



**Report on Corporate Governance and Ownership Structures
Report on Remuneration**

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Intesa Sanpaolo S.p.A. Registered office: Piazza San Carlo, 156 10121 Torino Secondary registered office: Via Monte di Pietà, 8 20121 Milano Share capital 8,724,861,778.88 euro Registration number on the Torino Company Register and Fiscal Code 00799960158 VAT number 10810700152 Included in the National Register of Banks No. 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund Parent Company of "Intesa Sanpaolo" banking group, included in the National Register of Banking Groups.

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Glossary

European Central Bank or ECB:

The European Central Bank, a EU institution responsible for the prudential supervision of credit institutions within the Single Supervisory Mechanism, which comprises the same ECB and the national competent authorities. Its main aim is to contribute to the safety and soundness of the banking system and the stability of the financial system within the EU as well as to ensure a consistent and efficient prudential supervision (see also the website www.ecb.europa.eu)

Bank of Italy:

Bank of Italy - central bank of Italy and part of the European System of Central Banks and of the Eurosystem - is a public institution whose main functions are designed to ensure, among others, the stability and efficiency of the financial system by pursuing the sound and prudent management of financial intermediaries as well as compliance with relevant laws in force (also see the website www.bancaditalia.it)

Italian Stock Exchange or Borsa Italiana:

Borsa Italiana S.p.A. is the company responsible in Italy for the organisation, management and development of markets for the trading of financial instruments, on which Intesa Sanpaolo S.p.A. instruments are also listed. (see also the website www.borsaitaliana.it)

c.c.:

Italian Civil Code

Parent Company:

Intesa Sanpaolo, the Parent Company of the Banking Group, pursuant to the Consolidated Law on Banking

Corporate Governance Code or Code:

Corporate Governance Code for listed companies, published in March 2006 and updated in July 2014 by the Corporate Governance Committee, on corporate governance principles applicable to companies listed on the stock exchange

Consob:

Commissione Nazionale per le Società e la Borsa, the independent authority whose purpose is to safeguard investors, efficiency, transparency and development of the Italian securities market (also see the website www.consob.it)

Manager responsible for preparing the Company's financial reports:

Manager responsible for preparing the Company's financial reports (pursuant to article 154-bis of the Consolidated Law on Finance)

Supervisory Provisions:

regulations issued by the Bank of Italy as part of its supervisory functions, applicable to banks and banking groups

Supervisory Provisions on remuneration:

The Provisions regarding remuneration and incentive policies and practices in banks and in banking groups, currently laid down in Circular 285 of 17 December 2013 (Title IV, Chapter 2)

Supervisory Provisions on corporate governance:

The Supervisory Provisions on bank corporate governance, currently laid down in Circular 285 of 17 December 2013 (Title IV, Chapter 1)

Supervisory Provisions on the control system:

Provisions on the banks' internal control system, currently laid down in Circular 263 of 27 December 2006 (Title V, Chapter 7)

European Banking Association or EBA:

European Banking Association, an independent European Union authority, which works to ensure an efficient and standardised level of regulation and prudential supervision in the European banking sector.

Financial Stability Board or FSB:

Financial Stability Board, independent body that collaborates with the national and international financial institutions to develop and implement effective regulatory, supervisory and other specific sector policies in the interest of global financial stability (also see the website www.financialstabilityboard.org)

Banking Group or Intesa Sanpaolo Banking Group:

the Banking Group is composed of the Parent Company Intesa Sanpaolo and the banking, financial and instrumental companies – with registered offices in Italy and abroad – controlled directly or indirectly by the Parent Company

Group or Intesa Sanpaolo Group:

the Group is composed of the Parent Company Intesa Sanpaolo and companies controlled directly or indirectly by the same, including companies that are not part of the Banking Group – with registered offices in Italy and abroad

Intesa Sanpaolo or Company or Bank:

Intesa Sanpaolo S.p.A.

Joint Bank of Italy/Consob Regulation:

Regulation issued jointly, pursuant to the Consolidated Law on Finance, by the Bank of Italy and Consob on 29 October 2007, governing the organisation and procedures of intermediaries providing investment services

Borsa Italiana Regulations:

Regulations governing markets organised and managed by Borsa Italiana

Issuers' Regulation:

Regulation implementing the Consolidated Law on Finance and governing issuers, adopted by Consob Resolution 11971 of 14 May 1999, and subsequent amendments thereto.

Consob Regulation on related parties:

Regulation issued by Consob Resolution 17221 of 12 March 2010 (and subsequent amendments), governing transactions with related parties by companies using the venture capital market directly or through subsidiaries

Report on Governance:

the Report on Corporate Governance and Ownership Structures drawn up pursuant to Article 123-bis of the Consolidated Law on Finance

Report on Remuneration:

the Report on Remuneration drawn up pursuant to Article 123-ter of the Consolidated Law on Finance and subsequent implementation provisions

Bank's website or Company's website

the website group.intesasanpaolo.com

Articles of Association:

Intesa Sanpaolo's Articles of Association (available in the Governance section of the Bank's website)

Consolidated Law on Banking:

Italian Legislative Decree 385 of 1 September 1993 – Consolidated Law on Banking

Consolidated Law on Finance (CLF):

Italian Legislative Decree 58 of 24 February 1998 – Consolidated Law on Finance



Report on Corporate Governance and Ownership
Structures

3 March 2015

Introduction

This Report, available in the “Governance” section of the Company’s website, as well as in the authorised storage mechanism eMarket Storage, has been prepared in accordance with Article 123-bis of the Consolidated Law on Finance, which requires issuers to provide the market yearly with a set of information, precisely identified by the said Article, on their ownership structures, their compliance to some corporate governance codes, their corporate bodies structure and operation as well as their corporate governance practices.

Art. 123-
bis (2),
(a) CLF

The Report also seeks to fulfil the public disclosure obligations on organisational structures and corporate governance laid down for banks by the Supervisory Provisions on corporate governance.

In addition to being required by law, the Report also represents an opportunity for Intesa Sanpaolo to carry out a periodic overall self-analysis, as well as an important means of communication with its shareholders, investors and the market, illustrating the governance mechanisms that drive the Bank’s operations.

Within this framework, the Report describes the levels of compliance with the Corporate Governance Code, and identifies the rare cases of discordance with the latter and the reasons supporting them, also considering the peculiarities of the dual corporate governance model and taking into account the Code Guidelines as to “comply or explain” in the event of any deviation from the recommendations contained in the related principles and application criteria.

More specifically, the Report comprises four parts: Part I provides a brief description of the Company and its corporate governance model as well as of the Intesa Sanpaolo Group. Part II discloses information on the ownership structure, except for certain information that has been included in Part III for the purposes of greater clarity. Part III contains more precise information on the Bank’s corporate governance, corporate bodies, the corporate structure and the internal control and risk management system. Lastly, Part IV contains a series of summary tables providing information on the structure of the Supervisory Board and Management Board.

Information on application of Article 6 of the Code is also contained in the Report on Remuneration.

For more immediate interpretation, specific margin notes have been included alongside the text citing the relevant Principles and Criteria of the Code, along with the requirements of paragraph 1 (ownership structures) and paragraph 2 (corporate governance) of Article 123-bis of the Consolidated Law on Finance.

The Appendix to this document contains two check lists that indicate, on one side, the Principles and Criteria of the Code applied and the provisions of Article 123-bis and, on the other side, the relative implementation (with any amendments) or non-application, with reference to the page of the document in which the matter is discussed.

However, these check lists should be read together with the clarifying notes and details provided in the Report as regards application of the individual provisions.

Unless otherwise stated, the information contained in this Report is updated as at 03 March 2015, the date of its approval by the Management Board and of the relative acknowledgement by the Supervisory Board.

This Report was audited for consistency by the independent auditors KPMG, in accordance with the aforementioned Article 123-bis. Their findings are published in the Independent Auditors’ Reports, prepared in accordance with Article 14 of Italian Legislative Decree 39/2010, annexed to the Parent Company’s and consolidated financial statements for 2014.



Adoption of the Corporate Governance Code

Intesa Sanpaolo has adopted the Corporate Governance Code, as updated in July 2014, available on the Borsa Italiana website (under Borsa Italiana/Rules/Corporate Governance). Consequently, the Bank's governance is also inspired by the aims and guidelines enshrined therein, with a view to ensuring the effective and transparent separation of the roles and responsibilities of its corporate bodies, and, in particular, also in accordance with supervisory provisions, checks and balances between strategic supervision, management and control functions.

Art. 123-bis (2),
(a) CLF

Intesa Sanpaolo, however, has also adapted the principles and criteria of the Code to its own dual governance system, this option being offered by the Code for alternatives to the traditional governance and control models, in a manner consistent with the objectives of good corporate governance, transparent reporting and the protection of investors and the market, as well as of the interests of all the stakeholders that the Bank liaises with in the conduct of its business.

10.P.1.

Furthermore, the Company, aware that efficient corporate governance is essential for the pursuit of its objectives, constantly updates its corporate governance structure on the basis of past experience and changing regulations, national and international best practices as well as corporate governance principles and recommendations promoted by the main Bodies and Authorities (i.e. the Financial Stability Board, the Basel Committee on Banking Supervision and the European Banking Authority).

All the above, with no prejudice to strict compliance with the overall regulatory framework and, in particular, the provisions laid down in EU sector regulations, in the Consolidated Law on Banking, as well as the supervisory provisions issued by the Bank of Italy in the performance of its supervisory functions, pursuant to which, Intesa Sanpaolo, as a Bank, must however adapt its organisational structure; in this regard, it is noted that Intesa Sanpaolo - as a "significant supervised entity" - is subject to the direct supervision of the European Central Bank, which is responsible for the fulfilment of specific duties regarding the prudential supervision of credit institutions within the Single Supervisory Mechanism.



Part I – Profile of the Company and the Group

Intesa Sanpaolo is a Bank quoted on the MTA market (Mercato Telematico Azionario) organised and managed by Borsa Italiana. The purpose of the Company is the deposit-taking and the carrying out of all forms of lending operations, both directly and through its subsidiaries, together with any other transactions instrumental or related to the achievement of its corporate purpose.

Corporate Governance model

Intesa Sanpaolo adopts the dual corporate governance model, consisting of a supervisory board, whose members are appointed by the shareholders' meeting, and a management board, whose members are appointed by the supervisory board, pursuant to Articles 2409-octies et seq. of the Italian Civil Code and Articles 147-ter et seq. of the Consolidated Law on Finance.

10.P.1.
10.P.3.

The duties and rules of operation of Intesa Sanpaolo's corporate bodies are set forth in provisions of laws and regulations, relevant resolutions passed by competent Authorities, the Articles of Association and internal Rules.

In general terms, the Supervisory Board, in addition to performing control duties typical of the board of statutory auditors, is also charged, according to the regulatory provisions, with certain duties traditionally attributed to the meeting and, on the basis of a provision of the Articles of Association adopted in accordance with Article 2409-terdecies, f-bis) of the Italian Civil Code, with strategic supervisory functions. The Management Board, on the other hand, has full and exclusive power over company management and, to the extent of its separate duties, contributes to strategic supervisory functions. In compliance with the general guidelines and programmes approved, the Management Board has exclusive power over ordinary and extraordinary company management.

Based on the Supervisory Provisions on corporate governance, the role of strategic supervision is focused on the Supervisory Board.

The dual corporate governance model adopted by Intesa Sanpaolo has so far confirmed its concrete operation and consistency with respect to the Bank's overall structure, demonstrating its capacity to meet the efficiency and effectiveness needs of governance and of the control system of a structured and complex Group.

According to the Supervisory Provisions on corporate governance, the Supervisory Board has deemed it appropriate to undertake the examination, in a comparative perspective, of the governance system currently adopted by Intesa Sanpaolo in order to verify the scope for improvement and/or identify reasons that might lead to its possible replacement.

Detailed information concerning the corporate bodies is contained in specific sections of the third part of the Report.

Certain provisions of the Code concerning the board of directors and individual directors under the traditional system are considered applicable, in addition to the Management Board and its members, also to the Supervisory Board and its members, given that the Articles of Association assign significant powers of strategic supervision to the latter. Moreover, provisions concerning control bodies have been applied to the Supervisory Board, as well as provisions concerning the management of operations have been applied to the Management Board.

10.C.1.

Note that in 2014 the banking sector regulations were impacted by the Bank of Italy's enactment of the new Supervisory Provisions on corporate governance, in compliance with the provisions laid down by

Directive 2013/36/EC, which introduced significant changes in terms of roles, responsibilities and qualitative and quantitative composition of the corporate bodies.

In adherence to and in accordance with the aforementioned provisions (and also taking into account the Supervisory Provisions on the control system), Intesa Sanpaolo amended its Articles of Association in 2014 through the elimination of the provisions that were incompatible with the new rules as well as the integration and coordination of the areas of responsibilities of the Supervisory Board (and the Committees set up therein) and to the Management Board.

The Intesa Sanpaolo Group

The role of the Parent Company and management and coordination activities

The Intesa Sanpaolo Group provides banking, financial, investment, collective asset management and insurance services.

Intesa Sanpaolo is the Parent Company of the Banking Group bearing its name and holds controlling interests in other companies belonging to the broader business group.

As Parent Company of the Banking Group, Intesa Sanpaolo is responsible, pursuant to the Consolidated Law on Banking, for the management and coordination of the companies belonging to the Banking Group and issues provisions as required for the implementation of Bank of Italy instructions in the interest of the Group's stability. The Group's subsidiaries must comply with such provisions.

Intesa Sanpaolo verifies individual Banking Group members' compliance with and adoption of the provisions issued as instructed by the Bank of Italy in order to ensure consistency. In particular, this refers to reporting, prudential and regulatory supervision on, amongst other things, capital adequacy, investments that can be held, risk containment, corporate governance, the administrative and accounting organisation and internal controls, together with the remuneration and incentive systems, without prejudice to the responsibility of the subsidiaries' corporate bodies to ensure the accuracy of information flows and the adequacy of production and control procedures of the figures provided.

Within the Banking Group – without prejudice to the prerogatives of Intesa Sanpaolo as Parent Company and the aforementioned obligations regarding full implementation of supervisory regulations – sub-holdings can be identified as responsible for coordination activities on behalf of direct or indirect subsidiaries. Sub-holdings are required to observe, and ensure observation by their subsidiaries, of instructions issued by Intesa Sanpaolo in exercising its management and control activities, and to provide data and information on its own activities and those of its subsidiaries.

Currently the role of sub-holding is covered by Banca CR Firenze and Banca Fideuram, which exercise management and coordination over their own subsidiaries on behalf of Intesa Sanpaolo.

In accordance with Legislative Decree 142/2005, the Intesa Sanpaolo Group constitutes a “financial conglomerate” – whose main field of activity is banking – subject to supplementary supervision, exercised by the competent Authorities and coordinated by the Bank of Italy, for the purpose of guaranteeing safeguards for the stability of the financial conglomerate as a whole and of its member companies. Intesa Sanpaolo is at the helm of this financial conglomerate and, as such, is also required to ensure compliance with the regulations on prudential supervision.

Furthermore, pursuant to Articles 2497 et seq. of the Italian Civil Code, Intesa Sanpaolo exercises policy, management and coordination activities for all other companies belonging to the broader business group.

In this context, note that Intesa Sanpaolo also exercises these activities over the insurance company Intesa Sanpaolo Vita, which, pursuant to Legislative Decree 209/2005 (the “Private Insurance Code”) and related enactment provisions, is parent company of the Intesa Sanpaolo Vita Insurance Group. As such, Intesa Sanpaolo Vita exercises policy, management and coordination activities over Intesa Sanpaolo Assicura, pursuant to Articles 2497 et seq. of the Italian Civil Code.

In its capacity as Parent Company, Intesa Sanpaolo adopts specific risk management procedures and internal control mechanisms for the coordinated and unified management of the Group's various

companies, with a view to guaranteeing compliance with statutory requirements, ensuring sound and prudent management, safeguarding the profitability and value of the Parent Company's investments and the investments of each Group company, and warding off any potential threat to the capital base of each Group entity.

Group Regulations

In consideration of the common business strategy and for the purpose of optimising synergies created by the Group, while at the same time maximising the key strengths of the various entities, the Company has adopted Group Regulations which govern the institutional operations of the Intesa Sanpaolo Group and intragroup transactions in accordance with supervisory regulations, which assign responsibility for the overall consistency of group governance to the parent company, through management and coordination activities.

The Regulations are the reference discipline for relations between Intesa Sanpaolo and Group companies and between the latter, whose conduct – in compliance with legal independence and the principles of correct governance and management of such companies – must reflect common organisational and management rules.

The document specifically defines the Group's overall architecture and guarantees standardised management, through compliance with the basic operating principles and through the policy, management and support role of the competent departments within the Parent Company. In this way the Regulations identify precise responsibilities for the Parent Company and Group companies, in a well defined and reciprocal commitment framework.

All Group companies adopt the Regulations by means of a specific resolution adopted by the competent corporate bodies.

For the purpose of actual application of rules contained in the Regulations, Intesa Sanpaolo has designed reporting procedures to be followed with subsidiaries, through which the latter refer to the Parent Company with regard, amongst other things, to prior authorisation of corporate transactions, equity investments and on governance issues as well as activating adequate information flows to the Parent Company.

The Parent Company also prepares and distributes Group governance documents, targeted at either individual Group members or the Group as a whole and addressing either general governance matters or specific issues. The management bodies of the companies receiving these documents are required to implement the instructions provided, as far as they are concerned, immediately, promptly informing their top management of the requirement in order to identify implementation methods.

For the main Intesa Sanpaolo Group subsidiaries and the related business areas, reference should be made to the Bank's website, section About us/Organisational structure.



Part II – Information on ownership structures

Introduction

This part of the Report provides information on the ownership structure of Intesa Sanpaolo, in accordance with article 123-bis, paragraph 1, of the Consolidated Law on Finance.

However, some of the information required under paragraph 1 has been exhaustively provided in Part III of this Report, to refer to for greater detail. In particular:

- the topic of shareholders' rights and voting rights at Meetings is examined in the chapter on Meetings;
- the rules applying to the appointment and replacement of members of the Supervisory Board and Management Board are discussed in the chapters on these corporate bodies.

Furthermore, information on the absence of agreements between the Company and Members of the Supervisory or Management Board, providing for indemnities in the event of resignation or dismissal without just cause or termination of employment, is contained in the Report on Remuneration.

Share capital

Share capital subscribed and paid-in totals 8,724,861,778.88 euro, divided into 16,778,580,344 shares of a nominal value of 0.52 euro each, of which 15,846,089,783 ordinary shares (equal to 94.44% of share capital) and 932,490,561 non-convertible savings shares (equal to 5.56% of share capital).

