Banca Monte dei Paschi di Siena

An Italian story since 1472

Business Plan 2012-15 «Relaunch 2015»

Presentation for the financial community

MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

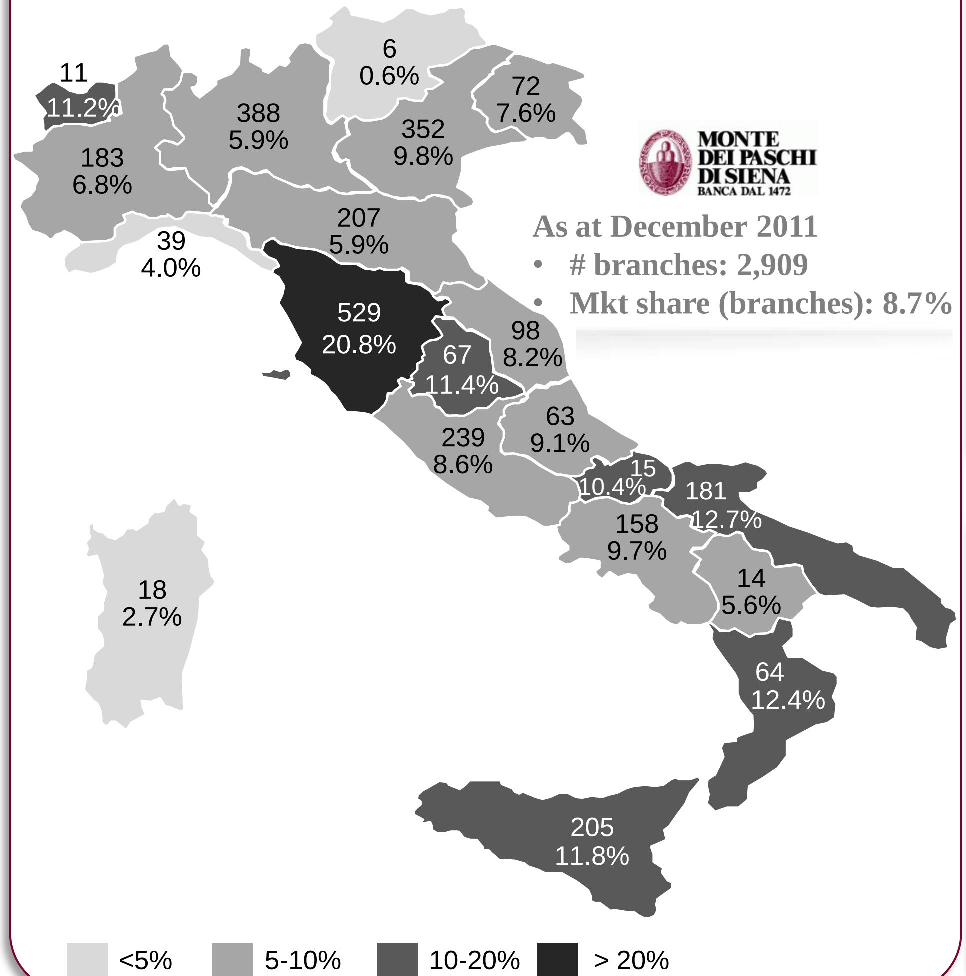
Siena, 27 June 2012

Agenda

- ***Monte Paschi di Siena today***
- *3 priorities: capital, liquidity, sustainable profitability*
- *Business Plan «Relaunch 2015»*

A Bank for households and businesses that spans across the entire country…

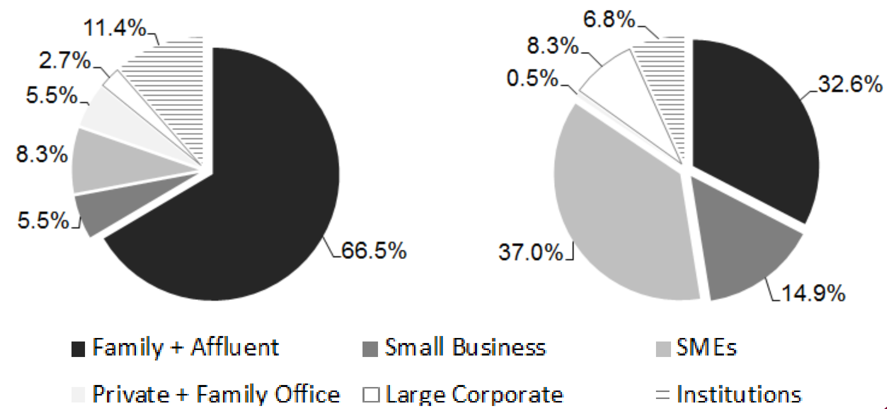
Branch number and market share by region



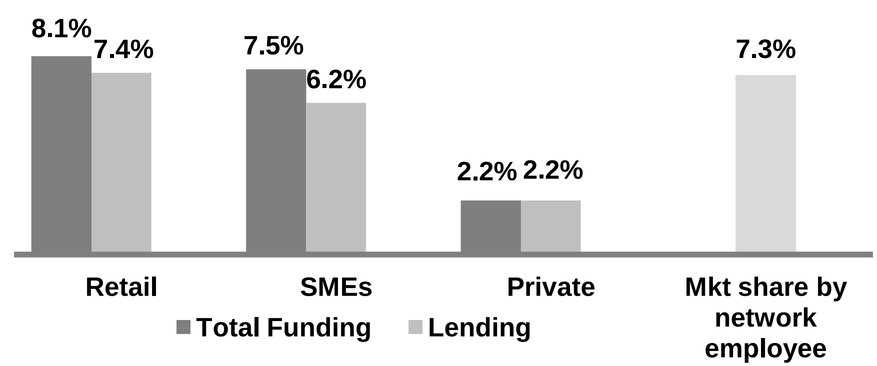
MONTE DEI PASCHI DI SIENA
BANCA DAL 1472

As at December 2011
- # branches: 2,909
- Mkt share (branches): 8.7%

Client segments[1]



Market share by segment[2]



Source: Prometeia estimates, based on data from Bank of Italy and MPS

1. *Not including Biver Banca customers; assets/turnover thresholds: Family <25k €, Affluent 25-500k €, Private>500k €, Small Business <2.5 Mln €, SMEs 2.5-250 Mln €, Large Corporate>250 Mln €.*
2. *Market share per employee as a ratio of MPS + BAV Network and Banking Industry per network employee; Retail: Family + Affluent + Small Business*

…Italy's third largest banking group with a loyal customer base…

Italy's top 10 Banking Groups, as at December 2011

Ranking by total assets		Total assets (mln €)	Branches (#)	Employees (#)
1	UniCredit	926,769	9,496	150,240
2	Intesa Sanpaolo	639,221	7,246	100,118
3	**Monte dei Paschi di Siena**	**240,702**	**2,909**	**31170**
4	Banco Popolare	134,127	2,092	19,280
5	UBI Banca	129,804	1,884	19,391
6	BNL	93,295	975	14,624
7	Gruppo BPER	60,488	1,306	11,636
8	Banca Popolare di Milano	51,931	770	8,467
9	Cariparma Crédit Agricole	49,291	902	8,954
10	Gruppo Banca Carige	44,860	677	6,070

Over 6 mln customers[(1)]

Retention rate: 95.7%[(1)]

Acquisition rate: 5.4%[(1)]

Source: Consolidated Financial Statements as at 31/12/2011
1. Updated as at Q1 2012

…called to face up to the economic-financial crisis and comply with new regulatory requirements…

External environment

- More stringent **capital and liquidity requirements** (EBA and Basel 3)
- **Economic recession**
- **Spread tensions** in the Euro Area
- **New social security reform**

…with areas of improvement that become an opportunity for relaunch

1 Capital

EBA capital shortfall entirely accounted for by Italian government bonds and Basel 3 phase-in

2 Liquidity

Consumer & corporate *funding gap* and significant ECB exposure

3 Profitability

Profitability gap vs. banking system due to lower sales productivity & operational efficiency and high cost of credit

Agenda

- *Monte Paschi di Siena today*
- ***3 priorities: capital, liquidity, sustainable profitability***
- *Business Plan «Relaunch 2015»*

3 priorities broken down into clear relaunch objectives…

		Objectives for 2015
1 Capital	**Increase quality and quantity of capital**	*Common Equity Tier 1 Target* **~ 8%**
2 Liquidity	**Achieve structurally balanced liquidity**	*Consumer/corporate Loan to deposit ratio* from **131% to 110%** and ECB funding phase out
3 Profitability	**Accelerate revenue diversification**	Net fee and commission income from **34% to 47%** of total banking income
	Become No.1 bank in bancassurance services	Account holders with Life and P&C insurance products from **7%** to over **24%**
	Reduce cost of credit	Loan loss provisions from **91 to 77 bps** (after asset disposal)
	Align levels of operational efficiency with European best practices	Operating expenses from **EUR 3.5 to ~ 2.9 bln (-16%)**

Back to a sustainable level of return on capital (ROTE ~ 7%) from which to build up a new bank «Monte 2020»

…making the most of its deep roots established over the centuries…

MISSION

- combine the best of **tradition and innovation** of Italy's oldest Bank
- be the Bank of choice of **families and small and medium-sized enterprises**
- focus on **'Listening'** as a real differentiating and enabling factor
- provide not only **«Credit»** but also **«Insurance»** solutions
- be a Bank that is a **real or virtual intermediary** of supply and demand for solutions and services
- use **information** as the Bank's new **«factor of production»**

