliers, which is divided into 5 areas: governance, customer relations, work environment, environment, community. The scores obtained in CSR practices are of key importance in the supplier selection process

- CIB Bank, during the supplier selection process, in the event of equivalent offers, gives priority to suppliers with better practices from an environmental responsibility point of view

- Banca Intesa Russia uses a preliminary CSR questionnaire where the answers, combined with the other criteria, create the supplier’s overall rating

- Pravex-Bank asks suppliers to complete a specific CSR questionnaire as a mandatory requirement

Monitoring of suppliers with regard to social and environmental responsibility practices

- Intesa Sanpaolo Bank Albania is actively engaged with regards to the respect for human rights. In particular, it visits its main suppliers’ facilities in order to assess their employees’ working conditions.