Article 123-bis (1), (a) CLF

In this regard, it is noted that the share capital increased on two occasions in 2014.

A first capital increase - from 8,549,266,378.64 euro to 8,553,821,316.56 euro - was completed as of 1 July 2014 following the merger by incorporation of the subsidiary Mediofactoring S.p.A.

Subsequently, as of 2 December 2014, the share capital increased from 8,553,821,316.56 euro to 8,724,861,778.88 euro, as a result of the increases made in the context of the Investment Plan based on financial instruments referred to as Leveraged Employee Co-Investment Plan ("LECOIP" Plan), which had already been disclosed in the Report on Remuneration published in 2014; specific information on the implementation of the Plan is provided in the Report on Remuneration contained in this document.

With a view to the full implementation of the Investment Plan, Intesa Sanpaolo's Articles of Association - as amended following the resolutions adopted by the Extraordinary Shareholders' Meeting of 8 May 2014 - grant the Management Board powers, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital free of charge and for payment, by 28 February 2018 and in accordance with the terms set out in detail in Article 5.

Art. 123-bis (1), (m) CLF

The Articles of Association do not grant any powers to the Management Board to issue equity instruments.

Art. 123-bis (1), (d) and (m) CLF

No shares exist that confer special controlling interests to their holders.

Ordinary shares and savings shares

Each ordinary share confers the right to cast one vote at ordinary and extraordinary Shareholders' Meetings.

Art. 123-bis (1), (a) CLF

Savings shares, which may be in bearer form, do not confer the right to vote in ordinary and extraordinary shareholders' meetings but entitle the holder only to attend and vote at the Special Meeting of savings shareholders.

Pursuant to the Articles of Association, savings shares are also recognised pre-emption rights in the event of reimbursement of share capital on the entire nominal value, and the right to a dividend higher than that of ordinary shares, according to the rules specified below.

Based on the Articles of Association, the responsibility for resolutions on the distribution of profits lies with the ordinary Shareholders' Meeting, upon proposal of the Management Board.

Net income as reported in the financial statements, net of allocations to the legal reserve and the unavailable portion as required by law, shall be distributed to shareholders as follows:

a) a dividend of up to 5% of the nominal value of the non-convertible savings shares shall be distributed to non-convertible savings shares. If in a financial year the dividend is less than 5% of the nominal value of the non-convertible savings shares, the difference shall be added to the preferred dividend paid in the following two accounting periods;

b) the remaining profits, made available for distribution by the Shareholders' Meeting, shall be divided among all shares so that the dividend allocated to non-convertible savings shares is higher than that allocated to ordinary shares by 2% of the nominal share value.

Securities traded on non-European markets

Art. 123-bis (1), (a) CLF
American Depositary Receipts (ADRs), certificates on Intesa Sanpaolo ordinary shares, are outstanding, currently deposited with and managed by the Bank of New York Mellon. Following the deregistration of the ADRs with the SEC, the securities were admitted to trading in the United States on the OTC market only.

Own shares

Art. 123-bis (1), (m) CLF
At the end of the financial year 2014, 8,701,239 residual own shares were held in the Bank's portfolio, after the purchases and allocations made during the year in relation to the Incentive and Investment Plans in favour of Employees. Additional packets of shares are held by other Group companies as part of their own ordinary banking and financial operations or to service the aforesaid Incentive and Investment Plans.

Share transfers

Art. 123-bis (1), (b) CLF
There are no limits envisaged to the possession or transfer of shares.

Art. 123-bis (1), (e) CLF
Within Intesa Sanpaolo, there are no employee stock ownership schemes that envisage that voting rights are not to be exercised directly by the employees themselves. For information regarding the existing incentive system, refer to the Report on Remuneration.

Shareholder base

Main Shareholders

Art. 123-bis (1), (c) CLF
According to records in the Shareholders' Register and other available information, there are approximately 271,600 Intesa Sanpaolo shareholders. The table below provides the list of shareholders which, in accordance with the communications provided for in Article 120 of the Consolidated Law on Finance and other information received by the Company, directly and/or indirectly hold more than 2% of ordinary share capital.

Declaring Company	% of ordinary share capital
Compagnia di San Paolo	9.506%
Blackrock Inc.*	4.897%
Fondazione Cariplo	4.840%
Fondazione C.R. Padova e Rovigo	4.162%
Ente C.R. Firenze	3.248%
Norges Bank	2.032%

*Held as assets under management

Shareholders' agreements

Art. 123-bis (1), (g) CLF
There are no existing shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance.

"Change of control" clauses

Art. 123-bis (1), (h) CLF
As part of their normal business activities, the Bank and other Group companies are usually party to framework agreements and contracts (especially for funding) which, according to standard financial market practice for certain types of relations, envisage specific effects in the event of a "change of control" (agreements "which take effect, alter or terminate upon a change of control of the Company and/or as a result of related events").

No such framework agreement or contract may be considered significant, per se, in terms of amount or effect on a consolidated basis.

Allocated assets

As at the reporting date, Intesa Sanpaolo has not allocated assets for specific dealings in accordance with the Italian Civil Code.



Part III – Information on the adoption of the Corporate Governance Code and other information on governance

The Supervisory Board

The Supervisory Board is governed by the legal and regulatory provisions and by the Articles of Association. It is the highest body in the dual corporate governance system adopted by Intesa Sanpaolo and performs steering, strategic supervision and control duties.

For effective implementation of these duties, the Supervisory Board receives support from Committees, appointed by the Board within its members and described in a specific section of this Report.

As mentioned in the introduction to this Report, in 2014 the Board aligned the Articles of Association to the Supervisory Provisions on the control system and to the Supervisory Provisions on corporate governance, in order to ensure timely consistency with the aforesaid provisions, with specific reference to the integration and coordination of the areas falling under the responsibility of the Supervisory Board (and of the Committees set up therein) and of the Management Board, as well as the elimination of any provisions that might be incompatible with the new regulations.

Based on the changes to the Supervisory regulatory framework and the new Articles of Association and in order to ensure better and more efficient operation of the Board, by resolution of 19 December 2014, the Supervisory Board revised its operational structure, reorganising the internal Board Committees - including in terms of composition - as follows:

- the dissolution of the Control, Financial Statements and Strategy Committees;
- the concurrent establishment of the new Risk Committee (supporting the Board in exercising the strategic supervision function, assigning to this Committee, among others, the functions performed by the previous Strategy and Financial Statements Committees) and the Internal Control Committee (supporting the Board in exercising the control function, thereby attributing to this Committee also Supervisory Board functions pursuant to the Organisational, Management and Control Model governed by Legislative Decree 231 of 8 June 2001);
- the confirmation of the Nominations Committee, the Remuneration Committee and the Committee for transactions with related parties of Intesa Sanpaolo S.p.A. and associated entities of the Group.

Simultaneously, the Board approved the adoption of the Regulations of the new Committees and the updating and adaptation of the Regulations of the other Committees that were confirmed; subsequently, the Regulations of the Supervisory Board adopted at the time were revised accordingly, taking into account the principles and criteria laid down by the Corporate Governance Code. The Regulations apply to the Supervisory Board jointly as a whole and severally to the Chairman and Board Members, who as such contribute to forming the decisions of the Board.

1.P.1.
8.P.2.

Duties of the Supervisory Board

The Supervisory Board is given powers which, in the traditional system, are exercised by the Shareholders' Meeting, such as, first and foremost, the approval of the Parent Company's financial statements and consolidated financial statements which takes place after a thorough analysis of the draft financial statements submitted to it by the Management Board. When examining the Parent Company's financial statements, the Supervisory Board also analyses the proposed net income allocation as formulated by the Management Board, expressing its opinion to the Shareholders' Meeting in its report on supervisory activities, as per Article 153 of the Consolidated Law on Finance.

The Supervisory Board is also responsible for the appointment, removal and determination of remuneration of Members of the Management Board. Finally, the Supervisory Board, acting in concert with the Shareholders' Meeting, may promote the exercise of liability actions vis-à-vis the Management Board.

As to strategic supervision, pursuant to Article 2409-terdecies, paragraph 1, letter f-bis) of the Italian Civil Code, the Supervisory Board has been entrusted with duties which strengthen its steering powers and permit the joint involvement of its members in the main governance decisions of the Bank and the Group.

1.C.1. a), c), f) Accordingly, the Supervisory Board, pursuant to the Articles of Association and also taking into account the proposals of the Management Board:

- defines and approves the business model, the strategic guidelines and the risk governance policies of the Bank and the Group;
 - approves the business and/or financial plans and budgets of the Bank and the Group and their amendment, if any;
 - authorises transactions of strategic relevance, as identified in the Articles of Association;
 - defines and approves the guidelines of the internal control system;
 - defines the overall governance structure and approves the Bank's organisational structure and corporate governance;
 - approves the remuneration policies in favour of employees and staff not bound to the Company by an employment agreement;
 - approves the accounting and reporting systems;
 - supervises the public disclosure and information process of the Bank;
- without prejudice to the Management Board's responsibility for action taken.

In particular, the Supervisory Board authorises:

- (i) Management Board proposals to be submitted to the Shareholders' Meeting on share capital transactions, issues of convertible and cum warrant bonds in securities of the Bank, mergers and demergers and other amendments to the Articles of Association, without prejudice to the Shareholders' powers to submit proposals as envisaged by law;
- 1.C.1. f) (ii) purchases or sales by the Bank and its subsidiaries of controlling stakes in companies whose unit value exceeds 6% of consolidated regulatory capital;
- (iii) investments or disinvestments entailing commitments for the Bank totalling, for each transaction, more than 6% of consolidated regulatory capital;
- (iv) other transactions as expressly identified by the Articles of Association.

Furthermore, the Supervisory Board is granted the power to represent to the Management Board its opinion, in order for relevant proposals to be drafted, with reference to the transactions of strategic relevance expressly specified in the Articles of Association. The Supervisory Board has not yet exercised this right with reference to specific transactions.

1.C.1. e) The Supervisory Board receives, at least every three months, reports regarding, amongst other things, the general development of operations, transactions with a major economic, financial and capital impact, and transactions with related parties and, on a quarterly basis, reports on the key performance data for the period compared with system data.

With regard to the Internal Capital Adequacy Assessment Process or ICAAP, the Supervisory Board, also taking into account the proposals of the Management Board and with the support of the competent Committees, defines and approves the general guidelines of the internal process, ensures timely adaptation to significant changes in the strategic guidelines, organisational structure and operational environment and promotes use of the ICAAP's results for strategic purposes and business decisions. In this context, it approves the definition of the maximum acceptable risk level for the Group (its "risk appetite") and the correlated system of limits at the level of overall risk and specific risks (the "Risk Appetite Framework"). It also approves the ICAAP Report (prepared annually and when exceptional circumstances require a review of the process) to be submitted to the Bank of Italy, the total internal capital and the final opinion on adequacy of the current and prospective regulatory capital, along with supporting documentation, to be submitted to the Supervisory Authority using the required procedures.

1.C.1. b) In 2014, a complete ICAAP Report was prepared using current data as at the end of 2013 and prospective data for the 2014-2017 period, and was submitted to the Supervisory Authority by the scheduled deadline of 30 April. The Supervisory Board's resolution to approve the Report was based on an in-depth look at the process itself, the assessment outcomes of the process and the process report, with the support of the previous Control Committee.

As stated, the Supervisory Board is responsible for the control of the Bank and therefore performs the duties envisaged in Article 149, paragraph 1, of the Consolidated Law on Finance, as indicated in the Articles of Association. These duties mainly involve the supervision of, amongst other things, compliance with legal and regulatory provisions and the Articles of Association, correct governance, and the adequacy of the organisational structures and administration and accounting system.

The Supervisory Board is also responsible for control duties as envisaged in regulatory provisions. Among these is the task of assessing the efficiency and adequacy of the internal control system, with particular reference to risk control, internal audit operations and the information accounting system.

7.P.3.

As part of control activities, the Supervisory Board monitors the independence of the audit firm, in liaison with the Internal Control Committee, pursuant to Article 19 of Italian Legislative Decree 39/2010.

As a control body, the Supervisory Board must also inform the Bank of Italy and, where envisaged, Consob without delay of all other acts or facts of which it becomes aware in the exercise of its duties, and which could represent management irregularities or a violation of regulations governing banking activities or financial intermediation.

Another task of the Supervisory Board, pursuant to the Articles of Association, is to appoint and remove - subject to an adequately reasoned resolution - the heads of the regulatory compliance, risk control and internal audit functions, as well as to indicate to the Management Board the Managing Director and Executive Board Members and express an opinion on the appointment of the Manager responsible for preparing the Company's financial reports according to the provisions of Article 154-bis of the Consolidated Law on Finance.

7.C.5. b)

Lastly, according to a specific provision of the Articles of Association and a consolidated tradition in support of culture and charities, the Supervisory Board is also required to resolve upon the cultural initiatives of the Bank and Group and manage the "Allowance for charitable, social and cultural contributions", set up by the Shareholders' Meeting from the allocation of a part of net income. In this respect, the Supervisory Board adopted a specific regulation that identifies the principles and application criteria for the management of the aforementioned Allowance, delegating relevant tasks which for this purpose are attributed by the Articles of Association to the Supervisory Board and its Chairman.

Given the significance and complexity of the matters and duties which, together with related regulations and the Articles of Association, are the responsibility of the Supervisory Board, and taking into account the provisions of Article 151-bis, paragraph 3, of the Consolidated Law on Finance, the Board receives support from a specific support Department.

8.P.2.

The role of the General Secretariat of the Supervisory Board is to provide support to the Board, the Chairman, Deputy Chairpersons and Committees formed within the Board in the performance of their respective duties, also with regard to the preventive analysis and study of relevant matters.

In addition, this office provides support to the Supervisory Board Secretary in the performance of his/her duties, with particular reference to those linked to the carrying of resolutions for which Supervisory Board and Management Board intervention is required, and guarantees contact with the corporate bodies with Bank management responsibilities on all matters of interest to the Board. In performing its duties, the General Secretariat of the Supervisory Board acts in liaison with other Bank and Group Departments.

Composition of the Supervisory Board

Composition and appointment

The Supervisory Board is composed of a minimum of 15 up to a maximum of 21 members, shareholders or otherwise, appointed by the Shareholders' Meeting. The Articles of Association require that at least 10 members should be independent in accordance with the Code, and that four are enrolled in the register of auditors and have practised the legal auditing of accounts for a period of at least three years. The less-represented gender must be reserved at least the number of members established by current laws in force on the matter of equal access to the administrative and control bodies of listed companies.

3.C.3.
1.C.1. i)

The Supervisory Board in office at the date of publication of this Report is composed of 19 members:

Board Members	Office	Age	In office since
Giovanni Bazoli	Chairman	82	01.01.2007
Gianfranco Carbonato	Deputy Chairperson	69	28.05.2012
Mario Bertolissi	Deputy Chairperson	66	01.05.2010
Gianluigi Baccolini	Board Member	53	22.04.2013
Francesco Bianchi	Board Member	58	22.04.2013
Rosalba Casiraghi	Board Member	64	01.01.2007
Carlo Corradini	Board Member	54	22.04.2013
Franco Dalla Sega	Secretary	54	01.01.2007
Piergiuseppe Dolcini	Board Member	74	22.04.2013
Jean-Paul Fitoussi	Board Member	72	01.05.2010
Edoardo Gaffeo	Board Member	47	22.04.2013
Pietro Garibaldi	Board Member	46	01.01.2007
Rossella Locatelli	Board Member	54	22.04.2013
Giulio Stefano Lubatti	Board Member	67	01.01.2007
Marco Mangiagalli	Board Member	66	01.05.2010
Iacopo Mazzei	Board Member	60	22.04.2013
Beatrice Ramasco	Board Member	56	22.04.2013
Marcella Sarale	Board Member	64	21.05.2013
Monica Schiraldi	Board Member	45	22.04.2013

The Bank website ("Governance" section) provides brief biographical and professional notes on the Members in office. More comprehensive information on the personal and professional background of each Member is available in the documentation published in the Bank's website upon appointment, and is attached to the list filed by shareholders from which each elected Board Member was taken.

All Board Members, with the exception of Marcella Sarale as specified hereunder, were elected by the Bank's Ordinary Shareholders' Meeting held on 22 April 2013, upon determination of their number, pursuant to Article 23 of the Articles of Association.

With reference to the appointment of Supervisory Board Members, the current Articles of Association provides that candidates may be nominated on the basis of lists submitted by a number of shareholders representing at least 0.5% of the ordinary share capital, unless otherwise required by laws in force. The above percentage corresponds to that established by the Issuers' Regulation (art. 144-quater).

Lists containing the names of two or more candidates must be filed at the registered office at least 25 days prior to the date of the Shareholders' Meeting, together with the identification data of the shareholders nominating the lists, the percentage of share capital they hold jointly, comprehensive information on the personal and professional background of the candidates, and a declaration by the candidates stating that they meet all the statutory, regulatory and law criteria required for appointment to the Board and, where applicable, the independence criteria required by the Corporate Governance Code, and their acceptance of the nomination. Certificates attesting ownership of the shares must be produced at least 21 days prior to the Shareholders' Meeting.

Shareholders nominating candidates, with the exception of those that jointly represent a controlling or relative majority interest, file, pursuant to Article 144-sexies, paragraph 4, letter b) of the Issuers' Regulation, declarations stating that they are not affiliated in any way (as per Article 144-quinquies of the Issuers' Regulation and Consob Communication 9017893 of 26 February 2009) with the above-mentioned controlling/majority shareholders.

The control body, with the support of the Internal Control Committee, is required to examine the lists of candidates filed and the absence of affiliations.

The Supervisory Board appointments procedure envisages a Member election system with a proportional list voting mechanism that also ensures that minority shareholders are represented as prescribed by law for listed companies, i.e. at least one Member must be elected by minority shareholders that have no direct or indirect link with shareholders presenting or voting on the list receiving most votes. Seven of the current Supervisory Board Members are from minority lists.

For election purposes, members were chosen proportionately from each list that has obtained votes, which were divided by 1, 2, 3, 4 and so on depending on the number of members to be elected. The resulting quotients were progressively assigned to the candidates on each list in the agreed order. The quotients assigned to the candidates on the various lists were then arranged in a single list in decreasing order: the Supervisory Board Members elected were those achieving the highest quotients.

The appointment procedure guarantees that the less-represented gender be reserved the number of Directors established by the current laws in force on the matter of equal access to the administrative and control bodies of companies listed on regulated markets. In this respect, note that one fifth of the members is reserved to the less-represented gender.