…and the employees' desire to be part of a winning effort

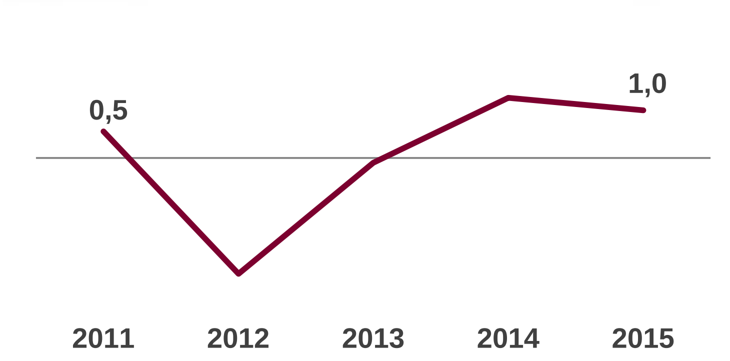
- ❑ **Renewal ability**
- ❑ **Corporate spirit and team approach**
- ❑ **Professionalism and engagement**

Agenda

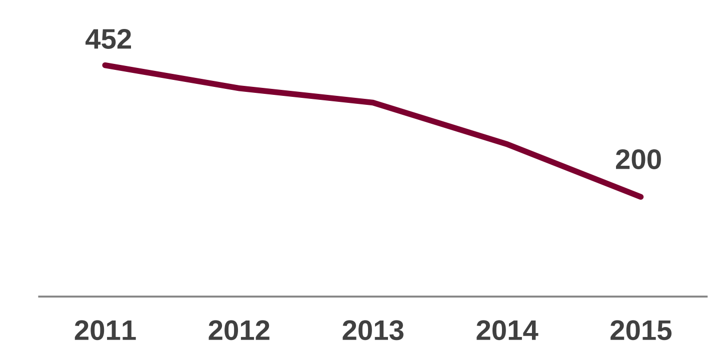
- *Monte Paschi di Siena today*
- *3 priorities: capital, liquidity, sustainable profitability*
- ***Business Plan «Relaunch 2015»***

Our «prolonged tension» scenario assumes slow post-recession growth and ongoing expansionary monetary policies

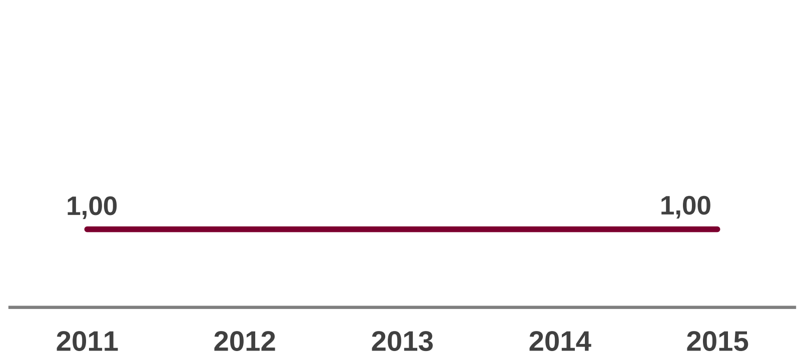
Gross Domestic Product (yoy %)



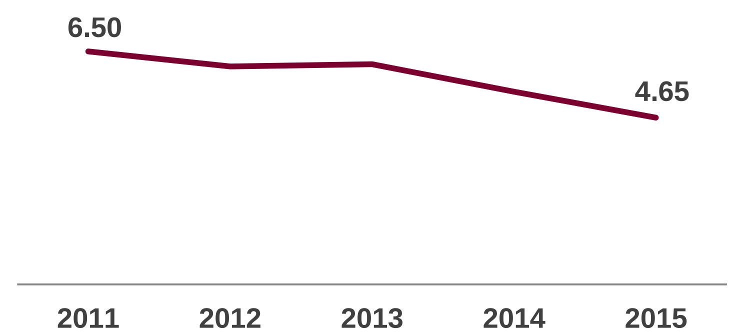
BTP – BUND Spread (bps)



Year-end ECB rate (%)



10-year BTP (%)



Source: Prometeia as of the "Forecast Report", April 2012

Back to a sustainable return on capital (ROTE ~ 7%) as of 2015…

Budgeted P&L and KPIs (mln €)	2011	Asset disposal[1]	2015	CAGR '11 - '15: 2011 current scope	CAGR '11 - '15: 2011 excl. asset disposal
Net interest income	3,500	446	2,682	- 6.4%	- 3.2%
Net fee and commission income	1,801	91	2,341	+ 6.8%	+ 8.2%
Income from financial and insurance activities	5,507	537	5,290	- 1.0%	+ 1.6%
Personnel expenses	- 2,195	-81	- 1,896	- 3.6%	- 2.7%
Other administr. expenses & amortisation	- 1,307	-72	- 1,041	- 5.5%	- 4.2%
Profit before tax	149	97	1,242	+ 69.8%	+ 120.9%
Parent Company's net profit (loss)	- 4,686	37	633		
Total Loans[2]	143,498	13.689	126,420	- 3.1%	- 0.7%
Direct funding	146,324	2.751	143,070	- 0.6%	- 0.1%
Indirect funding	112,852	3.092	135,873	+ 4.8%	+ 5.5%
Total Loan to Deposit Ratio	98.1%		88.4%		
Consumer/Corporate Loan to Deposit Ratio	130.7%		110.0%		
Stock of securities held	34,482		25,749	- 7.0%	
Net Interbank position	- 28,315		- 3,500		
Funding/lending spread	1.76%		1.89%		
Cost of credit (bps)[3]	91.3		77.4		
ROTE	/		7.1%		
Cost / Income Ratio[4]	66.1%		58.5%		

1. Disposal of Biver Banca, Consum.it and leasing BU (accounting for 70% of company "Leasing & Factoring")
2. Item 70 Loans to customers, excluding debt securities (structured + other debt securities)
3. Calculated on item 70 Loans to customers, excluding debt securities (structured + other debt securities)
4. Reclassified accounts

…with Basel 3-*compliant* capital as of 1 January 2013

Capital requirements over time (mln €)			*2011*	*2015*
REGULATORY PHASE-IN ASSUMPTION[1]	Common Equity Tier 1 - CET1[2]	(a)	8,135	8,478
	Gov.-sponsored capitalisation instruments[3]	(b)	1,900	475
	Core TIER 1 - CT1	(c)=(a)+(b)	10,035	8,953
	RWAs	(d)	105,189	105,074
	Common Equity Tier 1 Ratio - CET1R	(a)/(d)	7.73%	8.07%
	Core TIER 1 Ratio - CT1R[4]	(c)/(d)	9.54%	8.52%

1. *Basel 3 phase-in for net AFS reserve as of 1/01/2013 and for remaining components as of 1/01/2014*
2. *Gross AFS reserve correlated with BTP–BUND spread expected to lower from ~450 at end-2011 to approx. 200 as at end-2015*
3. *Value for 2011 refers to T-bond issued in 2009. Value at 2015 refers to residual amount of new Government-sponsored financial instruments*
4. *Core Tier 1 = Common Equity Tier 1 + Government-sponsored capitalisation instruments. 2011 Core Tier 1 excluding Fresh 2008 not included in EBA exercise*

Results will be achieved thanks to the new *management's* strong *commitment* to pursuing priority directions

«A solid basis for long-term development»

1 Capital

- **1.1** Increase quantity and quality of capital
- **1.2** Strict risk management to reduce RWA on a like-for-like asset basis
- **1.3** Rationalisation of business portfolio and selective loan book runoff

2 Liquidity

- **2.1** Reduction of *loan to deposit ratio*
- **2.2** Stronger counterbalancing capacity
- **2.3** Gradual convergence of NSFR to target
- **2.4** Less reliance on institutional funding

3 Profitability

Productivity

- **3.1** Increase sales proactivity
- **3.2** Grow income from services
- **3.3** Develop new business opportunities

Asset quality

- **3.4** Optimise loan book risk-return profile
- **3.5** Centralise credit "governance»
- **3.6** Step up monitoring of problem loans

Efficiency

- **3.7** Rationalise Group organisation
- **3.8** Scale-out of operating model and processes
- **3.9** Active management of human resources
- **3.10** Work by objectives