The Articles of Association also cover special situations. If more than one candidate obtains the same quotient, the candidate appointed is that on the list from which no Board Member has yet been appointed or from which the least number of Members has been appointed. If all lists have failed to appoint a Board Member or if all lists have appointed the same number of Members, the candidate on the list achieving the highest number of votes is appointed. If lists receive an equal number of votes and the quotients are equal, a second ballot is arranged on which the entire Shareholders' Meeting votes. The candidate appointed is that achieving the simple majority of votes.

The Articles of Association also contemplate a supplementary mechanism in the event that an insufficient number of Board Members have been elected meeting the independence criteria provided for by the Code and/or the registration and professional practice requirements for auditors and/or the gender balance requirement established by current applicable legislation, as well as specific provisions in the event that only one list or no lists are filed.

Where the number of members of the Supervisory Board is set at a lower number than the maximum provided, the Shareholders' Meeting may increase their number during the term of office of the Supervisory Board originally elected. New members may be elected at ordinary Shareholders' Meetings in accordance with Article 23 of the Articles of Association, using list voting procedures.

For additional information on the appointment of Supervisory Board Members, see the relative provisions of the Articles of Association.

Term of office, replacement and removal

Members of the Supervisory Board remain in office for three financial years, with their term of office expiring at the date of the subsequent Shareholders' Meeting provided for by Article 2364-bis, of the Italian Civil Code, and they may be re-elected.

The term of office for the current Supervisory Board Members covers the years 2013/2014/2015.

Where during the year a member of the Supervisory Board leaves service for whatever reason, he/she is to be replaced by the first non-appointed candidate belonging to the list on which the outgoing Supervisory Board Member was nominated, while continuing to ensure observance of the gender balance required by current applicable legislation (to this end, the Articles of Association envisage specific mechanisms, to which reference should be made for further details) and observance of legal, regulatory and statutory requirements for the Member to be replaced. If for whatever reason this is not possible, the Board Member who left service will be replaced without delay by the Ordinary Shareholders' Meeting with resolution passed by a simple majority of votes cast upon the proposal of the parties with voting right attending the Meeting, without the presentation of lists. The above is in any event subject to the principles of gender balance and the protection of minorities.

The procedures envisaged in the Articles of Association for the replacement of Board Members were applied in 2013 on appointment of Marcella Sarale, following her acceptance of the office on 21 May 2013. This Board Member, in possession of the legal and regulatory requirements, was in fact the first candidate not elected from the same list as Giuseppe Berta, who resigned with effect from 16 May 2013.

Art. 123-bis
(1),
l), CLF

The terms of all Supervisory Board Members, including those who were appointed during the course of the term, will expire simultaneously on the date of the Shareholders' Meeting called pursuant to the aforementioned Article 2364-bis of the Italian Civil Code, in relation to the proposal for the net income allocation for 2015.

Where during the year, for whatever reason, the majority of the Members of the Supervisory Board resign, the entire Supervisory Board will forfeit office as of the date on which the new appointed Members take office. A Shareholders' Meeting for the appointment of a new Supervisory Board is to be called without delay, in accordance with the provisions of the Articles of Association.

The members of the Supervisory Board may be removed by the Shareholders' Meeting at any time, by a resolution passed with the favourable vote of at least one-fifth of the share capital, without prejudice to the right of the Member to be indemnified if the removal occurs without just cause. The Shareholders' Meeting may remove members of the Internal Control Committee with just cause, in accordance with the Articles of Association.

Chairman and Deputy Chairpersons

1.C.1. i) The Shareholders' Meeting of 22 April 2013 appointed Giovanni Bazoli as Chairman of the Supervisory Board, confirming the office already held.

In accordance with Article 2409-duodecies, paragraph 9, of the Italian Civil Code, the Articles of Association provide for the powers of the Chairman of the Supervisory Board.

In light of the governance model adopted by Intesa Sanpaolo and the duties attributed by the Articles of Association, as specified in the Supervisory Board Regulations, the Chairman plays a significant role in the Bank, enhanced by distinguished authority and experience as well as time dedicated to duties.

The Chairman has the power to drive Supervisory Board activities and has the duty to promote productive and continuous cooperation with the Management Board, its Chairman and Managing Director, also for the purpose of identifying and sharing strategies and general guidelines of the Bank and the Group with regard to the duties of each corporate body.

Pursuant to the Articles of Association, in a manner functional to the exercise of Supervisory Board duties, the Chairman performs tasks relating to:

- a) the corporate bodies and their operations;
- b) the Bank strategies and general guidelines;
- c) supervision and control functions;
- d) external relations.

With regard to corporate bodies and their operations, the Chairman supervises and implements such operations, thereby contributing to the productive interaction with management functions and the balance of powers pursuant to the corporate governance system adopted by Intesa Sanpaolo; liaisons with the Management Board through its Chairman and the Managing Director; supervises relations with shareholders, verifying that such relations are managed correctly, in agreement with the Chairman of the Management Board and with the Managing Director.

With regard to duties relating to strategies and general guidelines, amongst other things, the Chairman requests and receives information on specific Bank and Group management aspects and on management performance and outlook in general from the Chairman of the Management Board and the Managing Director.

The Chairman of the Supervisory Board does not participate in Management Board meetings in order to avoid influencing its work. This decision, implemented since the introduction of the current dual corporate governance system, is consistent with the prerogatives of the role of Chairman and upholds the operational independence of the Management Board.

With regard to supervisory and control duties, amongst other things, the Chairman of the Supervisory Board supervises and implements control procedures and systems for Bank and Group activities.

The Chairman is not a member of the Control Committee, in line with the Supervisory Provisions on corporate governance, adopted by the Articles of Association, to ensure objective and impartial relations between the many duties assigned to the Supervisory Board.

In relation to Supervisory Board control activities, the Chairman is responsible for relations with the Supervisory Authorities and reports to the Board on the activities conducted by Authorities, including any inspections on the Bank or Group companies.

Lastly, with regard to the Supervisory Board's duties on cultural initiatives of the Bank and Group, the Chairman of the Supervisory Board has the duty of planning these initiatives, after consulting the Chairman of the Management Board and the Managing Director and subsequently managing the initiatives with particular reference to updating of the historic, archaeological and artistic heritage and management of the Allowance for charitable, social and cultural contributions. In this respect, the Chairman of the Supervisory Board exercises duties attributed by the Articles of Association, as specified in the Supervisory Board Regulations, with operating support from the General Secretariat of the Supervisory Board.

The Articles of Association require the Shareholders' Meeting to appoint two Deputy Chairpersons for the Supervisory Board. The exercise of their duties is also regulated by the Articles of Association and Supervisory Board Regulations, in the case of the absence or unavailability of the Chairman. The Shareholders' Meeting of 22 April 2013 appointed Gianfranco Carbonato and Mario Bertolissi as Deputy Chairpersons.

Requirements of integrity and professionalism

The requirements of integrity aim to ensure that the Bank can rely on corporate bodies composed of individuals of proven honesty and moral integrity.

Accordingly, as expressly provided for by the Articles of Association and as representatives of a listed bank, Supervisory Board Members are required to meet the integrity requirements set forth for bank managers (Regulation adopted with Ministerial Decree 161 of 18 March 1998), as well as those of integrity and professionalism set forth for statutory auditors of listed companies (Regulation adopted with Ministerial Decree 162 of 30 March 2000).

The steering and strategic supervision role attributed to the Supervisory Board also affects the qualifications of its members, who must therefore also possess the requirements of professionalism for members of bank boards of directors (Regulation adopted with Ministerial Decree 161 of 18 March 1998) which include, amongst other things, having successfully practised the profession for at least three years through proper and qualified activities or functions relevant to the office covered. Consequently, the Chairman of the Supervisory Board is required to have at least five years' experience in exercising the aforementioned functions or professional activities.

Moreover, again based on the Articles of Association, at least four members of the Board must be included on the register of auditors and must have at least three years' professional experience in the legal auditing of accounts. Four members of the Board currently possess the requirement of professionalism.

Within 30 days of appointment, the Supervisory Board verifies that each Member meets such requirements, in compliance with supervisory provisions issued by the Bank of Italy, together with the requirement of independence pursuant to Article 148, paragraph 3, of the Consolidated Law on Finance. The Board also verifies the grounds for independence according to criteria indicated in the Corporate Governance Code with regard to individuals declaring possession of such grounds at the time of appointment. For each Member, the Supervisory Board verified, upon appointment thereof, compliance with said requirements of independence, based on documentation provided by the parties involved, as requested by or already held by the Bank.

Management or control positions of Supervisory Board Members

1.C.2
8.C.2 Each Board Member is responsible for examining and assessing the conditions which enable him/her to perform his/her duties diligently and dedicating the time necessary, also with regard to membership of internal Board Committees.

1.C.3. With regard to rules on the accumulation of offices by Supervisory Board Members, the Board has expressed its opinion on the maximum number of offices that can be held, without prejudice to the fact that Board Members are subject to the accumulation of office limits envisaged in current pro tempore legal and regulatory provisions or in the Articles of Association. More specifically, Supervisory Board Members:

- may not accept office in any corporate body exercising strategic or management supervision with other Group companies or within the financial conglomerate, or with companies with which the Bank holds direct or indirect strategic investments (at least equal to 10% of the share capital or the voting rights at the ordinary shareholders' meetings of the subsidiary or 5% of the banking group consolidated shareholders' equity);
- refrain from taking up office in any body exercising a control function with other Group companies or within the financial conglomerate, as well as companies upon which the Bank exercises a significant influence. A similar recommendation was extended by the Supervisory Board to Management Board Members in reference to management offices.

As members of the control body of a listed company, Supervisory Board Members are required to comply with the Consob reporting requirements regarding the number of offices held in joint-stock companies upon appointment, along with all subsequent variations (new offices, terminations, approval of financial statements data) within the deadlines and according to the instructions envisaged by the Issuers' Regulation. In accordance with the provisions of Article 144-quinquiesdecies of the Issuers' Regulation, Consob discloses on its website information regarding management or control offices held by members of control bodies of listed companies and with widely-distributed shares. The information disclosed by Consob reflects the content of declarations provided by the Supervisory Board Members, who have sole responsibility for the accuracy of publicly disclosed information. According to the Issuers' Regulation, those holding the office of member of the control body of only one issuer (listed company or company with widely-distributed shares) are exonerated from compliance with the aforementioned reporting requirements relating to offices held in joint-stock companies.

Following the coming into effect of Article 36 of Law Decree 201/2011 (the "interlocking prohibition"), converted with amendments into Law 214/2011, Supervisory Board Members cannot accept or exercise office in the management, supervisory or control bodies of competing companies or groups of companies operating in the credit, insurance or financial markets.

In this respect, note that the Supervisory Board Members holding offices that are covered by the prohibition must inform the board of the option exercised within 90 days of their appointment. If the option is not exercised by said deadline, the Supervisory Board Member in question is required to confirm to the board that the offices held do not give rise to situations of incompatibility pursuant to the abovementioned Article 36, stating the reasons in detail.

Members of the Supervisory Board are required to renew each year their certification that they do not hold offices in the management, supervisory or control bodies of competing enterprises or groups of enterprises, to allow the plenary meeting of the Board to perform its annual assessment. Said certification was renewed with a positive outcome also with reference to the 2014 financial year.

1.C.2 Board Members are required to inform the Bank of any office accepted in other companies and entities. As an attachment to this Report, in compliance with the Corporate Governance Code, summary table 1 indicates the number of other management and control offices that Members of the Supervisory Board have reported as held in other companies listed on regulated markets (also abroad), in financial, banking, insurance or large companies, while table 2 contains a list of such offices.

Independent members

All Members of the Supervisory Board are required to satisfy the independence criteria of Article 148, paragraph 3, of the Consolidated Law on Finance. Accordingly, the law requires, inter alia, the absence of any self-employment or established employment, or any other relations of an economic or professional

nature between the Member and the Bank or its subsidiaries, parent companies or companies subject to joint control, which could otherwise compromise independence.

In this respect, in 2008 Consob provided elements useful to understanding what relations can be classed as “other relations of a professional nature” and indications of elements to be taken into consideration in assessing whether such relations might compromise the independence of members of control bodies.

Given the importance attributed by law to the aforementioned independence requirements – which in operating terms imply that, should they occur, certain circumstances render incompatible the office of member of the Supervisory Board – the Bank requires that each Member provides an annual declaration confirming the continued possession of independence requirements.

Before approving this Report, the Supervisory Board assessed the independence of all Members, each of whom confirmed, as requested by the Bank, he/she continues to meet all the independence criteria mentioned above.

The Articles of Association also require that at least 10 members of the Supervisory Board must meet the independence requirements envisaged in the Corporate Governance Code.

At the time their candidatures are submitted, Members of the Supervisory Board are asked to certify their independence, under their own responsibility, in accordance with the application criteria indicated in the Code. Each Board Member claiming independence must evaluate his/her own situation based on the parameters listed in the aforementioned criteria. The relevant declarations, following appointment, were disclosed to the market.

The Supervisory Board assesses the independent status of Members based on information available to the Bank or on statements provided by the Members themselves, acquired upon request.

The Supervisory Board incorporated the abovementioned operational method into its own Regulations, considering it adequate also for its role as a control Body and confirming that assessment of the independence of its own members will not diverge from the principles of the Code.

After appointment, the Supervisory Board carries out an annual verification that each Member meets the criteria of independence.

Prior to approval of this Report, and in order to allow the Supervisory Board to assess whether or not its members are independent, each Board Member was asked to carry out a personal assessment of his/her own independence status, taking into consideration the application criteria given in Article 3 of the Code and providing a specific declaration in this respect.

The last assessment was carried out prior to the approval of this Report on 3 March 2015. All Supervisory Board Members, based on declarations made by each of them and on information already available to the Bank, were found to be in possession of the independence criteria pursuant to Article 148, paragraph 3, of the Consolidated Law on Finance. With respect to the requirements of the Code, the following 16 Members were determined to be independent: Mario Bertolissi, Gianluigi Baccolini, Francesco Bianchi, Rosalba Casiraghi, Carlo Corradini, Franco Dalla Sega, Piergiuseppe Dolcini, Jean-Paul Fitoussi, Edoardo Gaffeo, Pietro Garibaldi, Giulio Stefano Lubatti, Marco Mangiagalli, Iacopo Mazzei, Beatrice Ramasco, Marcella Sarale, and Monica Schiraldi.

Their number allows them to participate in all the internal Board Committees in order to make full use of their respective professional skills in relation to the specific duties attributed to each Committee. In this regard, the composition of the Committees, particularly the Internal Control Committee and Remuneration Committee, also proves compliant with the provisions of Articles of Association, as amended to comply with the Supervisory Provisions on corporate governance, and the Committee for Transactions with Related Parties with the Consob Regulation on related parties and the regulation issued by the Bank of Italy on 12 December 2011 governing activities at risk and conflicts of interest of banks and banking groups in relation to “associated entities.”

The Bank's website has an updated list of Members which points out for each one whether or not the status of independence according to the Code applies.

3.C.6.
2.C.3.
2.C.4.

The Supervisory Board Regulations envisage the option that at least once a year the independent Members of the Board should meet in the absence of other Members, pursuant to the Code, following call by the more senior independent Board Member in age terms, that minutes of the meeting are drafted and reported to the next full meeting of the Supervisory Board. As at the date of approval of this Report, the independent Members have not yet felt the need to hold such a meeting, also given the composition of the Board. Likewise, and again given that it was composed almost entirely of independent Board Members, the Supervisory Board decided not to appoint a *lead independent director*.

Supervisory Board's Internal Committees: composition and operations

4.P.1.
4.C.1.
a) b) and c)
4.C.2

The internal Board Committees play an important role in the research, analysis and in-depth study of matters put forth before the Supervisory Board. Such activities – also expressed in the formulation of proposals, recommendations, assessments and opinions – facilitate the task of the Supervisory Board in making more reasoned decisions, without limiting the powers and responsibilities of the Board, and rather increasing the effectiveness and efficiency of its work, particularly with regard to the discussion of sensitive matters which could be a source of conflict of interest.

Until 19 December 2014, the Supervisory Board had established six internal Committees, three of which specifically envisaged by the previous Articles of Association (Control Committee, Nominations Committee and Remuneration Committee):

- 7.P.4.
- Control Committee, composed of five members, all independent pursuant to the Code, of which three were enrolled with the Register of Auditors and had practised the legal auditing of accounts for a period of at least three years;
- 5.P.1.
- Nominations Committee, composed of five members, among whom the Chairman of the Supervisory Board, who chaired it; three members were independent pursuant to the Code;
- 6.P.3.
- Remuneration Committee, composed of three members, all independent according to the Code; one member was also enrolled with the Register of Auditors and had practised the legal auditing of accounts for a period of at least three years;
 - Strategy Committee, composed of five members, including the Chairman of the Supervisory Board, who chaired it; three of its members were independent pursuant to the Code;
 - Financial Statements Committee, composed of five members, of which four were independent pursuant to the Code;
 - Committee for transactions with related parties, composed of three effective members and one alternate member, all independent according to the Code; one effective member is enrolled with the Register of Auditors and has practised the legal auditing of accounts for a period of at least three years. This Committee is dedicated exclusively to transactions with related parties of Intesa Sanpaolo and associated entities of the Group, with the exception of those pertaining to remuneration, which fall within the purview of the Remuneration Committee.

As stated in the introduction, at the end of December 2014 the Supervisory Board revised its organisational and functional model, thereby adopting the following measures, effective as from 1 January 2015:

- the dissolution of the Control Committee, Financial Statements Committee and Strategy Committee, whose functions were mainly merged into the Risk Committee;
 - the establishment of two new Committees:
 - Internal Control Committee, composed of five members, all independent pursuant to the Code, of which three are enrolled with the Register of Auditors and have practised the legal auditing of accounts for a period of at least three years;
 - Risk Committee, composed of five members, four of whom are independent according to the Code; one member is also enrolled with the Register of Auditors and has practised the legal auditing of accounts for a period of at least three years;
- 7.P.4.
- confirmation of the following Committees, composed as follows:
 - Nominations Committee: five members - including the Chairman of the Supervisory Board and the two Deputy Chairpersons - three of whom are independent pursuant to the Code;
- 5.P.1.
6.P.3.

-
- Remuneration Committee: three members, all independent pursuant to the Code;
 - Committee for transactions with related parties of Intesa Sanpaolo S.p.A. and associated entities of the Group: five members, all independent according to the Code; one member is also enrolled with the Register of Auditors and has practised the legal auditing of accounts for a period of at least three years.

In establishing the Committees, the Supervisory Board took into consideration the independence requirements and the professional characteristics and experience of its Members, so that each Committee is composed of members whose competence and professional skills are appropriate in terms of the duties attributed and is able to ensure the performance of tasks in a timely manner.