Ensuring alignment with regulatory standards

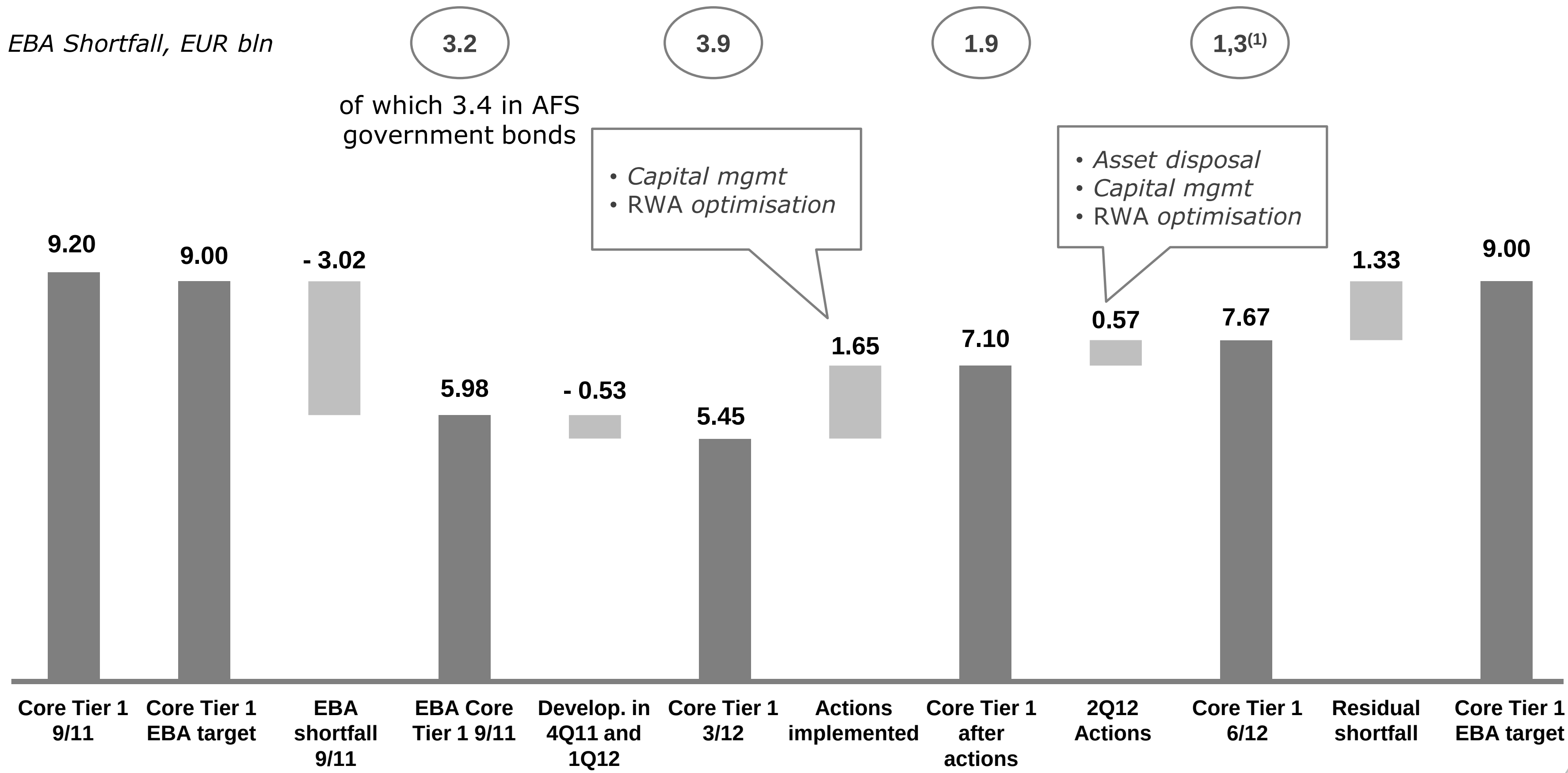
Priority	Guidelines	Actions
1 Capital	1.1 **Increase quantity and quality of capital**	❑ Issuance of **new government-sponsored capitalisation instruments** for EBA purposes in 2012 in the amount of EUR 3.4 bln, of which EUR 1.9 bln to be used to repay the outstanding Tremonti Bonds and EUR 1.5 bln to plug the shortfall existing at 30 June, 2012.(1) ❑ **Gradual repayment of overall government-sponsored financial instruments issued as of 2013**(1) ❑ **Mandate to BoD** for EUR 1 bln **capital increase** in the next 5 years (with preemptive rights waived) ❑ **Prudential payout policy** ❑ **Material goodwill impairment**
	1.2 **Rigorous risk management to reduce RWAs on a like-for-like asset basis**	❑ Full-scale ***roll-out of Basel 2* internal models** ❑ **Operational risk reduction** plan ❑ **Monitoring and reduction of** *banking book* **market and financial risks**
	1.3 **Business asset portfolio rationalisation and selective loan book *run off***	❑ ***Asset disposal*** operating plan ❑ «***Run-off***» of negative AVA **loan book** (AVA=*Annual Value Added*)

Common Equity Tier 1 (Basel 3): 8.07% in 2015

1. *Subject to the authorisation of relevant authorities and governing bodies.*

Covering EBA *shortfall* by June 2012…

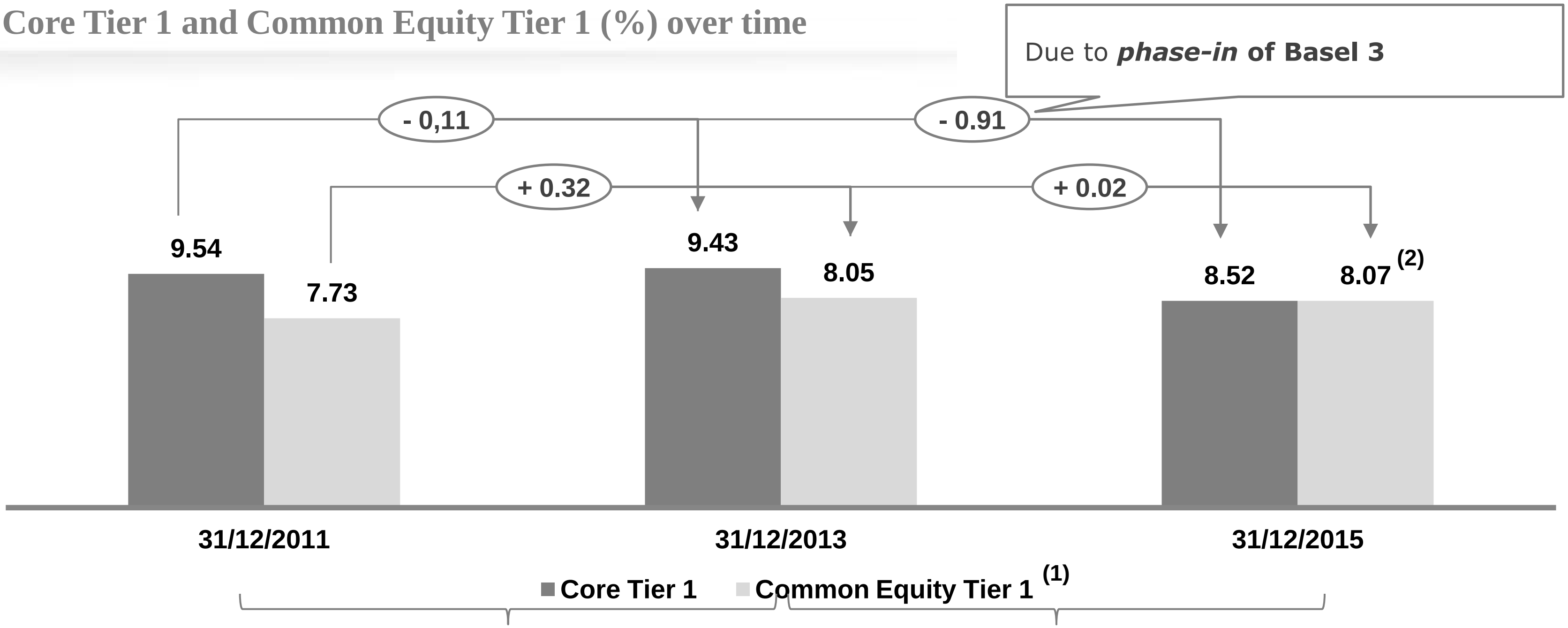
EBA capital *shortfall* over time (%)



1. Estimated value

…and increasing quantity and quality of credit

Core Tier 1 and Common Equity Tier 1 (%) over time



Asset disposal

- ❑ Disposal of Biver Banca
- ❑ Disposal of Consum.it and Leasing BU

Capital Management and RWAs

- ❑ Full-scale *Roll-Out* of internal models
- ❑ RWA *Optimisation and Capital Management actions*
- ❑ Issuance of new capitalisation instruments for EBA purposes and concurrent repayment of T-bond '09
- ❑ Plan for repayment of government-sponsored capitalisation instruments (first ranche) put underway

- ❑ Capital increase
- ❑ Repayment of additional two tranches of government-sponsored capitalisation instruments

- ❑ Self-funding

- ❑ Self-funding

1. *Core Tier 1 = Common Equity Tier 1 + government-sponsored capitalisation instruments*
2. *Coefficient estimated assuming, as of 1/1/2014, a yearly 20% Phase-in for net AFS reserve and of impact arising from new Basel 3 rules as of 1/1/2014*

Focus on *Asset disposal* operating plan: enablers of a *«Capital and Liquidity light»* model centred on distribution

Asset	*Action*
Biver Banca	**disposal of shareholding**
Consum.it	**disposal; concomitant joint venture** for product distribution; temporary financing of the *funding gap*
Leasing BU	**demerger of BU,** transfer to a special purpose company with **concomitant joint venture for product distribution** and temporary financing of the *funding gap*

Mln/EUR and #	2011 GMPS Today's scope	2011 Scope of assets for disposal		
		Biver Banca	Leasing [1]	Consum.it
Lending	146,608	2,244	5,084	6,361
RWAs	105,189	1,402	n.a.	4,217
Direct Funding	146,324	2,751	-	-
Revenues	5,301	120	94	323
Loan loss provisions	-1,311	-13	-46	-198
Operating costs	-3,307	-71	-26	-70
Net profit	-4,686	7	7	24
Employees	31,170	746	170	294
Planned year of disposal		2012	2013	2013

Source: Data from Financial Statements as at 31/12/2011

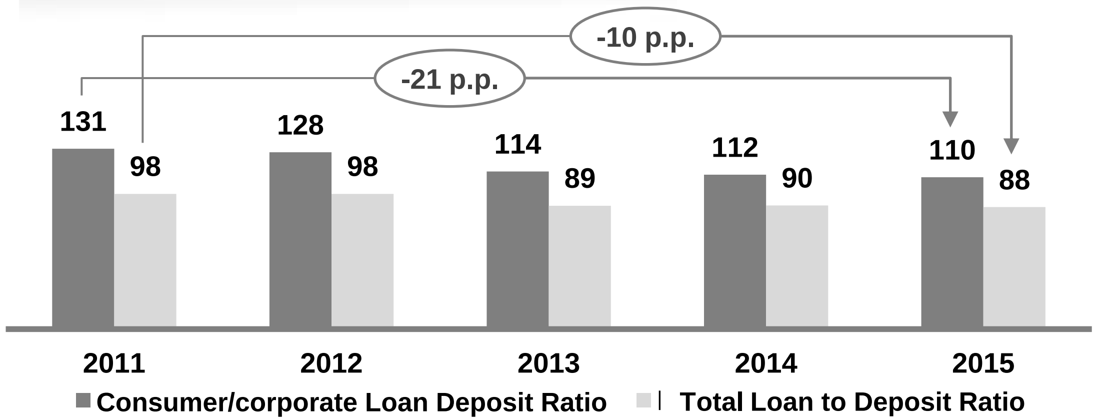
1. Leasing BU calculated to be 70% of MPS Leasing & Factoring