The activities of each Committee are coordinated and directed by a Chairman designated by the Supervisory Board. The Chairman calls the meetings and describes the activities, proposals and guidelines of the Committee during meetings of the Supervisory Board. In the event of absence or impediment of the Chairman, the longest-serving member or, in the case of equal terms of service, the eldest member takes on the functions.

The duties of each Committee are specified in special Regulations, approved by the Supervisory Board, which govern the operation and organisation of the Committees. 4.C.1. b)

Meetings are generally held at the Torino registered office and Milano secondary office. Meetings may also be validly held through telecommunication methods; such meetings are considered to have been held at the location of the Chairman.

The Regulations of each Committee require that minutes specific to each meeting are prepared by an appointed secretary, who may also be a non-Board Member, in which case the secretary should be selected from the General Secretariat of the Supervisory Board. 4.C.1. d)

Each Committee may ask the departments of the Bank and, where permitted in their Regulations, those of Subsidiaries, for access to any information considered necessary to perform their assigned duties. Such access may be direct or via the General Secretariat of the Supervisory Board and also, where envisaged, via structures established for this purpose (the Internal Control Committee can also rely on Internal Auditing and Compliance). 4.C.1. e)

Every Committee meeting receives the support of preliminary work performed by the General Secretariat of the Supervisory Board. Committees can also make use of external consultants, as indicated in each set of regulations.

Individuals who are not part of a committee may attend Committee meetings provided they are invited by the Committee concerned, and only in relation to specific items on the agenda. The Secretary of the Board and the head of the Secretariat of the Supervisory Board normally participate in the activities of the Committees. 4.C.1. f)

Also in consideration of the time dedicated to each task in hand, Committee work is always performed in a constructive environment based on exchange and dialogue among the respective members, encouraging personal contributions, open discussion and criticism not only among Board Members but also with heads of the control functions, Business Units, Governance Areas and of the various Departments involved in meetings within their purview.

Below is a list of detailed information regarding each Committee that operated in 2014 (with reference to the composition, duties attributed and activities performed, in addition to details on meetings and the attendance of the related members) and each Committee in office (only with reference to the composition and duties attributed, since they have only been operating since 1 January 2015). 4.C.1. g)

Art. 123-bis (2), (d) CLF

Control Committee

Control Committee in office until 19 December 2014

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Attendance percentage at meetings
1.C.1. i) Giulio Stefano Lubatti- Chairman	X	X	98%
Rosalba Casiraghi	X	X	98%
Carlo Corradini		X	100%
Edoardo Gaffeo		X	100%
Beatrice Ramasco	X	X	100%

The average duration of the Committee's meetings was approximately 5 hours.

The Control Committee was the permanent reference point for the organisational Departments of the Bank performing control functions; from these, the Committee received periodic reports or briefings on specific situations or company trends.

7.P.3. d) 8.C.5 Within the remit of the Supervisory Board, the Control Committee proposed, advised and enquired on matters regarding the internal control system, risk management and the information accounting system, submitting opinions where required by laws in force or when expressly required by the Bank of Italy. In performing its duties, it took into account the supervisory tasks envisaged by Article 19 of Italian Legislative Decree 39/2010.

With reference to risk management, the Committee, among other things, supported the Supervisory Board:

- 7.C.1. a) – in approving Management Board proposals (such as the periodic review of risk management policies, the adoption of internal systems for calculating regulatory capital requirements, and the ICAAP);
- with the contribution of the relevant internal control departments, in monitoring the actual use of internal management systems (“use test”) and their compliance with regulatory requirements;
- 7.C.1. b) – in guaranteeing the periodic auditing of the operations, efficiency and effectiveness of the risk management and control system and related procedures, promptly reporting audit results to the Supervisory Board; where shortcomings or anomalies were found, the Committee proposed appropriate corrective measures to the Supervisory Board;
- in auditing the internal capital adequacy assessment process, in both current and prospective terms, for the Bank's total consolidated capital with respect to the significant risks to which the Bank and the Group are exposed;
- in assessing the operation and adequacy of the internal risk measurement systems in order to determine capital requirements.

With reference to the information accounting system, the Committee supported the Supervisory Board in, among other tasks:

- 7.C.2. a) – in liaison with the Manager responsible for preparing the Company's financial reports and the independent auditors, assessing the correct application of accounting standards and their consistency in drafting the Parent Company's and consolidated financial statements;
- evaluating proposals submitted by the independent auditors with regard to their appointment and relative remuneration, as well as the audit plan and the results described in the report and letter of recommendations;
- 7.C.1. e) – monitoring the effectiveness of the auditing process, exchanging data and information with the independent auditors, also pursuant to Article 150, paragraph 3, of the Consolidated Law on Finance, for the performance of their respective tasks.

7.C.2. c) With reference to the internal control system, the Committee supports the Supervisory Board, among other tasks:

- in verifying that the risk control function structure is defined by the relevant corporate functions consistently with the strategic guidelines approved by the Supervisory Board and said functions (in particular Risk Management, Internal Auditing and Compliance as well as Anti-Money Laundering

-
- and Internal Validation) are guaranteed an appropriate level of independence, along with adequate funding and resources, both qualitative and quantitative, for the exercise of their duties;
- in examining periodic reports from Risk Management, Internal Auditing, Compliance and Anti-Money Laundering, together with briefings on specific situations or company trends, making related observations and proposing resolutions for approval by the Supervisory Board, when required;
 - in assessing the degree of efficiency and adequacy of the internal control system, with particular reference to risk control, internal auditing operations and information accounting system.

7.C.2. d)

Moreover, the Committee was responsible for:

- promptly informing the Supervisory Board of any action or fact that may be regarded as significant under Article 52 of the Consolidated Law on Banking, and making any necessary reports and/or reprimands to the competent bodies and/or authorities;
- supporting the Supervisory Board in performing the supervisory activities required by law;
- evaluating the general rules and criteria aimed at ensuring transparency and substantial and procedural fairness in transactions with related parties; to this end, it submits, also in the interest of the Management Board, an opinion on adoption of procedures governing transactions with related parties and associated entities pursuant to the Consob Regulation on Related Parties and to the Bank of Italy's Supervisory Provisions;
- in liaison with Corporate Social Responsibility and Internal Auditing, supervising compliance with the principles and values of the Bank's Code of Ethics;
- cooperating with the Supervisory Board, in liaison with the Financial Statements Committee, in preparing the report on supervisory activities performed, for submission to the Meeting, pursuant to Article 153 of the Consolidated Law on Finance.

The Committee may at any time, through the appropriate corporate functions (Internal Auditing, Compliance and Anti-Money Laundering), carry out inspections and controls, and exchange information with the control bodies of Group companies with respect to their management and control systems and the general performance of their business.

7.C.2. e)
8.C.4.

While reference should also be made to the contents of the Report of the Supervisory Board to the Meeting on the supervisory activities performed in 2014, pursuant to Article 153 of the Consolidated Law on Finance and Article 25.1.3 of the Articles of Association, it may be remarked that in 2014 the Committee continued to meet with the heads of the Bank's main organisational Departments and with the independent auditors, also for the purposes of Article 150 of the Consolidated Law on Finance, improving and consolidating, on a regular basis, the existing information flows, in particular from Internal Auditing, Compliance and Risk Management.

7.C.2. b)

In terms of risk management, the Committee continued its examination of the related policies at the Group level and constantly monitored correspondence with the Supervisory Authorities, also as regards assessment activities conducted by these Authorities at the Bank and Group companies. Specifically, the Committee oversaw inspections and audits, issuing opinions where required, carrying out the necessary analyses and assessments and requesting regular updates on matters and, with specific reference to the Parent Company, lent its support to the Supervisory Board for related decisions.

Moreover, the Committee paid special attention to the internal capital adequacy assessment process of the Group (ICAAP).

With support from the General Secretariat of the Supervisory Board, the Committee made use of a constantly updated planning tool to organise its tasks.

In 2014 the Control Committee held 51 meetings, including some joint meetings held with the Financial Statements Committee, providing detailed information at every Supervisory Board meeting, also by means of specific reports, on the activities and main findings of the Committee, and, on a half-yearly basis, reporting summarily on the effectiveness of the internal control system.

In this regard, the Committee assisted the Supervisory Board in examining numerous proposals for adapting the Group's regulations (regulations and guidelines) in implementation of the New Supervisory Provisions referred to in Circular 263/2006 regarding internal controls, business continuity and information systems. In this regard, it is worth mentioning the Integrated Internal Control System Regulation ("SCII Regulation"), which defines the reference principles and responsibilities of the functions and bodies with control duties and identifies the coordination procedures and information flows that aid the integration of the internal control system at Group level (for further information, reference is made to the paragraph "The internal control and risk management system").

7.C.2. f) A copy of the Control Committee's half-yearly report to the Supervisory Board is issued by the Chairman of the Supervisory Board to the Chairman of the Management Board and the Managing Director in order to enhance information exchange between the bodies with strategic, management and control duties. During the year, the Committee held a series of regular meetings with the Managing Director, to ensure constant reporting of activities.

In accordance with the Articles of Association, members of the Control Committee participated in meetings of the Management Board.

The Committee also performed the duties and tasks of a Surveillance Body pursuant to Italian Legislative Decree 231/2001 on the administrative liability of companies, supervising operations and compliance with the Organisational, Management and Control Model adopted by the Bank.

7.C.1. c) In this role it examined the audit plans prepared each year by the heads of the internal control functions.

Internal Control Committee

Internal Control Committee established by resolution of the Supervisory Board of 19 December 2014 and operating since 1 January 2015.

1.C.1. i)	Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Attendance percentage at meetings
	Giulio Stefano Lubatti- Chairman	X	X	-
	Rosalba Casiraghi	X	X	-
	Carlo Corradini		X	-
	Edoardo Gaffeo		X	-
	Beatrice Ramasco	X	X	-

Similarly to the previous Control Committee, the role of the Internal Control Committee was confirmed in the Articles of Association also for the purposes of its stability (the Members of the Control Committee may be removed by the Shareholders' Meeting or replaced by the Supervisory Board solely with just cause). The Committee therefore continues to be the permanent reference point for the organisational departments of the Bank performing control functions, from which it receives periodic reports or briefings on specific situations or company trends.

7.C.2. b) Within the scope of the Supervisory Board's duties, the Committee, in its capacity as body with control functions, proposes, advises and enquires on the relevant matters, submitting opinions where required by the reference laws, within the terms laid down by the Regulations approved by the Supervisory Board with resolution dated 19 December 2014.

In particular, the Committee supports the Board in supervising:

- compliance with legal and regulatory provisions and the Articles of Association and on the principles of correct management;
- adequacy of the organisational structure;
- completeness, adequacy, functionality and reliability of the Risk Appetite Framework;
- also in its capacity as internal control and auditing Committee pursuant to Legislative Decree 39/2010, completeness, adequacy, functionality and reliability of the internal control system;

7.P.3. d)
7.C.1. a)
7.C.1. b)
7.C.2. d)

- compliance with anti-money laundering regulations and the completeness, functionality and adequacy of money laundering controls;
- completeness, adequacy, functionality and reliability of internal risk measurement systems for determining capital requirements and their compliance with the requirements laid down by the regulations;
- adequacy and functionality of the management and accounting system, including the related information systems - as well as its reliability in correctly representing the management operations;
- methods for the actual implementation of the corporate governance rules laid down by codes of conduct drawn up by management companies of regulated markets or by trade associations which the Bank declares to adhere to;
- adequacy of the instructions given by the Bank to its subsidiaries;
- compliance with the principles and values enshrined in the Code of Ethics.

1.C.1. o)

Moreover, the Committee supports the Supervisory Board:

- in verifying that the Bank, as part of the Group's management and coordination activities, acting as the Parent Company, strategically controls the development of the different business areas in which the Group operates and of the risks affecting the business portfolio as well as in verifying that the Bank carries out a managerial control aimed at ensuring that the balance sheet, income statement and financial balance conditions of the individual companies and of the Group as a whole continue to be met;
- in reporting to the Management Board any gaps and irregularities found, in requesting the adoption of appropriate corrective measures and verifying their effectiveness over time;
- in preparing the report on the supervisory activity to be submitted to the Shareholders' Meeting pursuant to Article 153 of the Consolidated Law on Finance.

The Committee also performs the following functions, including in the capacity as Internal Control and Audit Committee pursuant to Legislative Decree 39/2010, in support of the Board:

- in supervising:
 - o the financial reporting process and verifying the adequacy of the controls and procedures adopted to ensure compliance with public disclosure regulations;
 - o the effectiveness of internal audit systems;
 - o the auditing of the annual reports and consolidated financial statements, thereby also supporting the Board in exchanging relevant data and information with the independent auditors, also pursuant to Article 150, paragraph 3, of the Consolidated Law on Finance, for the performance of their respective duties.
 - o the independence of the Independent Auditors, supporting the Board in verifying compliance with the regulatory provisions, the nature and extent of the services other than auditing provided to the Bank and its subsidiaries by the same Independent Auditors and by the entities belonging to its network;
- in examining:
 - o the work plan prepared by the independent auditors;
 - o the report on the main findings of the auditing stage and, in particular, on any significant shortcomings found in the internal control system with regard to the financial reporting process (pursuant to Article 19 of Legislative Decree 39/2010) as well as the letter of recommendations prepared by the independent auditors;
 - o the reasoned proposal to be submitted to the Shareholders' Meeting with regard to the assignment and removal of the independent auditors as well as the related remuneration.

7.C.1. e)

The Committee must be consulted on decisions regarding the appointment and removal of the heads of the corporate control functions and the definition of the essential elements of the overall structure of the control system (powers, responsibilities, resources, information flows, management of conflicts of interest), in coordination with the Risk Committee.

The Committee must promptly inform the Supervisory Board of any action or fact that may be regarded as significant under Article 52 of the Consolidated Law on Banking, and make any necessary reports and/or reprimands to the competent bodies and/or authorities.

The Committee may at any time, through the appropriate corporate functions (Internal Auditing, Compliance and Anti-Money Laundering), carry out inspections and controls, and exchange information

7.C.2. e)
8.C.4.

with the control bodies of Group companies with respect to their management and control systems and the general performance of their business.

Finally, the Committee performs the additional duties and tasks attributed to it by the Supervisory Board and, in particular, it also performs the functions of the Surveillance Body pursuant to Italian Legislative Decree 231/2001 on the administrative liability of companies, supervising operations and compliance with the Organisational, Management and Control Model adopted by the Bank.

In accordance with the Articles of Association, members of the Committee are required to participate in meetings of the Management Board. To this end they receive, with reference to each calling of the Management Board's meetings, the documentation on the items placed on the agenda from time to time.

8.C.5. In order to ensure the best possible coordination between the Internal Control Committee and the Risk Committee, in accordance with the respective roles and responsibilities, the meetings must be attended by a member of the Internal Control Committee acting as a standing member of the Risk Committee, and common information flows must be provided, limited solely to cases in which their analysis by both Committees is actually functional to the effective performance of their duties.

Nominations Committee

Nominations Committee in office until 19 December 2014

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance at meetings
Giovanni Bazoli – Chairman			100%
Mario Bertolissi		X	100%
Gianfranco Carbonato			100%
Gianluigi Baccolini		X	100%
Iacopo Mazzei		X	100%

The average duration of the Committee's meetings was approximately 1 hour.

Nominations Committee established by resolution of the Supervisory Board of 19 December 2014 and operating since 1 January 2015.

1.C.1. i)

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance at meetings
Mario Bertolissi– Chairman			
Giovanni Bazoli			
Gianluigi Boccolini		X	
Gianfranco Carbonato			
Iacopo Mazzei		X	

5.P.1. In accordance with the provisions of the Articles of Association, the current Nominations Committee consists of a majority of Board Members meeting the independence criteria envisaged by the Code. Pursuant to the Regulations, updated by the Supervisory Board with resolution dated 19 December 2014, it supports the Supervisory Board:

- in carrying out the appointment process regarding the Supervisory Board Members by the Shareholders' Meeting, so as to ensure that the Members of the latter are qualified and sufficient in number to perform the Board's duties. To this end, the Committee supports the Supervisory Board, among other things, in the body's annual self-assessment in terms of composition, powers and operation, as well as in the annual review of the requirements laid down by the law, the Articles of Association and the Supervisory Provisions applicable to its members;
- in carrying out the appointment process regarding the Management Board, so as to ensure that the Members of the latter are qualified and sufficient in number to perform the Board's duties. To this

5.C.1. a) and b)

end, the Committee:

- submits proposals to the Supervisory Board concerning the size and composition of the Management Board and the professional skills considered appropriate to the body, the appointment of the Chairman and the two Deputy Chairpersons and the indication to the Management Board of the candidate as Managing Director;
 - provides instructions, in coordination with the Chairman of the Management Board, on the plan for the replacement of the Managing Director and of the members who qualify as General Managers pursuant to Article 27 of the Articles of Association;
 - examines any proposal to remove Management Board Members;
- in issuing an opinion, in compliance with the provisions laid down in the Articles of Association, on the appointment and removal of the General Managers pursuant to Article 27 of the Articles of Association.

The Committee also contributes to drafting the proposal, by the Risk Committee, of the heads of the internal corporate control functions, whose appointment falls within the remit of the Supervisory Board.

In 2014 the Nominations Committee held two meetings. In the first, it supported the Supervisory Board with reference to the periodic verification of compliance with legal requirements by its members as well as to the self-assessment in terms of powers, size, composition and operation of the Board. In the second, the Committee supported the Supervisory Board in the integration of the Management Board with respect to the Executive Board Members selected from among the Group Managers, following the termination of Francesco Micheli's appointment, replaced by Stefano Del Punta.

Remuneration Committee

Remuneration Committee in office until 19 December 2014

1.C.1. i)

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance in meetings
Marco Mangiagalli – Chairman		X	100%
Rosalba Casiraghi	X	X	100%
Piergiuseppe Dolcini		X	100%

The average duration of the Committee's meetings was approximately 2 hours.

Remuneration Committee established by resolution of the Supervisory Board of 19 December 2014 and operating since 1 January 2015.

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance in meetings
Piergiuseppe Dolcini– Chairman		X	100%
Gianluigi Boccolini		X	100%
Edoardo Gaffeo		X	100%

The Articles of Association require the majority of members of the Remuneration Committee to meet the independence criteria set forth in the Code. All Members of the Remuneration Committee meet said independence criteria. Also in the current composition, adequate knowledge of and experience in finance and remuneration policies is guaranteed, especially on the part of the Chairman.

6.P.3.