Structurally improving the Bank's liquidity profile

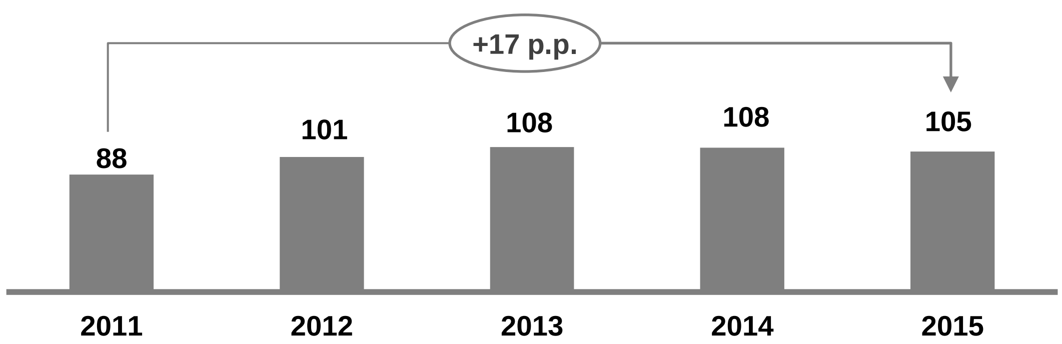
Priority	Guidelines	Actions	
2 Liquidity	2.1 Reduction of *loan to deposit ratio*	❑ ***Asset disposal*** operating plan ❑ «***Run-off***» of negative-AVA **loan book** (AVA = *Annual Value Added*)	***Consumer/ corporate L/D ratio - 21 p.p.***
	2.3 Gradual convergence of NSFR to target	❑ **Longer *duration* of liabilities** through a **moderate maturity transformation policy** ❑ **Stronger *counterbalancing capacity***	***NSFR > 100%***
	2.4 Less reliance on institutional funding	❑ **Phase-out of net ECB position**	***ZERO BCE***

Liquidity risk structurally reduced by lowering the consumer/corporate *loan to deposit ratio*…

Loan to deposit ratio over time (%)



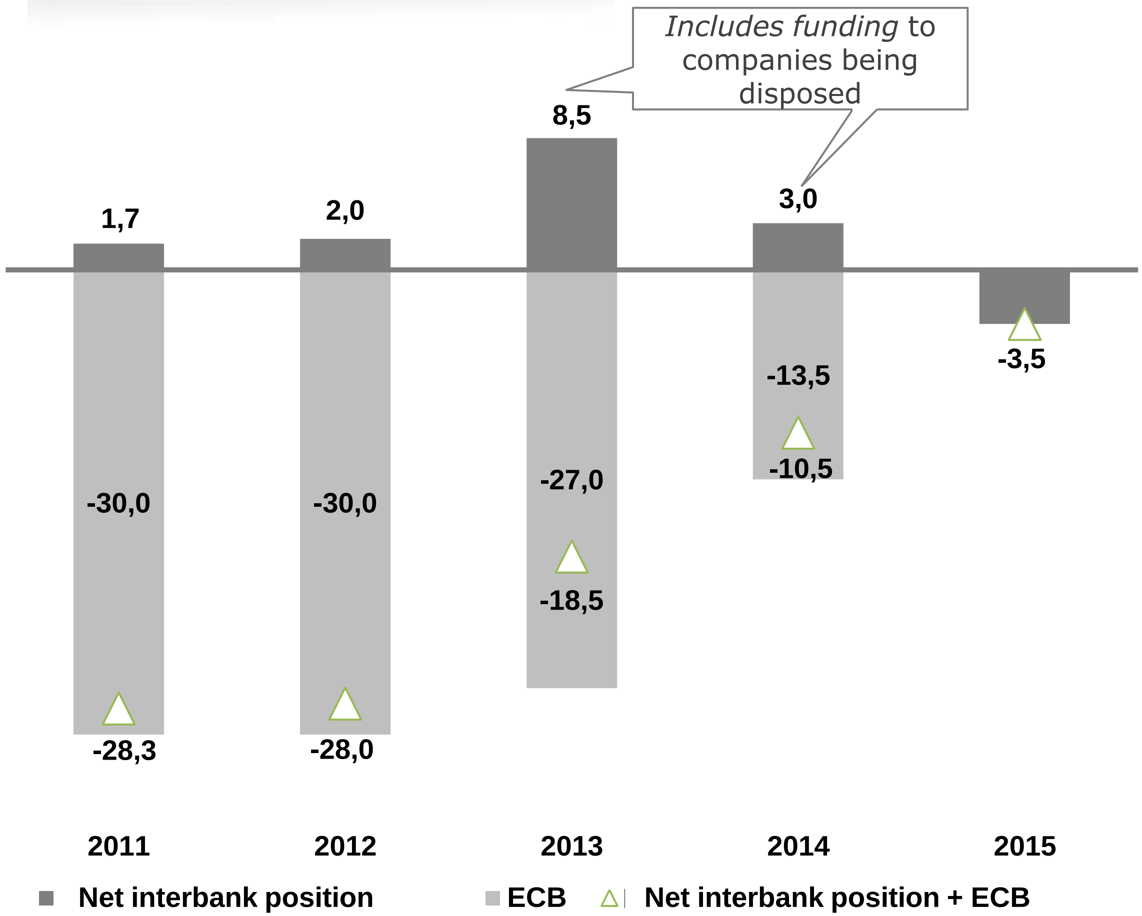
NSFR over time (%)



- ***Loan to deposit ratio reduction***:
  - ~ 50% from funding/lending
  - ~ 50% from *asset disposal*
- Systematic generation of ***counterbalancing capacity***
- **Less maturity transformation** and **longer *duration* of liabilities** (*secured borrowings and liabilities* < 1y dal 61% al 55%)

…and phasing out interbank position and funding from ECB

Interbank *funding* (including ECB, EUR bln)

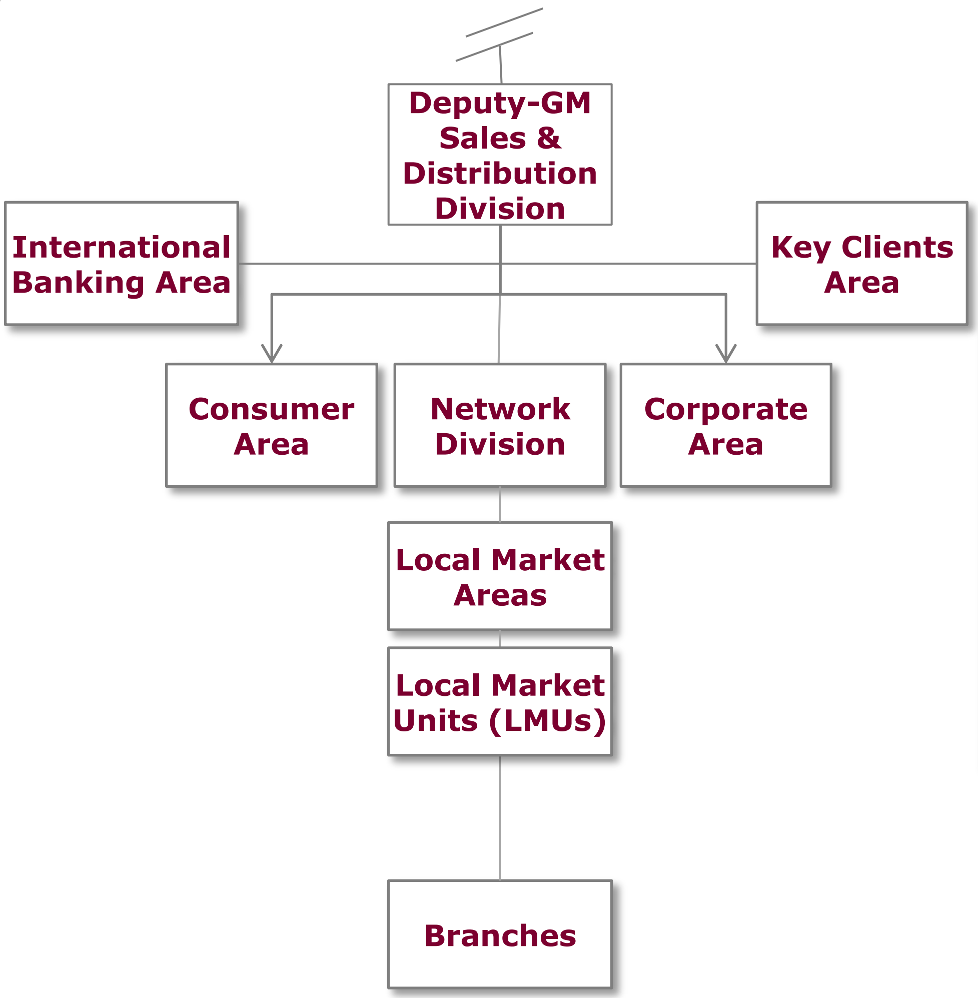


- **ECB liquidity support phased out** with:
  - EUR 3 bln reduction by 2013
  - EUR 13.5 bln reduction by 2014 and 2015

From «volume-based» to «service-based» productivity

Priority	Guidelines	Actions	
3 Profitability - Productivity	3.1 Increasing sales pro-activity	❑ **New sales and distribution organisation** ❑ **Stronger sales force** (sales «*task force*» of over 1,000 resources) ❑ **Stronger *Private Banking service*** ❑ **«Paschi Face» Programme** – full-scale *roll-out* of new *front-end* platform	***1,000 new developers (over 5% of total network resources) and 100 new Private Bankers (~30% of total)***
	3.2 Increasing income from services	❑ **From «production» to «distribution»** of *core products* (Consumer loans and Leasing) ❑ **«Local Market» Project** (local *marketing* processes/instruments) ❑ More value from **client information base** ❑ **«On-going» monitoring of *customer satisfaction*** ❑ ***Be a best practice* in Bancassurance**	***+ 30% income from services*** ***Leadership in Bancassurance***
	3.3 Developing new business opportunities	❑ New ***on-line bank: business model integrated with financial advisory network***	***150k new on-line banking customers***

Focus on new sales and distribution organisation



Highlights

- Sales and distribution for all client segments centralised under **one single Division (Deputy-GM Sales and Distribution Division)**
- Setup of **Network Division** responsible for the **executive coordination** of sales and distribution activities of Local Market Areas (budgeting accountability)
- Assignment to the **Consumer and Corporate Areas** of coordination of marketing strategies, management and development of products and pricing, planning of distribution actions/campaigns supporting the Deputy-GM Sales & Distribution Division
- Boosting of *marketing* processes with a special focus on **gap analysis and generation of business opportunities**
- **1,000 new developers** (Sales *Task force*) «released» mainly as a result of branch closures with limited reallocation impact
- **100 new *Private Bankers*** selected from the market

Focus on a stronger Private Banking service

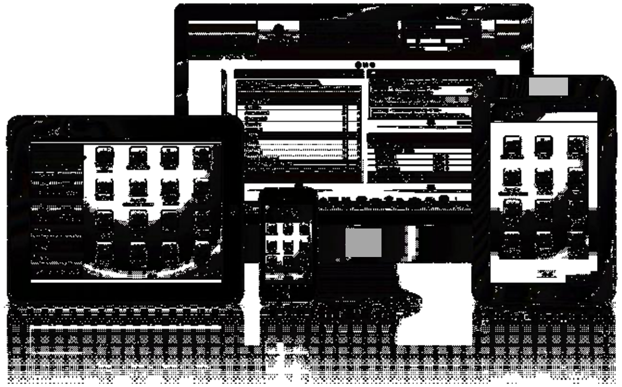
+ EUR 7 bln assets managed by 2015

A stronger Private Banking

Levers	Description
A **Optimisation of local footprint**	❑ Strengthen sales and distribution network by **optimising local footprint**
B **Expansion of the *Private Bankers* team**	❑ Recruitment of **100 new *Private Bankers* and related portfolios** ❑ A **further 25 resources reallocated from previous sales roles** (e.g. *Upper Affluent relationship managers*)
C **Revision of products & services catalogue**	❑ **Development of innovative (banking and non-banking) services** in a logic of customised offering
D **Brand Relaunch**	❑ **Communication plan** designed to **strengthen the *brand***

Focus on «Paschi Face»: Full-scale rollout of new front-end platform

The "Paschi FACE" project objectives are to **develop an innovative branch information system, renew *internet banking*, develop a new work station for sales & distribution staff** and renovate certain core banking systems that are no longer performing



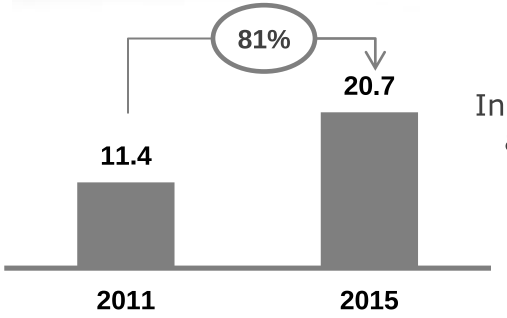
OBJECTIVES:

- ✓ **Save Time:** *through simplification of branch processes, automation of process steps, reduction in the number of applications in use and fewer levels of control*
- ✓ **Improve sales firepower and customer experience:** *through advisory training paths on the selling of customproducts, mobile technology to present product features, cross selling solutions and better pricinger-tailored*
- ✓ **Enhance role of bank teller:** *through more efficient teller operations, greater sales value obtained from customer relationships, new sales potential from inbound contacts*
- ✓ **Track branch performance:** *by monitoring branch efficiency , steering sales actions, improving branch resource/time management*
- ✓ **Tap into the multichannel potential:** *through new Internet Banking system, new Financial Advisory Platform and full multi-channel integration*
- ✓ **Reduce IT costs:** *through new technologies and 'in-sourcing' of distinctive skills*

Focus on Bancassurance best practices: segment-tailored growth strategies

Life/P&C policies by employee (#)

Account holders with Life/P&C products from 7% to over 24%



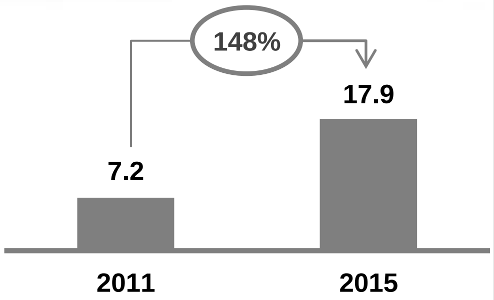
Life/P&C

Increase productivity to align with European best practices

Market share: Motor insurance via banking channels [1] (%)

Motor

Increase share by fully seizing market growth trend (+30% in 2012)

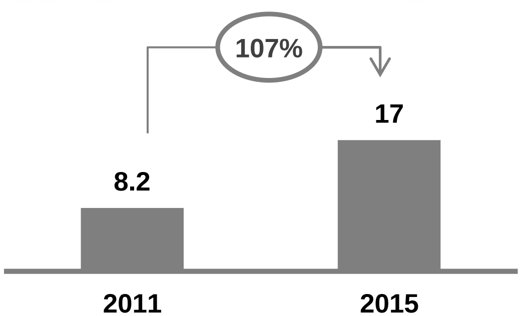


AXA MPS

ridefiniamo

la protezione in banca

Distribution of pension products to target customers [2] (%)



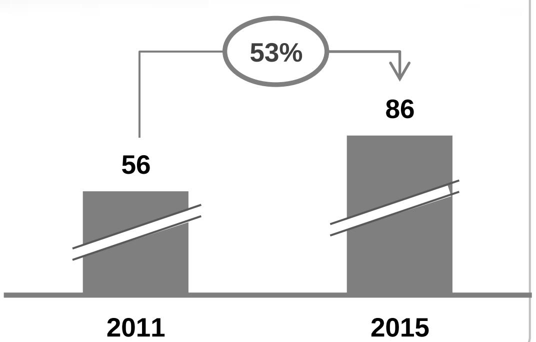
Pension

Increase distribution of pension products in more appealing customer segments

Average return on life savings volumes (bps)

Savings

Consolidate market positioning by increasing profitability



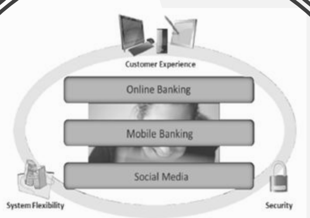
1. *Including employees*
2. *Approx. 1.3 mln clients selected by age and profession*

Focus on a new on-line bank: business model integrated with financial advisory

Mission

New business model aimed at liaising with **growing number of "social-networking, mobile-using customers", will lead us towards «Monte 2020»**

150 thousand new customers by 2015



On-line bank
+
Advisory Network

EUR 50 mln in revenues by 2015

On-line service model

- **Service model dedicated** to **on-line** customers
- **A dynamic, modular** and **highly-tailored offer**
- Personal assistance on three levels:
  - **network of local market specialists** (former advisory network)
  - **remote managers**
  - **contact centre**

Mobile banking

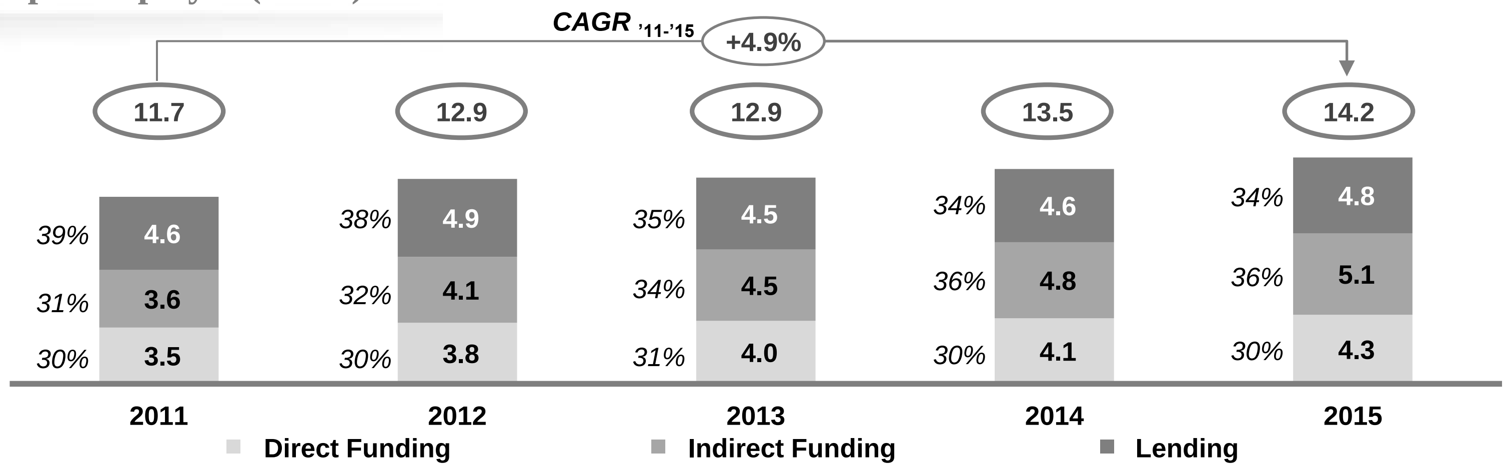
- **Integrated platform for**:
  - payment systems
  - mobile commerce
  - banking and non-banking apps and mobile services