The Committee, whose Regulations were updated by the Supervisory Board with resolution dated 19 December 2014, proposes, advises and enquires on remuneration matters, thereby supporting the Supervisory Board. In the performance of the said role, it submits proposals to the Board, among others:

- with regard to the Management Board Members' remuneration policies, to be submitted to the Shareholders' Meeting, also taking into account risk management, business strategies and the payment of a variable component;
- with regard to the remuneration payable to the Management Board Members, Chairman, Deputy

6.C.5.

Chairpersons, Managing Director, executive Management Board Members, and Management Board Members vested with special offices, duties or powers, on the basis of remuneration policies approved by the Shareholders' Meeting and any plans based on financial instruments; In this regard, the Committee must take into account, among other things:

- o the presence of executive and non-executive Management Board Members;
- o the significance, role and responsibilities of Management Board Members within the scope of the corporate organisational structure;
- o the economic results achieved overall by the Bank and the attainment of specific objectives approved by the Supervisory Board in relation to the Bank's business plans and Budget;
- o consistency with the risk target system set by the Bank, in coordination with the Risk Committee, each within its remit.

Moreover, the Committee also supports the Supervisory Board:

- o in examining, for the purposes of their approval, the remuneration policies in favour of employees and staff not bound to the company by an employment agreement (including the criteria for the determination of the remuneration to be granted in the event of early termination of the employment agreement or early termination of office, to be submitted to the Shareholders' Meeting), thereby verifying the clarity and effectiveness of the representation, among other things, (i) the characteristics relating to the remuneration structure, with special regard to the balance between fixed and variable component and the use of financial instruments; (ii) the link between the level of risk taken and the achievement of stable, effective results, as well as the mechanisms for ex-post adjustment of the indicators taken as reference for the purposes of payment of the variable remuneration and (iii) the process followed in the development of the remuneration policies, with specific reference to the involvement of any external consultants and the role played by the bodies and functions involved;
- o also taking account of what must be defined by way of proposal to the Management Board and the related opinions of the same Supervisory Board and in view of the approval of the more general policies referred to above, in examining and finally approving the remuneration and incentive systems of general managers, assistant general managers, deputy general managers and similar roles, heads of the main business lines, corporate functions or geographical areas, those who report directly to the Supervisory Board and the Management Board, managers and most senior staff from the corporate control functions, including the Manager responsible for preparing the Company's financial reports; with reference to those same entities, the Committee is also assigned the task of submitting proposals during the determination of their related remuneration;
- o in examining the proposals to be submitted to the Shareholders' Meeting for resolution on remuneration, with specific reference to the proposed remuneration plans based on financial instruments.

6.C.3.

The Committee, finally, expresses an opinion on the achievement of the performance targets to which the incentive plans are linked and on the determination of the other requirements for the payment of the remuneration.

The Committee is also required to express its motivated opinion on remuneration matters concerning transactions with related parties, in the cases envisaged by the Group Procedures regulating the conduct of related party transactions of Intesa Sanpaolo S.p.A. and Group associated entities. In this regard, in 2014 the Committee issued a favourable opinion on the terms of the definition of the employment agreement with a Group top Manager.

6.C.6.

In 2014, the Remuneration Committee – which is not qualified in terms of remuneration of the Board to which it belongs, as this is determined by the Shareholders' Meeting – was held 14 times and with regard to the matters strictly related to its duties, supported the Supervisory Board, among other things, in approving:

- the amendments to the 2014 remuneration and incentive policies associated with the introduction of the investment plan based on financial instruments (named LECOIP), in support of the 2014-2017 Business Plan;
- the amendments to the incentive system reserved for the Top Management and Risk-Takers specified by the Supervisory Provisions and the associated application profiles.

The Committee also supported the Supervisory Board in expressing an opinion regarding the variable remuneration of General Managers, heads of control functions and the Manager responsible for preparing the Company’s financial reports, in relation to achievement of the 2013 budget objectives as well as to determination of the parameters for recognition of the variable remuneration for the 2014 budget.

In 2014, the Committee consulted, as an independent expert, a leading specialist company in order to determine the remuneration for the outgoing Managing Director Enrico Tommaso Cucchiani. For additional information on remuneration, see Section I of the Report on Remuneration.

6.C.7.

Strategy Committee

Strategy Committee in office until 19 December 2014

1.C.1. i)

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance at meetings
Giovanni Bazoli – Chairman			100%
Mario Bertolissi– Chairman		X	100%
Jean-Paul Fitoussi		X	60%
Gianfranco Carbonato			100%
Francesco Bianchi		X	100%
The average duration of the Committee’s meetings was approximately 2 hours.			

The Strategy Committee assisted the Supervisory Board in the performance of its duties as the Body which, pursuant to Article 25.1.2 of the previous Articles of Association and on the recommendation of the Management Board, is in charge of: (i) approving resolutions concerning general programmes and strategic guidelines; (ii) approving business and/or financial plans and/or the budgets of the Bank and the Group; (iii) authorising strategic transactions.

Among its various duties, the Strategy Committee:

- may submit suggestions to the Supervisory Board for guidelines on strategic transactions to be presented to the Management Board - responsible for making the related proposal - as identified under the Articles of Association;
- supported the Supervisory Board in examining the Bank and Group risk appetite, and in measuring current and prospective total internal capital and total capital, in accordance with multi-year plans and annual budgets, so as to determine capital adequacy at the Group level.

In 2014 the Committee held five meetings. The work done included, among other things, the examination of the 2014 budget, the definition of the maximum acceptable risk level for the Group and the related system of limits regarding total risk and specific risks (the “risk appetite framework”) for the purposes of the ICAAP process, as well as the proposed amendments to the Group's organisational structure in implementation of the aforesaid multi-year Plan.

Financial Statements Committee

1.C.1. i) Financial Statements Committee in office until 19 December 2014

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance at meetings
Rossella Locatelli - Chairwoman			100%
Gianluigi Baccolini		X	95%
Pietro Garibaldi		X	100%
Marcella Sarale		X	100%
Monica Schiraldi		X	100%

The average duration of the Committee's meetings was approximately 2 and a half hours.

The Committee supported the Supervisory Board in a consulting role (i) in performing its duty regarding approval of the Parent Company's and consolidated financial statements; (ii) in measuring regulatory capital; and (iii) in examining information on the development of Bank and Group operations, received periodically from the Management Board, in compliance with the Articles of Association.

The Committee's Chairwoman duly reported to the Supervisory Board on the Committee's activities in 2014, which saw the participation of officers from the Administration and Tax Department, Corporate Affairs Department and Risk Management Department, as well as – for examination of issues under their specific expertise – the International Subsidiary Banks Division, Consorzio Studi e Ricerche Fiscali (Tax Studies and Research Consortium) and the Chief Lending Officer. Meetings were also held with the independent auditors, also for the purposes of Article 150 of the Consolidated Law on Finance.

In particular, the Committee:

- analysed the preparation procedures for the Parent Company's and the consolidated financial statements, involving an examination of the relative Guidelines and connected analyses;
- examined and reported on the draft Parent Company's financial statements and consolidated financial statements for 2013 for the Bank and Group, supporting the Supervisory Board in the approval process;
- supported the Supervisory Board in examining the Half-yearly Report and the Quarterly Reports as at 31 March and 30 September 2014;
- received updates on changes in the accounting regulations;
- received reports on capital ratios;
- examined the audit reports relating to the Parent Company's and consolidated financial statements as at 31 December 2013, with no findings of note, and the report pursuant to Article 19 of Italian Legislative Decree 39/2010, which introduces the requirement for independent auditors of public interest entities to prepare a report on the fundamental issues arising from the audit, as well as any significant shortcomings identified;
- received updates on loans to customers in relation to the management and valuation of non-performing loans and the valuation method for performing loans.

In addition to this, the Committee, together with the previous Control Committee, supported the Supervisory Board in preparing the report on supervisory work completed, to be submitted to the 2014 Shareholders' Meeting pursuant to Article 153 of the Consolidated Law on Finance.

In 2014 the Financial Statements Committee met 20 times, including joint meetings with the previous Control Committee.

Risk Committee

Risk Committee in office since 19 December 2014 and operating since 1 January 2015.

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance at meetings
Marco Mangiagalli – Chairman		X	
Jean-Paul Fitoussi		X	
Pietro Garibaldi		X	
Rossella Locatelli			
Giulio Stefano Lubatti	X	X	

1.C.1. i)

Within the scope of the Supervisory Board's duties, the newly established Committee proposes, advises and enquires on the relevant matters, submitting opinions where required by the reference laws.

With reference to the functions regarding general programmes and strategic guidelines, the Committee supports the Supervisory Board:

- also taking into account the proposals of the Management Board, in defining and approving the business model, including in order to make the Board aware of the risks to which this model exposes the Bank and understand the methods through which risks are recognised and assessed;
- in examining the Management Board's proposals concerning the business and/or financial plans and annual budgets, as well as the strategic transactions identified in Article 25.1.2 of the Articles of Association.

With reference to risk governance functions, the Committee supports the Supervisory Board, also taking into account the proposals of the Management Board, in defining and approving:

7.C.1. a)

- the strategic direction and risk governance policies at Group level, which take into account the specific operations and associated risk profiles of each company belonging to the Group, in order to achieve an integrated and consistent risk governance policy. This is also done by performing the activities conducive to their periodic review by the Board, in relation to the evolution of the business and the external environment, in order to ensure their effectiveness over time;
- the risk appetite and, where applicable, the tolerance threshold (given the Risk Capacity in the terms defined in the Risk Appetite Framework), thereby making the necessary assessments and proposals;
- the general lines of the ICAAP process, thereby also supporting the Board: (i) in ensuring consistency with the RAF and the timely adjustment thereof in relation to significant changes in the strategic guidelines, organisational structure and reference operational context; (ii) in promoting full use of the ICAAP findings for strategic purposes and in making business decisions and (iii) in examining the scope of the relevant risks for the Group and the summary of the ICAAP process and in preparing the report to be sent to the competent Supervisory Authorities, together with the resolution.

The Committee also supports the Supervisory Board for the purposes of the approval of the Management Board's proposals with reference: (i) to the risk management process; (ii) to the policies and processes for evaluating company activities; (iii) to the adoption of internal systems for determining capital requirements; (iv) to the Code of Ethics; (v) to the policies on investments in non-financial companies and the repayment plan prepared in case the investments held in non-financial companies exceed the concentration limit and/or the overall limit, in coordination with the Internal Control Committee; (vi) to the guidelines on strategies and procedures aimed at ensuring compliance on a consolidated basis with public disclosure requirements ("Pillar 3") and (vii) to the criteria for classification, assessment and management of non-performing loans.

Once again with reference to the risk governance functions, the Committee also supports the Supervisory Board:

7.C.1. b)

- in verifying the correct implementation of strategies, risk governance policies and the RAF;
- in ensuring the overall consistency of the strategic plan, the RAF, the ICAAP, the budgets and the internal control system, also with regard to the evolution of the internal and external conditions in which the Bank and the Group operate;

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- in assessing the related operational, reputation and financial risks, thereby identifying the monitoring activities to mitigate them and ensuring effective control thereof, in the event that the Bank operates in jurisdictions that have limited transparency or through particularly complex structures;
 - in ensuring that an accurate, complete, and timely information flow system regarding risk control and management has been set up;
 - in overseeing the Bank's public disclosure and reporting process, including disclosure on Corporate Social Responsibility;
 - in approving the report prepared by the internal audit function relating to the controls carried out on major operational or outsourced control functions, the gaps found, if any, and the resulting corrective measures taken;
 - in case of adoption of internal risk measurement systems to determine capital requirements (i) in overseeing the proper use of the internal systems for management purposes (use tests) and their compliance with regulatory requirements and (ii) in examining, with reference to the internal systems in respect of the credit, counterparty and market risk, the report prepared by the Risk Management function with regard to the results of the stress tests.

With reference to the functions regarding the information accounting system and financial statements, the Committee supports the Supervisory Board:

7.C.2. a)

- in approving the Parent Company's and consolidated financial statements; in this area, in particular, the Committee supports the Supervisory Board in order to (i) assess the correct use of the accounting standards and their consistent application in the preparation of the Parent Company's and consolidated financial statements in coordination with the Manager responsible for preparing the Company's financial reports and upon consultation with the independent auditors; (ii) examine the drafts of the Parent Company's and the consolidated financial statements approved by the Management Board and (iii) examine the audit report relating to the Parent Company's financial statements and consolidated financial statements (referred to in Article 14 of Legislative Decree 39/2010);
- in approving the accounting and reporting systems; in this area, in particular, the Committee supports the Supervisory Board in order to examine their report on the main findings of the auditing stage and especially any significant shortcomings found in the internal control system in relation to the financial reporting process (pursuant to Article 19 of Legislative Decree 39/2010) as well as of the letters of recommendations prepared by the independent auditors (flow in common with the Internal Control Committee);
- in examining the information on the Bank and Group operating performance which the Management Board sends periodically as required by the Articles of Association; in this area, in particular, it supports the Supervisory Board in order to verify the compliance of the results with the forecasts contained in the multi-year plans and the budget for the year.

With reference to the functions regarding the organisation, corporate governance and the internal control system, the Committee supports the Supervisory Board:

- in defining and approving, also taking into account the Management Board's proposals, the Bank overall governance structure and guidelines of the internal control system (in coordination with the Internal Control Committee), thereby also supporting the Board in verifying that it is consistent with the strategic guidelines and risk appetite defined and is able to understand the evolution of business risks and their interaction;
- in approving the Management Board's proposals with reference: (i) to the organisational structure; (ii) to the establishment of corporate control functions, their duties and responsibilities, the procedures for coordination and collaboration, the information flows between these functions and between them and the corporate bodies; (iii) to the appointment and removal of the head of Anti-Money Laundering, in coordination with the Internal Control Committee; (iv) to the appointment and removal of the head of the Business Continuity Plan; (v) to the control coordination document, which takes into account the overall control structure of the Group and (vi) to the Corporate Governance Plan, in coordination with the Internal Control Committee;
- in identifying and proposing to the Board, also taking into account the proposals put forward by the Management Board, upon consultation with the Nominations Committee and in coordination with the Internal Control Committee, the heads of regulatory compliance, risk control and internal validation functions;
- in identifying and proposing to the Board, upon consultation with the Nominations Committee and in coordination with the Internal Control Committee, the head of Internal Auditing;

- in reviewing, subject to the approval by the Supervisory Board, the annual business plan (including the audit plan) and the multi-year audit plan prepared by the internal audit function and in the examination in advance of the annual report prepared by the same (flows in common with the Internal Control Committee); 7.C.1. c)
- in reviewing beforehand the activities planned and the reports prepared, at least on an annual basis, by the other corporate control functions (flows in common with the Internal Control Committee); 7.C.2. c)
- in verifying that the corporate control functions properly comply with the guidelines and directives of the Supervisory Board;
- in ensuring that the Bank and Group structure is consistent with the activities carried out and with the business model adopted, avoiding the creation of complex structures that are not justified by operational purposes.

With reference to the functions regarding information systems, the Committee supports the Supervisory Board:

- in approving the development strategies of the information system, including the reference model for the information system architecture and IT risk appetite, having regard to internal services and those offered to customers, in line with the risk targets and the framework for the determination of the risk appetite defined at the corporate level;
- in examining the report prepared at least on an annual basis by the Management Board on the adequacy of IT costs and services and the state of IT risk compared to the risk appetite and the disclosure of the internal audit function and the other corporate functions responsible for the evaluation of IT security.

With reference to the functions regarding business continuity, the Committee supports the Supervisory Board:

- in defining and approving the objectives and strategies of business continuity of the service, ensuring adequate human, technological and financial resources to achieve the objectives set;
- in approving the business continuity plan and the subsequent changes following technological and organisational adjustments, as well as the assessment of the residual risks not managed by the business continuity plan, which must be expressly accepted by the Board;
- in examining the report, issued at least annually, on the outcome of the checks on the adequacy of the plan as well as the verification of the business continuity measures (flow in common with the Internal Control Committee).

Related Party and Associated Entity Transactions Committee

Related Party and Associated Entity Transactions Committee until 19 December 2014

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance at meetings
Franco Dalla Sega – Chairman	X	X	95%
Marco Mangiagalli		X	95%
Pietro Garibaldi		X	100%
Carlo Corradini (alternate)		X	100%
The average duration of the Committee's meetings was approximately 3 and a half hours.			

Committee for transactions with related parties and associated entities appointed by resolution of the Supervisory Board of 19 December 2014

Members	Enrolment with the Register of Statutory Auditors and practice as an auditor	Independent pursuant to the Code	Percentage of attendance at meetings
Franco Dalla Sega – Chairman	X	X	
Francesco Bianchi		X	
Carlo Corradini		X	
Marcella Sarale)		X	
Monica Schiraldi		X	

The Committee performs the duties assigned to it by the Consob Regulation on Related Parties, Bank of Italy provisions and Group Regulations ("Regulations") with regard to transactions with related parties of Intesa Sanpaolo and associated entities of the Group carried out by the Bank or its subsidiaries.

The Committee does not oversee the Bank's transactions with related parties concerning remuneration issues.

In exercising its duties, the Committee in particular:

- expresses a motivated opinion on the Bank's interest in carrying out the transaction, as well as on the suitability and fairness of the related conditions;
- expresses an opinion if the transaction involves subsidiaries and, where it is influenced by the Bank management and coordination activities, indicates - through the opinion under the previous point - the reasons and interests influencing it;
- where envisaged by the Regulations, in accordance with the applicable provisions, participates in the negotiation and analysis phases, receiving a complete and timely flow of information, with the power of requesting information and submitting comments to the delegated bodies and to the parties conducting the negotiations or preliminary activities;
- receives a report regarding the transaction if the same falls under Article 136 of the Consolidated Law on Banking;
- in the cases envisaged by the Regulations, in accordance with the applicable provisions, receives a report on decisions regarding the classification of positions with related parties of the Bank or Group associated entities as substandard or doubtful.

Finally, the Committee provides assessments, support and proposals on the organisation and conduct of internal controls on the overall activities relating to the assumption and management of risks vis-à-vis associated entities, as well as performing an overall check of consistency of the activities with the strategic and management guidelines; In this regard, it collaborates with the Internal Control Committee for the definition and in the event of changes or substantial integrations of the procedures identified in the Regulations, thereby issuing - for the aspects within its remit - an analytical, reasoned and binding opinion on their overall suitability to ensure the transparency and substantive and procedural fairness of the transactions with the Bank related parties and the Group associated entities.

In 2014 the Committee met 18 times and examined 64 transactions, almost all of which were classified as less significant transactions. The Committee issued a favourable, reasoned, non-binding opinion for each of these. The Committee also received three notices regarding decisions to classify positions with related parties and/or associated entities of the Group as substandard or doubtful.

Said Committee, together with the previous Control Committee, was also involved by the relevant departments of the Bank regarding possible update profiles of the Group Regulations on the subject.