Social media banking

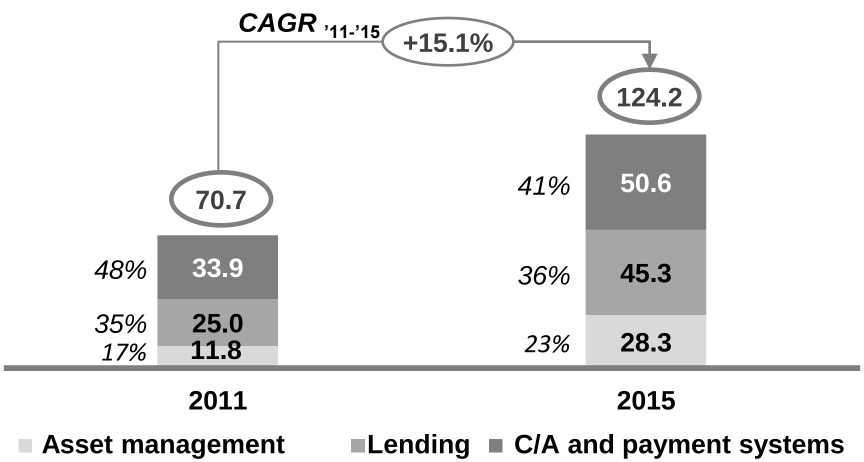
- **Listening to customers** via social media
- **Customer care, idea generation, advertising campaigns** and **customer acquisition** promotions
- Customer offers on social networks

Increased productivity is one of the three drivers to increase profitability

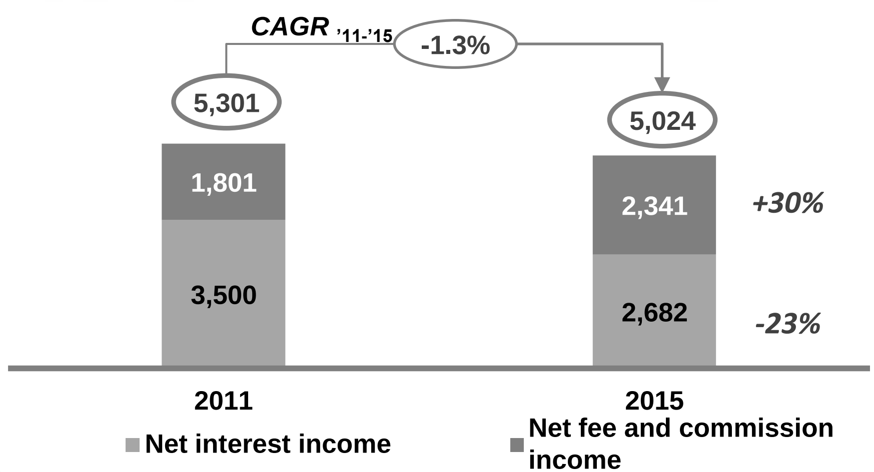
GBP [1] per employee (mln €)



Net fee and commission income per employee (k €)



Total banking income (mln €)



1. *Gross Banking Product: total funding + lending*

Strengthen credit risk monitoring & management along entire supply chain

Priority	Guidelines	Actions	
3 Profitability – *Asset quality*	3.4 Optimisation of loan book risk-return profile	❑ **Dynamic management of credit policies** ❑ Negative AVA **loan book run-off** (AVA = *Annual Value Added*)	***MLT loans to total loans ratio reduced to 4%***
	3.5 Centralised credit governance	❑ **New organisation and strengthening of credit supply chain**	***Centralisation of credit governance to Credit Division***
	3.6 More effective monitoring of problem loans	❑ **Problem loans task force** (1,000 dedicated specialists) ❑ New **debt collection strategies** ❑ Management of clawback actions	***1,000 problem-loan managers (pre-problem)***

Focus on a more effective monitoring of problem loans

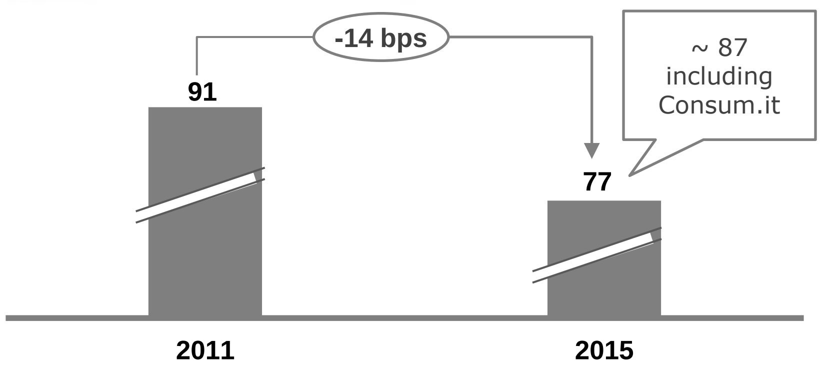
- 17 bps loan decay rate by 2015

Strengthen monitoring of problems loans

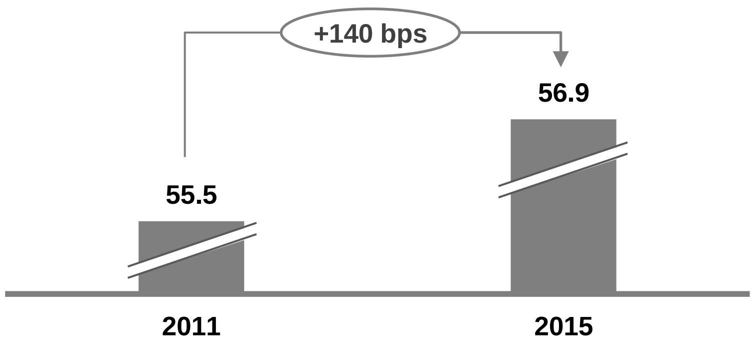
Levers	Description
A **Centralised credit governance**	❑ **Centralisation of credit «governance» to Credit Division** with the transfer of monitoring activities currently under the **Sales & Distribution Division**
B **Structure expansion**	❑ **Over1,000 specialists** dedicated to the monitoring of problem loans («pre-problem» and non-performing)
C **Limited requalification impact**	❑ **Limited need for requalification of resources** (over 80% of resources already involved in credit management-related activities)

Strict credit risk management is one of the three drivers to increase profitability

Cost of credit [1](bps)

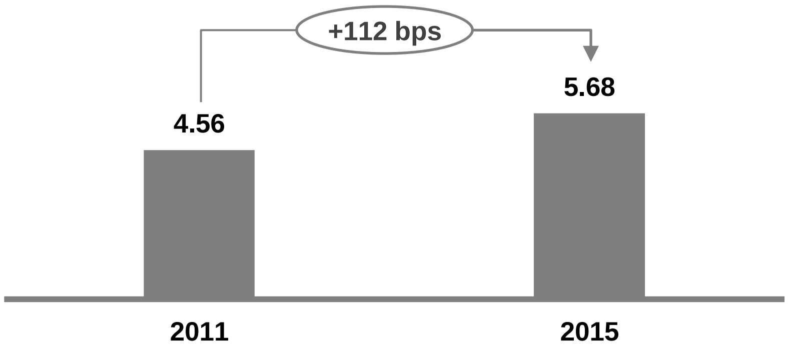


Coverage of non-performing loans (%)



Rate of decay [2] (NPLs, %)

Rate of recovery[3] (%)