Supervisory Board operations

The role of strategic supervision entrusted to the Supervisory Board involves Supervisory Board Members in key decisions, including the definition of the overall governance structure and the approval of the Bank's organisational and corporate governance structure; the taking on of the overall responsibility for the guidance and control of the information system and the approval of the Business Plan and the strategic guidelines identified to achieve results set out in the Plan itself, in agreement with the Management Board, also through the constant supervision of general operations development, to pursue Group consolidation objectives, growth and the creation of value for shareholders over the medium-long term, without prejudice to observance of the sound and prudent management and capital adequacy of the Bank.

1.P.2.

Board Members are bound to secrecy on any documents, data or information of a confidential or privileged nature that they may learn through the performance of duties, and to uphold the confidentiality of the information beyond their term of office. They are also required to comply with the procedure adopted for internal management and external communication of said documents or information.

Calling of meetings

Board meetings are called by the Chairman or, in the event of absence or impediment, by the Deputy Chairperson, normally on a monthly basis, in accordance with terms established in the Articles of Association, or at the initiative of the Chairman, as he/she deems necessary, or upon request of just one Board Member, unless particular reasons hinder the holding of meetings and, in any event, in cases envisaged by law or the Articles of Association.

1.P.1.

The meeting is called by the issue of a notice of call containing the agenda of matters for discussion, addressed to each member of the Board at least four days prior to the date of the meeting. In particularly urgent situations, the meeting may be called by giving 24 hours' notice.

The Supervisory Board generally meets alternatively at the Torino registered office and Milano secondary office or, exceptionally, at another venue in Italy.

Reports to Board Members

When Board meetings are called, the Members of the Supervisory Board are provided, to all extents possible, with information and documents relevant to the agenda items to be discussed for informed decisions to be made.

1.C.5.

Also in 2014, the General Secretariat of the Supervisory Board ensured compliance with the methods and timing envisaged in the Supervisory Board Regulations and procedures to ensure compliance with any instructions received from Authorities.

For every Supervisory Board meeting, the agenda is required to include reports on the activities of the Committees.

The documentation provided during Board meetings is held on file and each Board Member has access to a dedicated IT portal on which documents relating to all Supervisory Board meetings and those of its Committees can be consulted.

Board Induction

Also in 2014, the attendance of the members at Board and Committee meetings was high and constant, ensuring a systematic contribution by all members to the activities and growing knowledge of Bank and Group business and trends, as well as of the main reference legal and regulatory changes.

2.C.2

Therefore, upon the joint initiative of the Chairmen of the Supervisory Board and the Management Board, two in-depth induction sessions were held for the board members.

In the first, the Board Members were informed of the necessary amendments to the Articles of Association - subject to subsequent review by the corporate bodies within their remit - on governance for the purposes of transposition of the Supervisory Provisions on internal controls and corporate governance. In the second, the Board Members were informed following the publication of the results of the Comprehensive Assessment carried out by the ECB on the financial statements as at 31 December 2013

of the European banks, focused on the Asset Quality Review (AQR) and the simulation of the impact of an adverse macroeconomic scenario on capital solidity (Stress Test).

Conduct of meetings and the decision-making process

2.P.2. Also in 2014, Board meetings were conducted in an open and constructive way between members, with the added value of contributions from the Committees. A sense of responsibility adopted in office along with the skills acquired by each member contributed to consolidating the structure and operation of the Body, in which specific individual competences help contribute to discussions in a cohesive, cooperative context in order to make reasoned, informed and, usually, unanimous decisions.

The adopted governance model offers the option of enlisting specific professional qualities and competences of all Members, also by means of participation in at least one of the Committees established within the Board. The participation in such Committees, together with the technical competence acquired outside the Bank, during studies, in the exercise of professions or other corporate offices, fosters the Members' contribution of their specific skills to the Board's work.

8.P.1.
1.P.2. Members of the Supervisory Board, on the basis of information that must be received from the Management Board, and the support of the Committees and the Secretariat of the Supervisory Board, act and pass resolutions independently and with full knowledge of the facts.

1.C.6. In 2014, as previously, the Chairman of the Supervisory Board invited the Chairman of the Management Board and the Managing Director to take part in Supervisory Board Meetings each time achieved results were presented, or when a general and/or strategic issue was addressed, as well as the heads of Business Units, Governance Areas, Head Office Departments and Internal Control Functions of the Bank to provide information and figures as appropriate on matters submitted to the Board for examination.

The Articles of Association provides for the holding of valid meetings through remote connection systems, provided that the identity of those attending can be verified and that all are able to follow discussions and intervene in real time with regard to the matters on the agenda as well as view, receive and transmit documents.

At least the Chairman and the Secretary must always be physically present at the venue officially designated as that in which the Board Meeting is deemed to have taken place.

For the validity of resolutions a majority of members in office must attend the meeting; resolutions are adopted with vote in favour by the absolute majority of members attending the meeting, without prejudice to special decisions, e.g. those relating to the appointment of the Chairman and of one or two Deputy Chairpersons of the Management Board, for which vote in favour by the majority of Supervisory Board Members in office is necessary. Minutes are prepared for each meeting, fully illustrating the agenda items discussed and related decisions adopted.

Frequency of meetings and Board Member attendance

1.C.1.i) In 2014 the Supervisory Board met a total of 15 times, with the following attendance percentage for each Member:

Giovanni Bazoli – Chairman	100%	Giulio Stefano Lubatti	94%
Mario Bertolissi - Deputy Chairperson	94%	Marco Mangiagalli	100%
Gianfranco Carbonato – Deputy Chairperson	100%	Piergiuseppe Dolcini	100%
Franco Dalla Sega – Secretary	100%	Edoardo Gaffeo	100%
Gianluigi Baccolini	100%	Pietro Garibaldi	100%
Rosalba Casiraghi	100%	Rossella Locatelli	100%
Carlo Corradini	100%	Iacopo Mazzei	94%
Francesco Bianchi	100%	Beatrice Ramasco	100%
Jean-Paul Fitoussi	94%	Marcella Sarale	100%
Pietro Garibaldi	100%	Monica Schiraldi	100%

In 2015, the Supervisory Board had held three meetings at the date of approval of this Report.

The Company's 2015 financial calendar indicates 17 March 2015 as the date of the Supervisory Board meeting for approval of the Parent Company's and consolidated financial statements as at 31 December 2014.

Contestation of resolutions

Resolutions adopted by the Supervisory Board in breach of law or the Articles of Association may only be contested by Board Members who were absent from the relative meeting or who voted against or abstained, by and no later than 90 days from the date the resolution was adopted.

Shareholders may also contest the resolutions of the Supervisory Board where a resolution is prejudicial to their rights. In this case, as to terms and procedures for contesting resolutions, provisions governing the contestation of shareholder resolutions shall apply, as per Articles 2377-2378 of the Italian Civil Code.

Special rules are in place for contesting resolutions approving the financial statements, in accordance with Article 157 of the Consolidated Law on Finance and Article 2409-quaterdecies, paragraph 2, of the Italian Civil Code.

The Management Board

The Management Board is governed by the legal and regulatory provisions, the Articles of Association and its own Regulations, last updated on 19 December 2014.

1.P.1. The Regulations are applicable to the Management Board jointly as a whole and severally to the Chairman and Members of the Management Board, who contribute to forming the resolutions of the Board.

The new version of the Regulations - which reflects the Bank's current governance structure and the amendments to the Articles of Association approved in the meantime - takes into account the significant regulatory changes to the corporate governance, with special reference to the Bank of Italy's provisions on the control system and corporate governance as well as the updates to the Corporate Governance Code.

These new Regulations - including in compliance with the aforementioned Supervisory Provisions - provide the Board with an up-to-date set of organisational and operating rules which specifically govern, inter alia, the following:

- the Board's composition and structure;
- the Board's duties and powers, based on a criterion of subdivision by topic;
- the duties of the Chairman, with particular reference to tasks associated with Management Board operations and relations with the Supervisory Board and its Chairman;
- the duties of the Deputy Chairpersons and the Managing Director;
- the decision-making process, the mechanisms of circulation of the corporate information and the organisation of Board discussions: methods and timing for the calling of meetings, sending of documentation to Board Members, meeting attendance and conducting of the same.

Duties and powers of the Management Board

1.C.1. i) The Management Board has sole responsibility for corporate management. It shall see to the implementation of the strategic guidelines as well as the risk governance policies defined and approved, for the Bank and the Group, by the Supervisory Board, with which it cooperates, to the extent of its own powers, in performing the strategic supervisory role.

For this purpose, the Board resolves on all transactions considered useful or appropriate in achieving the corporate purpose, relating to both ordinary and extraordinary administration. The Board shall also ensure the completeness, adequacy, functionality and reliability of the information system.

Pursuant to the Articles of Association and in accordance, inter alia, with the provisions contained in the Supervisory Regulations on corporate governance and in the Joint Bank of Italy/Consob Regulations, the Management Board is guaranteed sole responsibility for certain matters of greater importance – identified in a precise and analytical manner – beyond those strictly envisaged in the regulations. On such matters joint decision-making makes it possible to actively involve Board Members who therefore participate, with independent judgement, in key moments in the operational governance of the Bank.

More specifically, in addition to the powers that according to law may not be delegated, those reserved to the Board include, amongst others:

- 1.C.1. a) – the drawing up of proposals regarding the overall governance structure, the business model, the Bank and the Group's strategic guidelines, risk governance policies as well as the purchase or sale of strategic equity investments falling within the responsibility of the Supervisory Board;
- the preparation of business and/or financial plans as well as the budgets of the Bank and the Group to be submitted to the Supervisory Board for approval;
- periodic monitoring of the implementation of strategic, business and/or financial plans of the Bank and the Group;
- the purchase and sale of equity investments leading to changes in the Banking Group;
- 1.C.1. c) – the preparation of the organisational and corporate governance structure to be submitted to the Supervisory Board for approval and the assessment of its adequacy, as well as the preparation of the accounting and reporting systems to be submitted to the Supervisory Board for approval;
- the determination of criteria for the coordination and management of Group companies in compliance with the strategic guidelines and the risk governance policies defined and approved by the Supervisory Board, as well as the determination of the criteria for the implementation of the Bank of Italy's provisions;

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- the appointment, on the recommendation of the Supervisory Board, and removal of the Managing Director and the delegation, amendment and revocation of the relevant powers;
 - the assignment of particular duties and the delegation of specific powers to one or more Board Members and the determination of the relevant powers;
 - the appointment and removal of one or more General Managers and the determination of the relevant powers and duties, on the recommendation of the Managing Director and subject to the mandatory opinion of the Supervisory Board;
 - the appointment and removal, subject to the mandatory opinion of the Supervisory Board, of the Manager responsible for preparing the Company's financial reports and the determination of the relevant powers and means.
 - supervision to ensure that the Manager responsible for preparing the Company's financial reports has the powers and resources needed to fulfil the duties assigned to him/her;
 - preparation of the draft Parent Company's and consolidated financial statements and of documentation on merger and demerger projects;
 - the arrangement of transactions to be submitted for Supervisory Board authorisation or approval pursuant to the Articles of Association, and resolutions on transactions with a unit value exceeding 3% of the consolidated regulatory capital;
 - the determination of criteria to identify related-party transactions for which the Management Board has sole decision-making responsibility;
 - the designation of members of corporate bodies of subsidiaries, including executive board members;
 - the approval of major internal regulations and the amendment thereof;
 - the definition of remuneration and incentive policies for employees and other staff not bound to the company by an employment agreement, to be submitted to the Supervisory Board for approval.

1.C.1. f)

Without prejudice to regulatory provisions and the Articles of Association, the Management Board resolves on all other matters reserved to the Board under its own Regulations and on those it decided not to delegate.

In particular and solely by way of example, the Board is responsible for the following matters, without prejudice, where required, to joint responsibility of the Supervisory Board:

- a) structure, organisation and operations of the Board;
- b) the strategic guidelines of the Bank and the Group;
- c) corporate governance;
- d) remuneration;
- e) structure and organisation of the Bank and the Group;
- f) internal controls, risk management and prudential supervision;
- g) financial and corporate information, financial statements and relations with independent auditors;
- h) Shareholders' Meetings and relations with Bank shareholders.

The Board, taking account of each segment of the Group operations, supports strategic supervision regarding the internal control system, in line with the relevant supervisory provisions and, in particular, submits to the Supervisory Board its assessments and proposals with regard to the system, guidelines and operating instructions of such a system for the Bank and the Group.

The Board ensures integrated management of all corporate risks, thereby evaluating the internal and external factors that may give rise to them and their mutual interrelations. The Board is responsible for the adoption of the necessary measures to make the organisation and internal control system compliant with the regulatory principles and provisions, monitoring compliance therewith within the Bank and the Group on an ongoing basis. The Board adopts the provisions aimed at ensuring that the Managing Director and the various corporate functions implement the risk management and control process for the Bank and the Group, also taking care of the structure and operations of the risk measurement internal systems and the ICAAP process, in line with the supervisory provisions, the strategic guidelines, the RAF and the risk governance policies defined and approved by the Supervisory Board.

7.P.3. a)

The Board, in order to ensure proper interaction among all Group corporate bodies and functions holding control duties, defined and submitted to the Supervisory Board for approval specific Integrated Internal Control System Regulations in accordance with the relevant Supervisory Provisions, to be disseminated to all the Departments involved. These Regulations include the main duties and responsibilities of the

Management Board regarding internal controls; the other duties of the Board relating to specific areas of prudential supervision are set out in specific governance documents specifically dedicated to them.

With regard to the powers relating to the internal control and risk management system, reference is made to the dedicated chapter.

1.C.1. e) The Management Board periodically assesses the general development of operations, also on presentation of the financial data of the Bank and the Group, taking into account, in particular, the information received from the Managing Director, and periodically comparing results achieved with those previously forecast.

On recommendation from the Chairman, the Board appoints a Secretary. The Secretary provides support to the Chairman and the Board in exercising their respective duties, arranging all matters necessary to operations of the Board, pursuant to law, the Articles of Association, regulations and procedures adopted by the Bank.

The Corporate Secretariat provides support for Management Board activities, reporting, through the competent Department, to the Chairman and Managing Director. The Secretariat is entrusted with handling Board-related activities and providing support to the various members in carrying out their respective duties, especially to the Chairman, Deputy Chairpersons and Managing Director.

The Corporate Secretariat also guarantees reporting and organisational coordination as necessary with the Supervisory Board and its internal Departments, as well as the appropriate links between the Management Board and the other corporate bodies and Departments, and in general ensures that corporate obligations for which the Board and its Members are responsible, are fulfilled.

1.P.2. Board Members act independently and pass resolutions on an informed basis, pursuing the corporate interest and the priority of creating value for shareholders over the medium to long-term period, in accordance with the principle of sound and prudent management and the principles and values of reference adopted by the Bank.

Board Members are required to uphold the confidentiality, also beyond their term of office, of all documents, information and data concerning the Bank or the Group or otherwise learnt through the performance of their duties, and to comply with Bank procedures for the internal management and disclosure of such information. Board Members are further required to refrain from using information or knowledge about business opportunities learnt during their term of office to their own advantage or to the advantage of third parties.

Composition of the Management Board

Composition and appointment

1.C.1. i) Art. 123-bis (2), d) and (1), l) CLF In accordance with the Articles of Association, the Management Board is composed of a minimum of 7 and a maximum of 11 members, including non-shareholders, appointed, with the support of the Nominations Committee, by the Supervisory Board, which determines their number at the time of appointment. In doing so, the Supervisory Board is required to ensure that the Board has a sufficient number of members and the professionalism to fulfil its duties effectively.

The Articles of Association envisage that the Board includes a significant percentage, varying according to the number of members, of Managers from companies in the Intesa Sanpaolo Banking Group (excluding the Managing Director from this percentage, who at the time of appointment or later holds the title of Key Manager in any companies in the Banking Group).

In addition, the less-represented gender is reserved at least the number of Board Members established by current laws in force on the matter of equal access to the management and control bodies of listed companies.

The Management Board in office at the date of publication of this Report consists of:

Gian Maria Gros-Pietro - Chairman
Marcello Sala - Senior Deputy Chairperson
Giovanni Costa – Deputy Chairperson
Carlo Messina – Managing Director and CEO
Stefano Del Punta
Carla Patrizia Ferrari
Piera Filippi
Gaetano Miccichè
Giuseppe Morbidelli
Bruno Picca

The Management Board was unanimously appointed by the Supervisory Board in the meeting held on 9 May 2013, which set the number of its members at 10, appointing Gian Maria Gros-Pietro as Chairman, Marcello Sala (Senior Deputy Chairperson) and Giovanni Costa as Executive Deputy Chairpersons. Following the resignation, as from 15 May 2014, of Francesco Micheli from the office of Management Board Member, the Supervisory Board, at its meeting on 22 May 2014, integrated the Management Board by appointing Stefano Del Punta as Board Member for the remainder of the current three-year period and informing the Management Board of his appointment as Executive Board Member selected from among the Group Managers.

The Governance Section of the Bank's website provides and updates brief biographical and professional notes on each of the Board Members in office.

1.C.1. i)

Also note that with regard to seniority of office since first appointed, the two Deputy Chairpersons are now in their third term of office with Intesa Sanpaolo (for Giovanni Costa also including the office of Supervisory Board Member in 2007/2008/2009) while for eight Board Members (including the Managing Director) this is their first term of office.

20% of the Board's membership represents the less-represented gender, in line with the provisions of Italian Law 120/2011 on equal access to the management and control bodies of listed companies, in accordance with which at least one fifth of members of corporate bodies must be of the less-represented gender for the current term of office.

Term of office, replacement and removal

The Members of the Management Board remain in office for a maximum period of three financial years, as determined by the Supervisory Board, with their term of office expiring as of the date of the Supervisory Board meeting called to approve the financial statements relating to the last year of their office, but effective as of the actual appointment of a new Board by the Supervisory Board. Board Members may be re-elected.

Art. 123-bis (2), d) and (1), l) CLF

The current Management Board will remain in office for the 2013/2014/2015 financial years. Expiry of the term of office for all Members is envisaged as the date of the Supervisory Board meeting called to approve the 2015 financial statements.

The current provisions of the Articles of Association do not envisage a differentiated term of office for all or part of the Management Board.

Where one or more Management Board Members leave service, for any reason whatsoever, the Supervisory Board shall replace them without delay, in compliance with provisions on the Board's composition. The term of office of the newly-appointed Board Members expires simultaneously with the term of the members in office at the time of their appointment.

Where during the year, for whatever reason, the majority of the Board Members originally appointed by the Supervisory Board ceases to be in office, the entire Management Board shall forfeit office as of the date on which the newly appointed Board Members take office. The term of office of the newly-appointed Board Members expires on the date on which the office of the replaced Management Board would have expired.

Members of the Management Board may be removed by the Supervisory Board at any time, without prejudice to the right of the removed Member to be indemnified for removal without just cause.

Management Board Members may also be removed as a result of the Shareholders' Meeting exercising liability actions as per Article 2393 of the Italian Civil Code, by resolution approved by a number of shareholders representing at least one-fifth of the share capital, or by resolution of the Supervisory Board pursuant to Article 2409-decies of the Italian Civil Code, approved by at least two-thirds of its members. In the latter case, the Supervisory Board is required to appoint replacements for the removed Management Board Members at the same meeting.

With regard to members of the Board chosen from among the Banking Group Managers, if for any reason the office or managerial duties covered at the time of appointment should terminate, this constitutes just cause for removal from the Management Board unless the Supervisory Board considers there are exceptional grounds for the term of office to continue.

Executive and non-executive Members

1.C.1. i)
2.P.1.
2.P.2.
2.P.3.
2.C.1.

In accordance with the Supervisory Provisions on corporate governance - which require the Management Board to be a "corporate body characterised by a predominance of executives" – the Management Board currently consists of 6 Executive Board Members: the Managing Director as Chief Executive Officer and in relation to the role as head of operational management of the Bank and the Group, three Executive Board Members from the Group's Management (Bruno Picca as the Head of the Chief Risk Officer Governance Area, Stefano Del Punta as the Head of the Chief Financial Officer Governance Area, and Gaetano Miccichè as the Head of the Corporate and Investment Banking Division) and two external Executive Deputy Chairpersons (Marcello Sala and Giovanni Costa), through the assignment of the office of Group's managerial committees member or in other forms in line with the aforementioned Supervisory Provisions (as set out in further detail in the following paragraphs).

The majority presence of Executive Board Members is consistent with the character and tasks assigned to the Board, enhancing its executive nature in terms of active participation in the management process, without prejudice to the fact that, as mentioned previously, the Articles of Association envisage a system of duties not to be delegated, which reinforces the joint decision-making of the Board's operations and actively involves all members, enhancing their respective professional expertise, as part of and in support of management activities as a whole.

5.C.2

With reference to the replacement plans, the Bank has adapted the internal regulations, in particular with reference to the Nominations Committee, attributing to the latter the task of supporting the Supervisory Board with the directives of the plan for the replacement of the Managing Director and of the members who qualify as General Managers.

The Supervisory Board is supported by the Nominations Committee, which carries out consulting, investigation and propositional tasks. In submitting nomination proposals to the Supervisory Board, the Committee also takes into account the requirements of the Articles of Association and regulations in force for Management Board Members, as well as of the qualitative and quantitative composition deemed optimal and the professional skills considered appropriate to have, including with respect to the appropriate assessments conducted by the Management Board itself.

Following proposals by the Nominations Committee, the Supervisory Board appoints the new Board Member, indicating said individual to the Management Board as Managing Director or executive Board Member. Based on the indications of the Supervisory Board, the Management Board appoints the Managing Director.

Chairman and Deputy Chairpersons

The Chairman and Deputy Chairpersons of the Management Board are appointed by the Supervisory Board.

1.C.1. i)
2.P.4.
2.P.5.

The Chairman is a non-executive Board Member: in fact he/she does not have assigned operating powers and the current organisation of the Bank keeps his/her duties separate from those of the Managing Director.

The corporate governance structure adopted by Intesa Sanpaolo gives the Chairman of the Management Board a special role, the fulfilment of which calls for deep commitment and proven managerial skills, also in order to promote the Board's role in pursuing the strategic objectives of the Bank and of the Group.

The Chairman, who is the Bank's legal representative, is in charge of promoting and coordinating the activity of the Board, which he/she has the power to submit proposals to, and is responsible for ensuring a profitable and ongoing collaboration among Management Board Members - in particular, among executive and non-executive Board Members - and with the Supervisory Board and its Chairman, with the aim of achieving an efficient coordination of the activities of the two corporate bodies.

In general, the Chairman exercises all powers appropriate to his/her office, and based on provisions of the Articles of Association and Management Board Regulations, fulfils duties relating, amongst other things, to relations with the other corporate bodies, to the Bank's strategic guidelines, external relations, corporate information, and relations with the Supervisory Authorities.

Lastly, the Chairman – in agreement with the Managing Director – has the power to adopt resolutions in urgent cases on any matter relevant to the Management Board, with the exception of matters that the latter may not delegate.

The same rules apply to the approval of urgent resolutions that may not be delegated under the Articles of Association, concerning:

- transactions having a unit value greater than 3% of the consolidated regulatory capital, and equal to or lower than 6% of said capital, provided that such transactions are unrelated to matters for which a resolution, approval or authorisation by the Supervisory Board is required under the Articles of Association;
- the designation of members of corporate bodies of subsidiaries, including executive board members;

The Management Board shall be informed of such resolutions at the next meeting.

The current corporate structure of Intesa Sanpaolo calls for the appointment of two Executive Deputy Chairpersons, acting as deputy to the Chairman: in view of the foregoing, in the case of absence or impediment of the Chairman, he/she shall be replaced by Marcello Sala, as the longest-serving Deputy Chairperson, intended as the Deputy Chairperson with the longest uninterrupted service.

In addition to acting as deputy to the Chairman, as indicated above the Deputy Chairpersons perform duties of an executive nature.

In particular, the Deputy Chairpersons participate, with voting rights, in the Group's managerial committees (described in detail in the next section): they both participate in the Group Risk Governance Committee, Marcello Sala participates in the the Group Credit Committee and Giovanni Costa participates in the Group Financial Risks Committee.

As a result of their active participation in these Committees, the Deputy Chairpersons have direct access to information and resolutions that form the Bank's and the Group's day-to-day management, and are directly involved in the decision-making process on issues under the Board's responsibility.

In addition, the Board has assigned the following tasks to the Deputy Chairpersons:

- to the Senior Deputy Chairperson, Marcello Sala, the task of handling the development of international relations and the internationalisation projects of the Bank and the Group, in agreement with the Managing Director and in coordination with the Chairman of the Management Board;
- to the Deputy Chairperson, Giovanni Costa, the task of developing territorial relations and relations between the Management Board and the governance of the Banks pertaining to the Banche del Territorio Division, with the duty of monitoring implementation of the Board's resolutions, in strict liaison with the Chairman of the Management Board, Managing Director and Head of the Chief Governance Officer Governance Area.

The Deputy Chairpersons shall report periodically to the Management Board on the most significant activities and, on an annual basis, on all the activities undertaken.

Managing Director

The Management Board, upon the indication of the Supervisory Board, is required to appoint a Managing Director from among its members, by resolution adopted by favourable vote of the majority of the Board Members in office. The Management Board also determines the powers to be delegated, along with their limitations and how they may be exercised.

1.C.1. i)

The Managing Director, Carlo Messina, appointed on 29 September 2013, with immediate effect and for the remainder of the term underway, holds the role of Chief Executive Officer of the Bank and the Group, as well as that of General Manager.

The Managing Director - whose duties are governed by the Articles of Association and the Management Board Regulations - is the Chief Executive Officer, supervising corporate management by means of powers attributed in compliance with strategic guidelines of the corporate Bodies. He/she ensures implementation of the resolutions of the Management Board, is responsible for personnel management, determines and

implements operational directives, has the power to submit proposals to the Management Board, has the power to make credit proposals in accordance with applicable regulations, and ensures that the Bank's organisational, management and accounting structure is adequate considering the nature and size of company.

He/she is in charge of the operational management of the Bank and the Group, with full powers of ordinary and extraordinary administration, with the sole exception of the powers that cannot be delegated according to law and of those reserved to the Management Board under the Articles of Association.

By way of example only, the powers attributed to the Managing Director include:

- submitting proposals on strategic guidelines, multi-year plans and annual budgets of Intesa Sanpaolo and the Group for approval by the Management Board;
- submitting proposals on the organisational structure of the Bank and the Group;
- defining strategic guidelines, multi-year plans, budgets and detailed organisation of the Group business units reporting to the Managing Director either directly or indirectly;
- acquiring, increasing (also via share capital increases) and disposing investments not implying a change in the Banking Group to a limit of 25 million euro; authorising the waiver or disposal of option rights on share capital increases in subsidiaries and the waiver of pre-emption rights, where these do not imply a change in the Banking Group;
- authorising, without limit, compulsory expenses and other expenses up to a limit of 25 million euro;
- authorising the purchase or sale of real estate assets with a commercial value of no more than 25 million euro and concession of such assets on free loan;
- ensuring application of the Group's corporate governance rules.

7.P.3. a) With regard to the responsibilities regarding the internal control and risk management system, reference is made to the next dedicated chapter.

Independent Management Board Members

1.C.1. i)
3.P.1. Pursuant to the Articles of Association, at least one Member of the Management Board must meet the independence requirements pursuant to Article 148, paragraph 3 of the Consolidated Law on Finance, particularly with regard to management offices held in Group companies or self-employment, established employment or other relations of an economic or professional nature with the company – or with its subsidiaries, parent companies or companies subject to joint control – which might compromise their independence.

To this end, the provisions in the Issuers' Regulation contemplate the requirement for listed issuers to make an assessment regarding possession by one or more Board Members of the prerequisites envisaged by the aforementioned provision and, following the appointment, to inform the market of the results of said assessments.

3.P.2.
3.C.4. The Management Board verified with regard to each Board Member that he/she meets the independence criteria upon appointment and subsequently on an annual basis, also taking into consideration individual statements; the last verification in this respect, performed on 17 March 2015, in the presence of members of the Internal Control Committee, made it possible to determine – including in the light of the elements considered and indications provided by Consob and the Bank of Italy - that the following Board Members proved to be independent: Gian Maria Gros-Pietro and Piera Filippi.

During the assessment of independence of the aforesaid Board Members, the Management Board - in adherence to the Supervisory Provisions on corporate governance - also took into account the loans that Board Members declared to have with the Bank and/or its subsidiaries and that are attributable to the same.

The Members declaring their independence under applicable law are committed to informing the Board should they find themselves in a situation of non-independence.

A list of the Board Members and an updated indication of their qualification as independent pursuant to article 148 of the Consolidated Law on Finance can be found on the Bank's website.

The Articles of Association do not insist that Members of the Management Board meet the independence requirements envisaged in the Corporate Governance Code, in line with the special features of the dual corporate governance system in which most of the independent members are on the Supervisory Board. However, the Management Board has not waived their presence and, in particular, one of the independent Board Members was appointed Chairman.

3.C.4.

Requirements of integrity and professionalism

In order to ensure the sound and prudent management of the Bank and, in particular, the proper operation of the Management Board, Members of the latter – as board members of a listed bank – shall meet the specific requirements of integrity and professionalism in compliance with current pro tempore laws and regulations.

2.P.1.
2.P.3.

The requirement of integrity aims to ensure that the Bank can rely on corporate bodies composed of Members of proven honesty and moral integrity. At the same time, in terms of professionalism, these Board Members are expected to have successfully practised the profession for at least three years through proper and qualified activities relevant to the office covered. Loss of the requirements leads to disqualification from office.

More specifically, in accordance with laws in force, the Chairman is required to have a total of at least five years' experience in the aforementioned professional activities, while the Managing Director is required to have specific management experience in a position of high responsibility, given the fundamental role the Managing Director has in managing the company.

The appointment of Management Board Members, along with the choice of Chairman and Managing Director, consequently involves an adequate examination of the personal and professional characteristics of the candidates to such office, with decisions oriented towards those of the highest professional standing and wide-ranging managerial experience. In any event, the Management Board verifies the possession of the aforesaid requirements by each Board Member, in compliance with supervisory regulations and its own Regulations.

In this respect, note that the presence of executive Members from the Group's Management has contributed to increased Board professionalism, with particular regard to banking business, the dynamics of the economic and financial system, banking and finance regulations and risk management and control methods.

The wide-ranging and diversified characteristics of professional, managerial and academic experience of each of the Members provides the Management Board with an overall level of expertise that is adequate to ensure the efficient performance of its duties.

Management or control positions of Management Board Members

Management Board Members, especially if executives, accept and maintain office in the full awareness of the need to dedicate the effective time necessary for performance of the duties and responsibilities assigned to them, taking into account other offices held and any commitments associated with any other professional activities they may pursue.

1.C.2

In this respect, it must be mentioned that Intesa Sanpaolo Management Board is not required to state a specific orientation regarding the maximum number of offices an individual Board Member may hold, nor is it required to identify any specific general criteria in this respect.

This issue is governed indeed by the Articles of Association, pursuant to which those members who have exceeded the limit of four management, steering or control offices in other listed companies, their parent companies or subsidiaries (several offices, up to a maximum of four within the same group, count as one; if in excess of four, they count as two) may not be appointed as Board Members and, if appointed, such office shall lapse.

1.C.3.
1.C.4.

With reference to the offices held with banking, financial, insurance or other companies of significant size outside the Group, it should also be taken into account that specific impediments were introduced by Article 36 of Italian Law Decree 201/2011, according to which it is forbidden for "holders of offices in the

management bodies [...] of companies or groups of companies operating in the credit, insurance and financial markets to take on or exercise similar posts in competing companies or groups of companies”.

In this respect, and on the basis of verifications conducted, note that one Board Member holds office in an unlisted company and two Board Members hold offices in two listed companies. In all these cases, however, the companies involved do not operate on the aforementioned markets and therefore the Board has acknowledged lastly in the meeting on 17 March 2015 that no Member is subject to disqualification of office as envisaged in the previously mentioned Article 36.

2.C.5. Given his/her additional role as Chief Executive Officer of the Bank and the Group, the Managing Director holds no offices as director of other issuers outside the Intesa Sanpaolo Group in which an Intesa Sanpaolo Management Board Member is chief executive officer.

The Management Board checks and assesses the suitability of each Board Member to fulfil their respective duties upon their appointment and on an on-going basis, as well as the number of offices held by each Board Member, with focus placed on those demanding the greatest involvement in ordinary company operations.

1.C.2. Summary table No. 3, provided as an attachment to this Report, illustrates the number of other management or control offices held by Members of the Management Board in other companies listed on regulated markets (also abroad), in financial, banking, insurance or large companies; Table No. 4 provides the list of such offices.

Management Board operations

Calling of Meetings

1.P.1. The Management Board is called by the Chairman when deemed necessary or when a written request is made by the Managing Director or by at least two Members of the Management Board; subject to prior notification to the Chairman of the Management Board, the Board may also be called by the Supervisory Board or by its individual Members in accordance with law.

Art. 123-bis (2), (d) CLF

In calling a Board Meeting, the Chairman decides on the agenda, also taking into consideration proposed resolutions submitted by the Managing Director or other Members.

The Board meeting is called by issuing a notice of call containing the agenda items for discussion, addressed to Board Members at least four days prior to the date of the meeting. In urgent situations the meeting may be called by giving at least 24 hours' notice. The notice of call and agenda are also sent to the Supervisory Board Members.

Agenda items are grouped by topic areas, in order to ensure their orderly discussion. An indication is also given of whether the item will be subject to resolution or merely for information purposes.

The Management Board meets alternatively at the Torino registered office and Milano secondary office or, exceptionally, at another venue in Italy. The Articles of Association also permit the holding of valid Management Board meetings through remote connection systems, provided that the identity of those attending can be verified and that all are able to follow discussions and intervene in real time with regard to the matters on the agenda as well as view, receive and transmit documents. In such cases, at least the Chairman and the Secretary must be physically present at the venue officially designated as that in which the Board meeting is deemed to have taken place.

Reports to Board Members

1.C.5. The Chairman, aided by the Secretary of the Board where necessary, ensures that documentation relating to items on the agenda is brought to the attention of all Board Members in accordance with criteria of completeness and suitably in advance with respect to the meeting date, also with a view to necessary reporting symmetry between executive and non-executive Board Members.

1.P.2. Except in any cases of price sensitivity or urgency, the documentation regarding the agenda is normally distributed within the same terms as apply to the notice of call, in order to allow each Board Member to

inform himself or herself thereof appropriately, and thus to perform his or her duties with awareness, as well as to adopt informed resolutions on the agenda items.

Documentation for information purposes only can also be sent after this deadline. If the documentation for submission to the Board contains price-sensitive elements, on a special accompanying form the proposing Department indicates the assessments performed to guarantee correct processing of the sensitive data and prompt compliance with disclosure obligations envisaged by law.

In order to guarantee adequate reporting to Board Members, proposals to the Board are first presented to the Chairman, in order to allow the Chairman to more appropriately structure the meeting agenda and to ensure that the Board receives the necessary documentation in a timely manner.

In the event that the documentation provided is particularly lengthy or complex, an executive summary is provided, recapping the most significant points of relevance for resolutions, without prejudice to the fact that such document is in no way considered a replacement for the complete documentation sent to Board Members.

In order to optimise the information circulation process and timing, documents relating to Board meetings are made available through a dedicated IT platform accessible by Board Members. This application, accessible via intranet in protected mode, enables management of the information flows in full compliance with the internal security and system security standards.

If confidentiality has to be guaranteed or if the Chairman considers it appropriate given the topic and related resolution, or if there are other justified reasons for which the documentation cannot be made available, it may be provided directly at the meeting and its nature as additional material indicated. In such cases the Chairman shall verify compliance with the principles of completeness and adequacy of the information on the agenda items for all Board Members and ensure that all adequate in-depth analyses are conducted during the meeting; the Board Members in any event have the right to request any clarification, further details or additional information considered necessary or appropriate for a correct assessment of the topics.

In any case, the documentation provided at meetings of the Board is filed in company records and remains available for consultation at the Corporate Secretariat, as well as on the dedicated IT platform.

The documentation is also sent and made available to the Secretary of the Supervisory Board and to members of the Internal Control Committee.

The Bank Departments involved from time to time ensure that the utmost attention is focused on the information provided to Board Members on the business to be discussed at meetings, in the awareness that such information is fundamental for Board Members to adopt suitable resolutions and dedicate more time to in-depth analysis and discussion at meetings.

Board induction

Pursuant to the Management Board's Regulations, one of the specific duties of the Chairman of the Management Board is to ensure that Board Members, during their mandate, increase their business and corporate awareness, including with respect to the Group, in order to fulfil their role in the most effective manner.

The said objective is pursued not only within the scope of Board meetings, but also through the Board Members' participation in specific induction sessions aimed at acquiring knowledge of the reference regulatory and self-regulatory framework, as well as to guarantee full and suitable knowledge of banking business, the economic and financial system, finance regulations and, above all, the control and risk management system and control methods ("ongoing-induction").