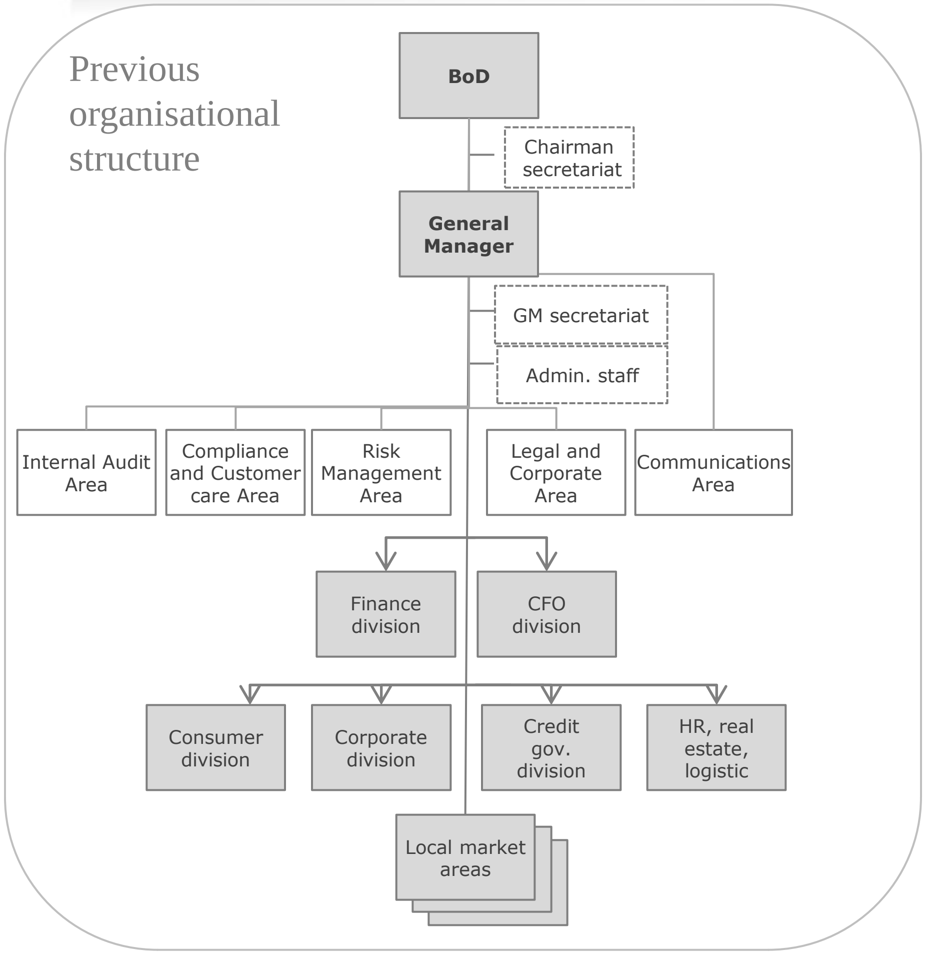


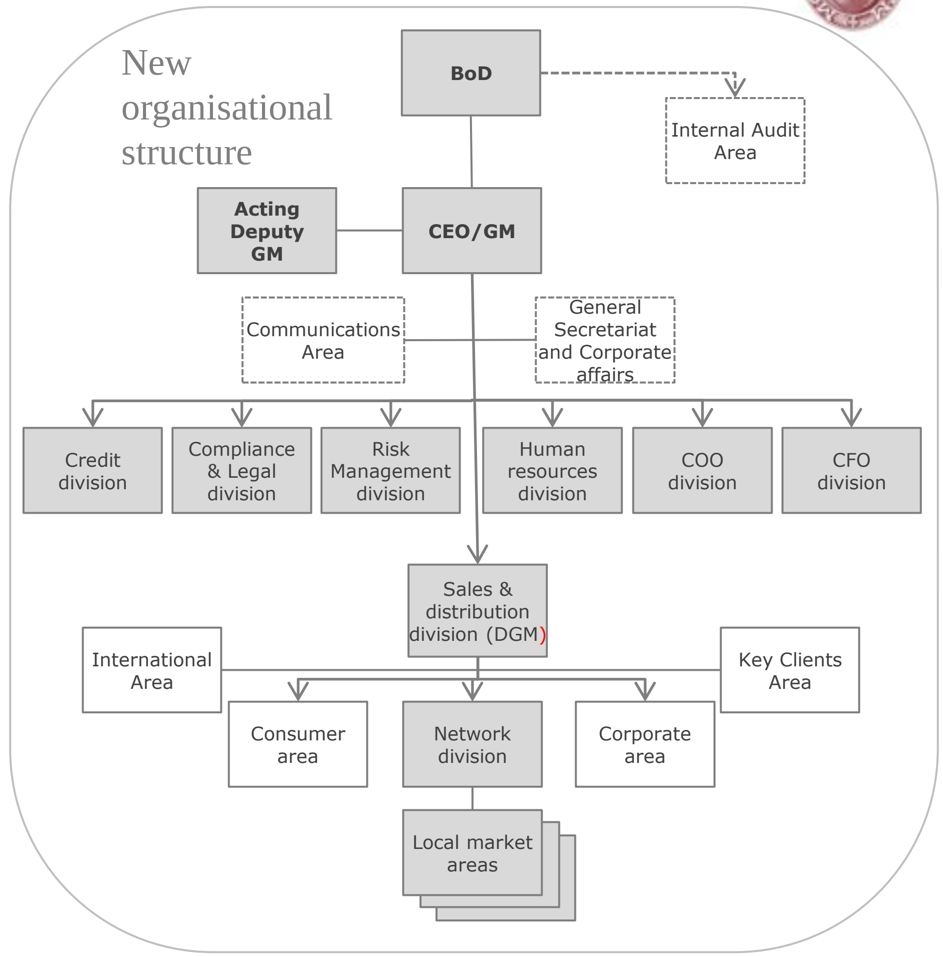
1. *Only refers to consumer/corporate lending*
2. *Ratio of flows from performing to non-performing status over total non-NPL loans of previous year*
3. *Ratio of collections on NPLs for the year and stock of gross NPLs at beginning of the year*

Structural savings with a strong focus on social sustainability and business support, spreading a merit-based work culture

Priorities	Guidelines	Actions	
3 Profitability – Operational efficiency	3.7 Group structure rationalisation	❑ Plan for **local footprint rationalisation (closure of 400 branches)** ❑ **«One network»** – Plan for BAV merger ❑ **Merger of subsidiaries** ❑ **Parent Company's** new **organisational structure**	***ZERO Subsidiaries and closure of 400 branches***
	3.8 Scale-out of operating model and processes	❑ New **document management processes and process innovation** ❑ **Zero *Back Office*** –B.O. outsourcing ❑ **Zero Base Budgeting**	***ZERO Back Office Zero paper***
	3.9 HR management activities	❑ **New model of resource planning, sizing and monitoring** ❑ **Resource requalification** on the basis of new business model	***Requalification of more than 2,600 resources***
	3.10 Work by objectives	❑ **New work organisation model** and **reward system** ❑ Plan for **stronger employee engagement**	***Full engagement of employees***

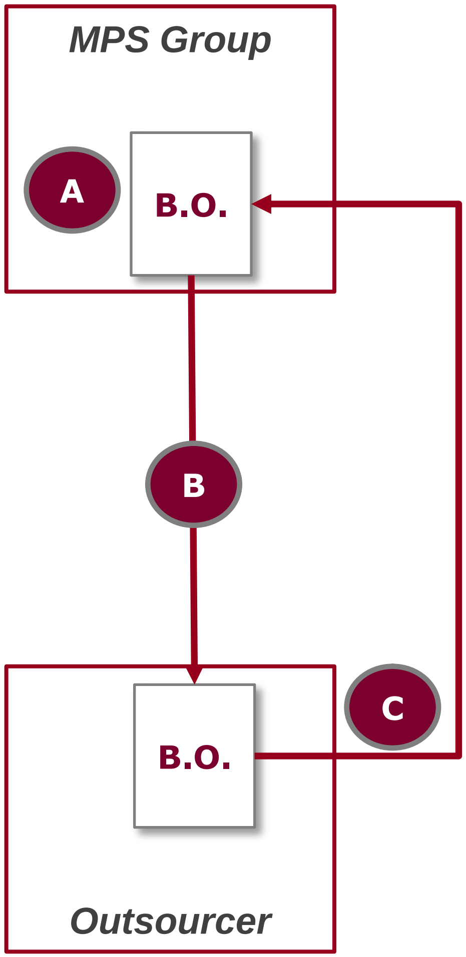
Focus on the Parent Company’s new organisational structure





- **Merger** of all activities previously assigned to the Finance Division **into a single function reporting to the CFO and integration with Treasury and Capital Management activities**
- **Creation of a single Sales & Distribution division headed by a Deputy General Manager** reporting directly to the CEO
- Assignment of **credit management** responsibilities to **the Credit Governance division**
- Creation of a **Human Resources & Internal Communications Division and introduction of Chief Operating Officer (COO)**

Focus on «Zero Back Office» - B.O. outsourcing



A **Identification** of the Back Office activities of all Group companies (estimated scope of around 2,360 resources) as one **business unit**

B **Disposal of the business unit** to a selected vendor with service contract that provides for requalification of resources and lower rates over time as adequate economies of experience/efficiency are reached

C **Payment of service fees** for an amount decreasing over time in line with potential efficiency gains identified and estimated at approx EUR 80 mln in 2015

Focus on new model of HR planning, sizing and monitoring

Reduce personnel costs from € 2,195 mln in 2011 to €1,896 mln in 2015 (-4,640 resources)

Levers	Description
A **Group headcount reduction**	❑ **Natural attrition and early retirements** for pension-eligible resources ❑ **Reduction** in number of **Executives** ❑ **Disposals/mergers of** Group companies ❑ **Disposal of Group's Back Office Business Unit**
B **HR reorganization**	❑ **Branch closures with set up of sales task force** to support sales & distribution ❑ **Reorganisation and streamlining of Parent Company structures** with allocation of resources to front office through requalification processes ❑ **Relaunch of Private Banking segment** with the introduction of 125 new Private Bankers (of whom 100 hired) ❑ **Development of the «On-line bank»** ❑ Strengthening «credit, e-money & cards, international banking» segments
C **Reduction of labour costs**	❑ **Termination of Supplementary Corporate Labour Agreement (CIA)** ❑ **Review of remuneration for executives** by the end of 2012, in line with job role following reorganisation, and alignment with market average earnings. ❑ Start of dialogue with unions regarding **access to Solidarity Fund ordinary regime** with a view to safeguarding employment levels (cost reduction equivalent to 1,050 FTE for 12 months: ~ EUR 70 mln) ❑ **Enforcement of other measures as per Law/Labour Contract** compatibly with Plan objectives

Focus on "Work by Objectives"

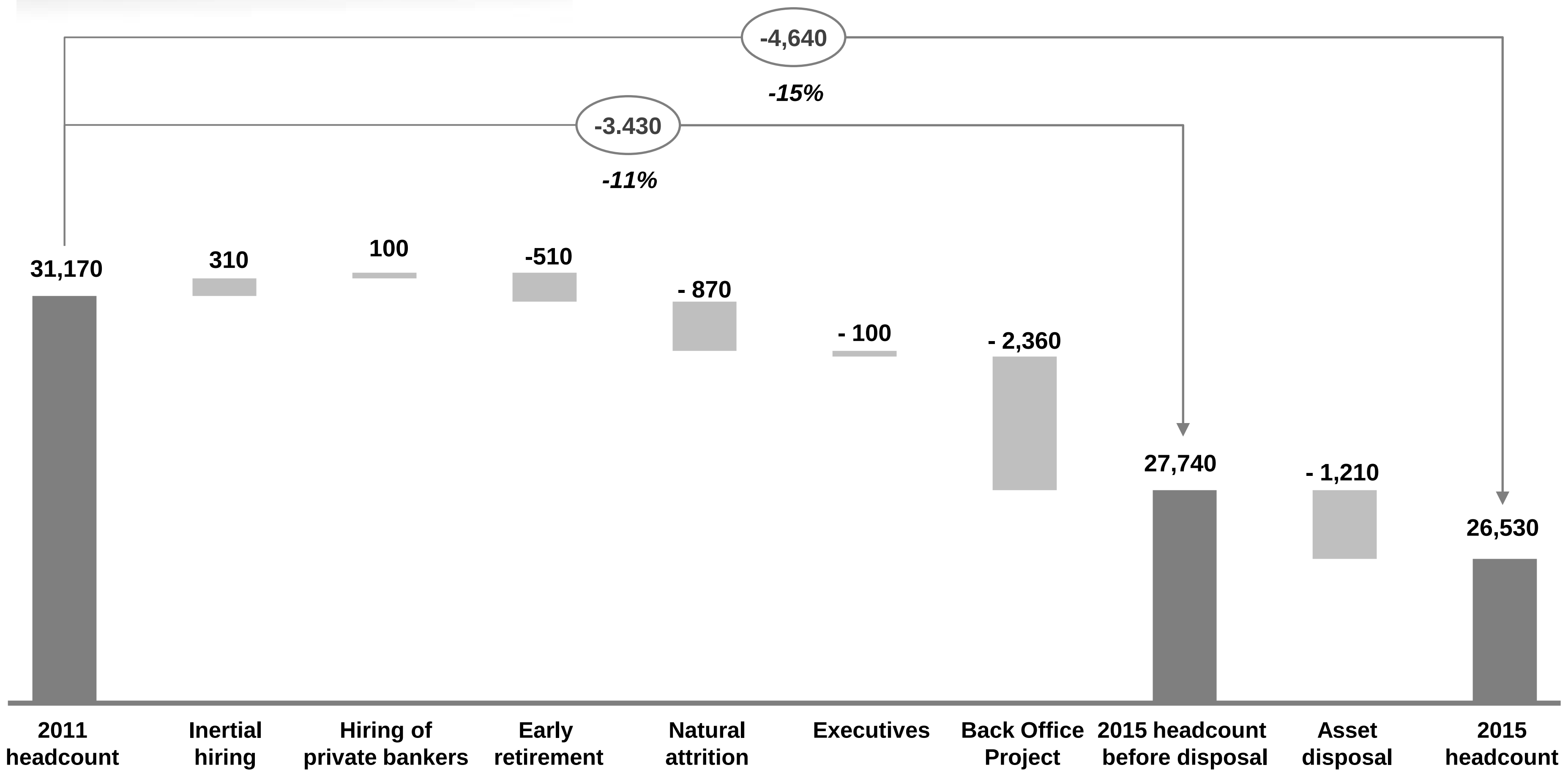
Growth in GBP(1) per employee at '11-'15 CAGR of 5%

Levers	Description
A New work organisation model and reward system	**New work organisation model** involving **quali-quantitative** and behavioural objectives applicable to all personnel Introduction of a **reward system** that is strictly **merit-based**
B Employee engagement	Introduction of **remuneration systems based on roles and relocation** **Strengthen employee welfare** with the introduction of benefits for individuals and families **Ongoing corporate climate monitoring**

1. *Gross Banking Product: total funding + lending*

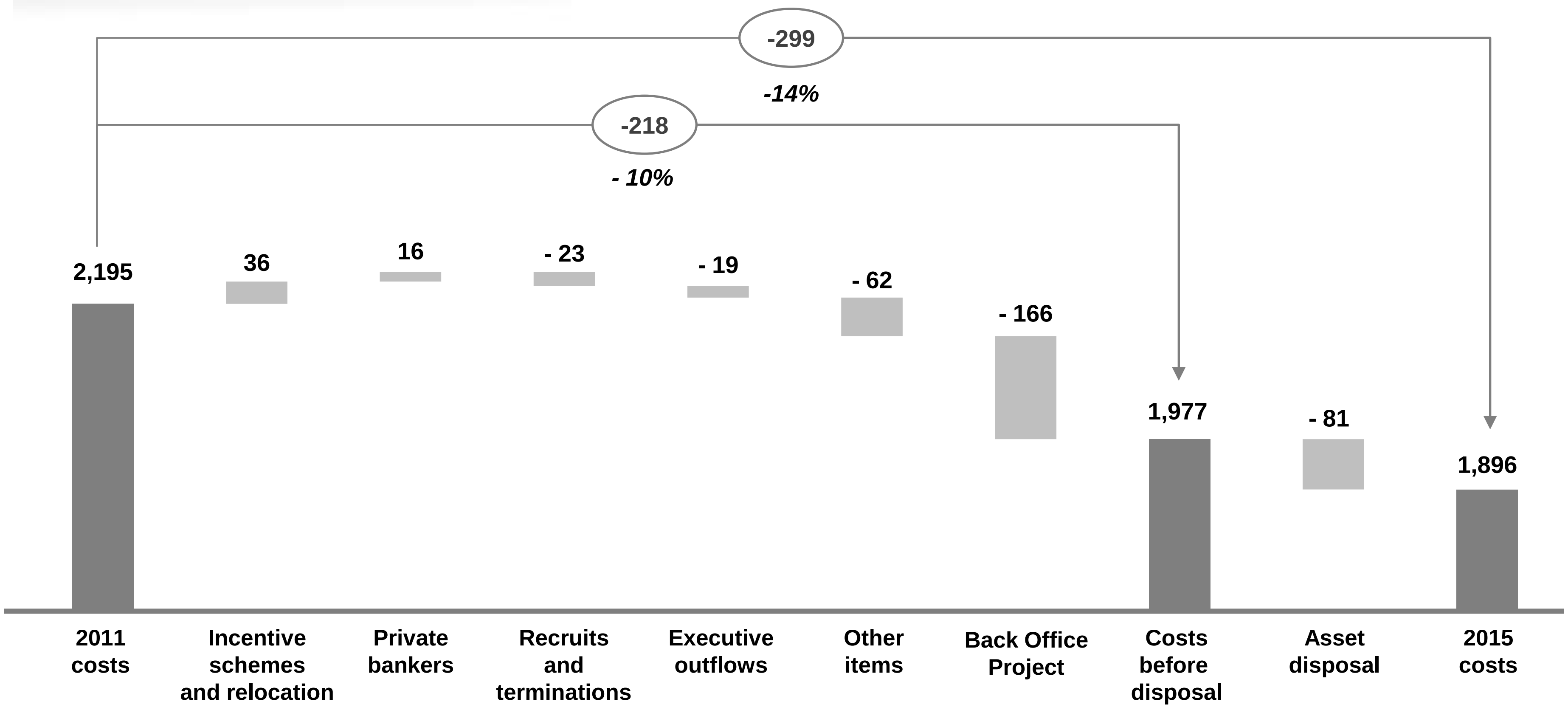
Major efficiency gains in HR management with limited number of redundancies (1/2)

Personnel (#) over time



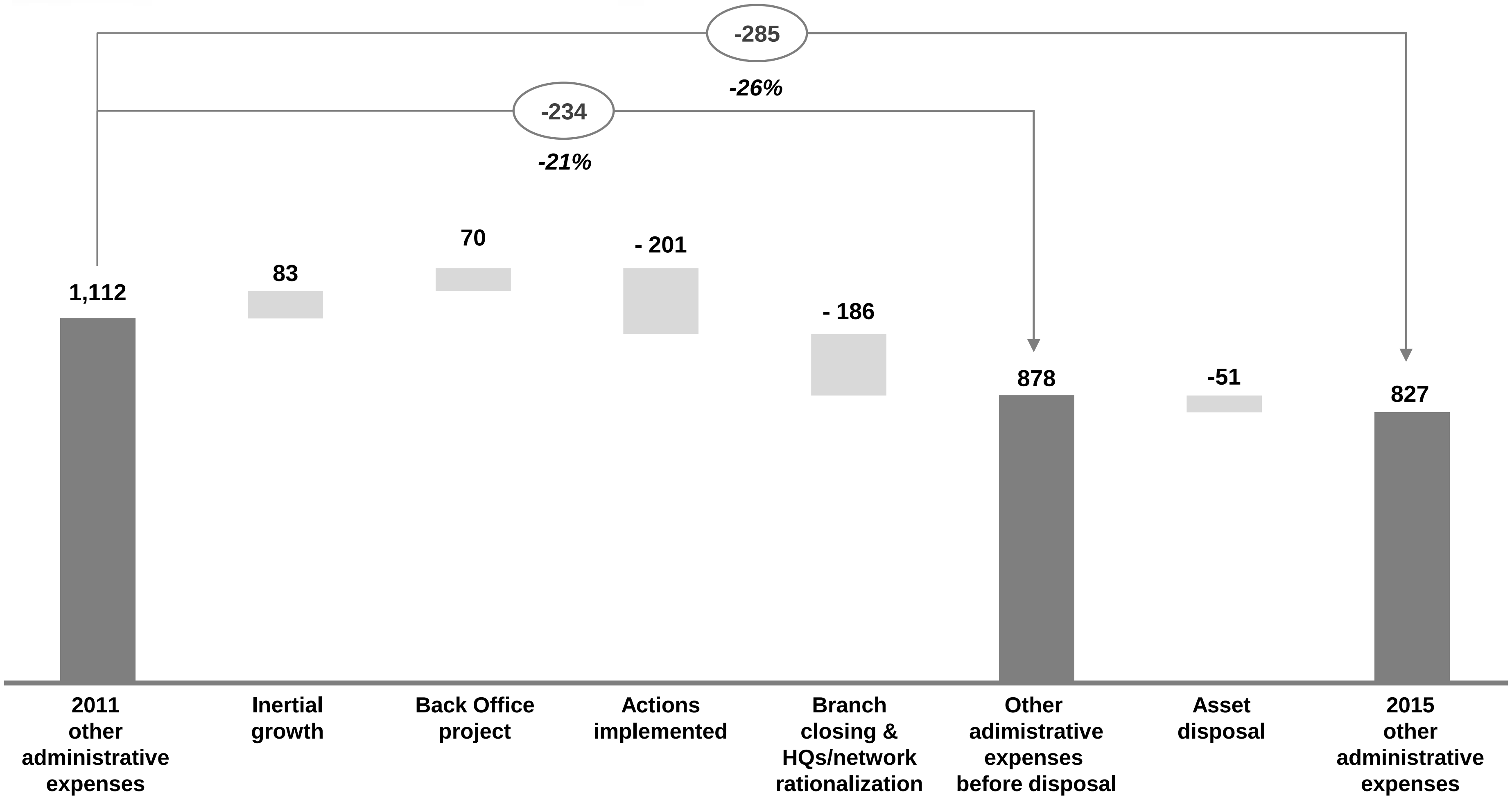
Major efficiency gains in HR management with limited number of redundancies (2/2)

Staff costs over time (mln €)



Strong structural reduction in other administrative costs

Other administrative expenses over time (mln €)



Conclusions

Delivery of B.P. «Relaunch 2015»

- More and better capital
- Better-balanced liquidity
- Return to a sustainable level of profitability

MONTE «2020»

A bank that has the ability to:

- **"truly" innovate** in its relationship with customers
- maintain **ongoing dialogue** with its customers
- use **information** as the new «**factor of production**»

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