The induction sessions are organised according to adequate structure levels: Board Members are formally invited to take part, they are provided with the relevant documentation and are given the option to connect via videoconference if they are unable to attend in person.

2.C.2

In 2014 and up to the publication of this Report, specific induction sessions were held to allow Board Members to learn of and discuss the various aspects of the Bank's and Group's business, the regulatory framework of reference and the duties and responsibilities of their office.

The induction sessions covered the following issues in particular: Gap Analysis on the control system; performance of the self-assessment process; Supervisory Provisions on corporate governance and Supervisory Provisions on the control system, in order to ensure full compliance of the Articles of Association with the new regulatory framework; presentation and analysis of the results of the Comprehensive Assessment conducted by the ECB (Asset Quality Review and Joint ECB/EBA Stress Test).

Finally, in order to promote better understanding of the reference corporate and regulatory environment and its evolution, a collection of governance documents, regulatory references, key correspondence with the Supervisory Authorities, accounting positions and any additional documentation conducive to the performance of their duties is made available to Board Members - and regularly updated - through the aforementioned dedicated IT platform.

Conduct of meetings and the decision-making process

The Management Board meeting is duly constituted if the majority of its members in office are in attendance.

The Chairman chairs Board meetings and coordinates discussions, ensuring adequate space is given to the discussion of each topic on the agenda, along with the time necessary for related analysis, and encouraging the Board's effective interaction and constructive debate, with particular attention placed on the appropriate sharing of information between executive and non-executive Board Members.

2.P.2.
2.P.3.

Board Members actively participate in Board discussions, contribute to discussions based on their respective skills and knowledge, and analyse the various topics from different viewpoints, contributing to achieving a reasoned decision-making process and to reaching jointly considered Board resolutions. On their part, non-executive Board Members monitor the decisions made by executive members and contribute to enhancing and promoting Board debate.

1.C.6.

On invitation from the Chairman, the General Managers, the Manager responsible for preparing the Company's financial reports, Heads of the Control Functions and top Managers of the Bank and the Group can attend Board meetings. Other Heads of Bank and Group Departments, members of the independent auditors and external consultants can also be invited to attend – in accordance with criteria of strict relevance – in relation to items on the agenda that might require specific technical skills. Such management participation has allowed the Board Members to obtain clarification and additional information on items on the agenda and has proved particularly important in encouraging adequate contribution and involvement of corporate Departments in the decision-making process, through direct involvement in the Board's activities.

Management Board meetings are attended by the Secretary of the Supervisory Board and, in accordance with the Articles of Association, by the members of the Internal Control Committee, though without voting right.

Management Board resolutions are normally carried by absolute majority vote of the Members in attendance (in the event of a tie, the meeting Chairman has the casting vote); certain resolutions involving, amongst other things, the appointment and removal of the Managing Director and the delegation of his/her powers, as well as the appointment and removal of the Manager responsible for preparing the Company's financial reports are carried by majority vote of all members in office. Resolutions regarding the appointment, revocation and determination of powers, duties and remuneration of General Managers are adopted by majority vote in favour by Members of the Management Board in office, subject to the mandatory opinion of the Supervisory Board.

Following the meetings, the Secretary draws up the draft minutes, illustrating in a comprehensive manner the method adopted for decision-making and the underlying reasons for such decisions. The draft of the minutes is sent to the Chairman and Managing Director and subsequently to all Board Members for comments, if any, collected by the Corporate Secretariat, and forwarded to the members of the Internal Control Committee. Upon approval, the minutes are forwarded without delay to the Chairman of the Supervisory Board, pursuant to the Articles of Association.

Each Board Member has the right to ensure that the minutes include a note of any vote against or abstention and the related reasons.

Resolutions made by the Board on topics in the agenda are sent by the Corporate Secretariat to the Departments involved, to ensure timely information and subsequent implementation within the Bank or Group.

Frequency of meetings and Board Member attendance

Pursuant to the Articles of Association, Management Board meetings are held at least once a month. In effect, the Board meets on a regular basis, normally almost twice a month. This frequency has allowed a suitable number of items to be included in the meeting agenda, along with proper discussion and constructive debate.

1.C.1. i)

In 2014 the Committee held 26 meetings.

As in the past, Board Members' attendance at meetings has proved constant, despite the higher number of meetings held during the year. In particular, in 2014 the attendance of each Board Member was 98.8%; Board Members Gaetano Miccichè, Francesco Micheli and Giuseppe Morbidelli justified their absence on one occasion.

This attendance in the Board meetings ensured the systematic contribution of all Members to the management of Group and Bank business, thereby allowing the Bank to make full use of the professional skills represented.

However, the overall commitment of Board Members is not expressed merely in attendance at Board meetings. All Board Members, in fact, must take into consideration the activities associated with the meetings (study of documentation on items on the agenda, meeting preparation, queries and requests for information, etc.), whilst with particular regard to executive Board Members, the activities performed as Heads of Bank operating Departments (for Board Members from the Group's Management) or in relation to participation in Group management Committees and the assignment of specific tasks (for Executive Deputy Chairpersons) also have to be considered.

The Board meetings lasted an average of 3 hours and a half, considered adequate to meet the need for thorough development and discussion of matters on the agenda, also in view of the appropriate meeting and pre-meeting information, and the number of meetings held.

A total of 16 meetings are scheduled for the current year, 6 of which have already been held. Additional meetings may be arranged as specifically needed. In compliance with Borsa Italiana Regulations, in December 2014 Intesa Sanpaolo disclosed the 2015 corporate events calendar to the market (also published on the website), with an indication of Management Board meeting dates for the approval of financial reports. Additional meetings – including induction sessions – are defined during the year as necessary to meet specific needs.

Contestation of resolutions

Resolutions adopted by the Management Board in breach of law or the Articles of Association may be contested by the Supervisory Board and Management Board Members who were absent or who voted against the resolution, by and no later than ninety days from the date the resolution was adopted.

Shareholders may also contest the resolutions of the Management Board where a resolution is prejudicial to their rights. In this case, the term and procedures for contesting resolutions are determined in application of the provisions governing the contestation of shareholder resolutions in the Italian Civil Code, where compatible, which are addressed in this Report in the chapter on Shareholders' Meetings.

Powers

In accordance with the Articles of Association, and within the scope of its powers, as mentioned, for ordinary and extraordinary administration, the Management Board may appoint, by resolution adopted by majority vote of the members in office, a Managing Director, delegating relevant powers and determining their scope, limitations and how they may be exercised, and may delegate specific powers or assign special duties to one or more Board Members, and determine the related powers.

For certain categories of legal acts and business activities, specific powers can also be delegated to Bank personnel, provided the limits and methods of exercise of powers are defined, and establishing whether the appointed individuals may act individually or jointly in committees.

In implementation of the provisions of the Articles of Association, the Management Board, as mentioned, elected a Managing Director from among its own Members, upon whom powers were delegated, without prejudice to its power of issuing directives and calling back decisions on matters delegated, and assigned specific tasks to the two executive Deputy Chairpersons.

The Board also defined and approved the decision-making powers and expenditure limits of Heads of Bank Departments, in accordance with the organisational and management responsibilities assigned to them respectively, and set limits and rules for the subdelegation of those powers.

The power to subdelegate is exercised through a transparent process that is constantly monitored and graded on the basis of the role and responsibilities of the subdelegate, who has the obligation to report back to the delegating function.

It should be noted that all Bank Departments operate on the basis of specific regulations that define the scope of their powers and responsibilities; these Regulations are available throughout the Bank, as are the operating procedures that determine how all the Bank's various processes are to be performed. All the main decision-making and implementing processes concerning Bank operations are encoded and can be monitored and traced by the entire Department.

1.C.1. d) Finally, the Management Board decides the methods for reporting to the Board on resolutions adopted under delegated powers. In this regard it should be noted that the Board assesses the general performance of operations on a periodic basis, taking into consideration information received from delegates.

Information flows to corporate bodies and between corporate bodies

Effective internal information flows constitute a key element of the organisation and corporate governance of Intesa Sanpaolo, not only because they allow for the correct fulfilment of obligations imposed by current regulations, but because they also offer effective Management and Supervisory Board activities and efficient relations between the two corporate bodies. The circulation of information between and within the corporate bodies may be carried out periodically at pre-established deadlines or as one-time occurrences if limited to simple events where regulatory provisions call for reporting and represents a fundamental condition for the effective achievement of management efficiency and control objectives.

The Articles of Association and Board Regulations contain provisions to ensure the correct flow of information between Bank Departments and the Managing Director and between the latter and the Management Board and between the Management and Supervisory Boards, in addition to effective coordination and full liaison between the Management and Supervisory Boards. The main participants of these processes are outlined below, as well as the respective roles carried out.

1.C.1. d) and e) The Managing Director, in accordance with the Articles of Association, reports to the Management Board, usually on a monthly basis, on the key performance data for the period compared with system data; reports on general business performance and outlook, and on the most significant transactions carried out by the Bank and its subsidiaries, are made at least every three months. The Managing Director also activates the Departments of the Bank and Group in order to ensure the appropriate flows of information to the Management Board, particularly as regards risk management, the control system, compliance and management-financial governance. On a quarterly basis, pursuant to Article 150 of the Consolidated Law on Finance, the Managing Director reports to the Management Board and, consequently, to the Supervisory Board, on transactions with related parties of Intesa Sanpaolo and the Group associated entities with a major economic, capital and financial impact completed during the period by the Parent Company or by subsidiaries.

The Management Board promptly provides the Supervisory Board with up-to-date reports, or reports at least once every three months, on the general business performance and on significant transactions (i.e. transactions with a major economic, capital and financial impact) for the Bank and its subsidiaries; in particular the Board reports on transactions in which Management Board Members have personal or third-party interests, or which are influenced by the entity responsible for management and coordination

activities; it provides the Supervisory Board with reports at least once a month on the key performance data for the period compared with system data.

As part of its responsibilities attributed by the dual corporate governance system, the Supervisory Board provides the Management Board with periodic Internal Control Committee reports on analyses and studies completed with regard to the control system, also to allow the Management Board to implement corrective measures or improvements as necessary.

The Internal Control Committee periodically meets the Managing Director and CEO in order to discuss issues considered significant for the efficiency and effectiveness of the internal control system. The members of the Internal Control Committee are required to attend meetings of the Management Board, without voting rights, and for this purpose any documentation prepared for the Management Board is also made available to members of the Internal Control Committee.

7.C.2

In its capacity as Surveillance Body pursuant to Italian Legislative Decree 231/2001, the Committee submits, at least on a half-yearly basis, a report on the adequacy of and compliance with the relative Organisational, Management and Control Model to the Management Board and Supervisory Board. The Committee reports to the corporate Boards on its activities.

Specific provisions in the Articles of Association and internal regulations aim at the Chairman of the Management Board and the Chairman of the Supervisory Board for the purpose of ensuring the appropriate sharing of information between each other and with the Managing Director, also with a view to guaranteeing accuracy of information flows to the Management Board. In particular:

- the Chairman of the Management Board ensures that all Members receive adequate reporting on matters on the agenda, exchanging information with the individual Board Members in relation to their delegated powers or duties; the Chairman also receives information on resolutions adopted by the Supervisory Board together with all other significant communications subject to assessment by the Management Board;
- the Chairman of the Supervisory Board is promptly informed and consulted by the Chairman of the Management Board and Managing Director on specific aspects of Bank and Group management and on business performance in general, also in terms of business outlook, and on initiatives regarding the Bank's general strategies and guidelines and strategic transactions subject to Supervisory Board approval; in this respect, the Chairman reports and may submit observations and proposals to the Board for resolution as appropriate. In Intesa Sanpaolo's governance practice, the Chairman of the Supervisory Board does not take part in the meetings of the Management Board.

Self-Assessment of the Supervisory Board and Management Board

The Supervisory Board and Management Board have carried out their annual self-assessment on the composition, performance, conduct and trends characterising the bodies and the Committees established within the Supervisory Board.

1.C.1. g) and
i)

The self-assessment process was performed in accordance with the provisions of the respective Regulations on the self-assessment process, adopted in implementation of the Supervisory Provisions on corporate governance, as well as in consideration of the recommendations of the Corporate Governance Code.

Self-assessment of the bodies was performed with the professional assistance of Crisci & Partners, expert consulting firm which has not recently had economic dealings with Intesa Sanpaolo and/or with companies of the relative Group, except for the assignment granted to the company in September 2014 to draw up the aforementioned Regulations on the self-assessment processes. In particular, Crisci & Partners were assigned the task of supporting the self-assessment process. This company was deemed to possess the requirements of neutrality, objectivity, expertise and independence envisaged by Article 4 of the Regulations. The professionals of Crisci & Partners who undertook the assignment were Giuseppe Crisci, Guido Ferrarini and Maria Gaia Soana.

As 2014 is the second year of mandate for the bodies of the Bank, the self-assessment process, in addition to analysing the activities conducted during the year, also examined areas requiring possible intervention, as previously identified, evaluating any improvement profiles.

Pursuant to the provisions of Article 5 of the Regulations, Crisci & Partners assisted the Supervisory Board and Management Board in the following phases of the self-assessment process:

- Information collection: information was collected on the qualitative-quantitative composition and operations of the bodies. Based on the profiles under analysis, this phase involved the collection of information already available to the Bank, as well as information obtained through questionnaires and individual interviews.
- Data processing: the information collected during the previous phase was analysed and consolidated, taking care to ensure the anonymity of the Board Members with regard to their relevant Board.
- Preparation of process results: Crisci & Partners, after discussion with the Nominations Committee, as far as the Supervisory Board is concerned, and with the Management Board on the results of the data processing, and having shared said results on a collective basis, formalised the self-assessment results in the documents "Results of the Supervisory Board Self-assessment" and "Results of the Management Board Self-assessment", which summarise the methods used and results achieved, highlighting the strengths, weaknesses, critical points and opportunities identified.

The self-assessment was carried out based on questionnaires and individual interviews conducted between 30 January and 24 February 2015. The document used for the interviews with Board Members was divided into two sections: an initial quantitative part, organised into an actual questionnaire, and a second qualitative section, consisting of an outline of topics, partly comprising those of the questionnaire and partly aimed at guiding the interview.

Before conducting the interviews, the consultants of Crisci & Partners assigned to carry them out carefully read over all of the minutes of the Supervisory Board meetings and a large sample of the minutes of the Management Board meetings for 2014, including the pre-meeting documentation, as well as, for the Committees established within the Supervisory Board, all of the agendas and a large sample of the minutes for the same year, including pre-Committee documentation, in order to become acquainted with and examine the issues faced during the year, the comments expressing the diversified competences within the bodies and the discussion held.

The questionnaire and interviews focused on various areas regarding the composition and operations of the Supervisory Board - and its relative Committees - and the Management Board. The main aspects subject to assessment regarded the adequacy of the following profiles:

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- professionalism, in terms of knowledge, experience and skills, recognised with regard to the overall Boards and their individual members;
 - composition and balancing of roles within the bodies;
 - frequency and quality of *induction* meetings;
 - overall operations of the bodies;
 - carrying out of meetings;
 - role of the respective Chairmen;
 - information flows between Supervisory Board and Management Board, Supervisory Board and internal Board Committees, and Management Board and Control Committee;
 - overall performance of the self-assessment process.

With regard to the Supervisory Board in particular, specific focus was placed on:

- composition, operations and quality of the debate characterising the internal board Committees;
- operations of the Board as a control, guidance and strategic supervision body.

The profiles specifically subject to assessment with regard to the Management Board regarded:

- carrying out of the meetings in terms of frequency, topics discussed, duration, attendance and participation methods, with particular reference to existing relationships of trust, collaboration and interaction among Board Members;
- the role of the Chief Executive Officer as part of the Management Board and the adequacy of the relative powers.

The results of self-assessment of the Supervisory Board show large and extensive adequacy of the Board with regard to all of the profiles listed above. In particular, it was noted that in 2014 the Board performed its control function in a timely and effective manner, with an excellent analytical level. In carrying out its strategic supervision function, despite highly effective results, a number of possible areas for improvement were identified, mainly linked to development of the *induction* activity, to the need to better balance within the topics discussed in board meetings - to the extent possible - strategic and business issues with those broadly classified under the control area, as well as to the possibility to intensify interaction between the management body and the control, steering and strategic supervision body.

The results of self-assessment of the Management Board highlight widespread adequacy of the Board with regard to all the profiles listed above and excellent results with regard to overall operations of the Board and to the ability of the Chairman and Chief Executive Officer to hold their respective roles. In carrying out its management function, despite particularly effective results, a number of possible improvement measures were identified, mainly linked to development of the *induction* activity, to the need to better balance within the topics discussed in board meetings - to the extent possible - the strategic and business issues with those broadly classified under the control area, as well as to the possibility to seek instruments to mitigate, to the extent possible, the structurally intrinsic information gap between the Board's management and non-management component, in order to further enhance Board debate.

Crisci & Partners, in its role as facilitator, shares the advanced assessments and considerations of the majority of Board Members during the self-assessment process and underlines the consistency and effective overall compliance by the Supervisory Board and Management Board with the regulatory provisions, with the provisions of the Corporate Governance Code, with the guidelines of the European Banking Authority and with the Supervisory Provisions on corporate governance, as well as with the best practices of the other listed companies, to the extent comparable with Intesa Sanpaolo.

Operating structure

Divisions and Business Units, Governance Areas and Head Office Departments

In terms of organisational logic and to ensure that Group governance has the necessary overall coherence, the Parent Company is divided into seven Business Units – comprising business line aggregations with similar characteristics in terms of products and services provided and in terms of regulatory framework - six Governance Areas, Head Office Departments and Staff Units under the direct responsibility of the Managing Director and CEO, which exercise guidance, coordination, control, support and service functions at Group level.

- Divisions/Business Units
 - Banca dei Territori Division;
 - Corporate and Investment Banking Division;
 - International Subsidiary Banks Division;
 - Private Banking Division;
 - Asset Management Division;
 - Insurance Division;
 - Capital Light Bank.
- Governance Areas
 - Chief Operating Officer (COO) Governance Area;
 - Chief Innovation Officer (CIO) Governance Area;
 - Chief Lending Officer (CLO) Governance Area;
 - Chief Financial Officer (CFO) Governance Area;
 - Chief Risk Officer (CRO) Governance Area;
 - Chief Governance Officer (CGO) Governance Area.
- Head Office Departments and Staff Units reporting to the Managing Director and CEO:
 - Administration and Tax Head Office Department;
 - International and Regulatory Affairs Head Office Department;
 - Safety and Protection;
 - Project Coordination.

The head of the Chief Operating Officer Governance Area, within the scope of his/her duties, works with Intesa Sanpaolo Group Services, which are responsible for providing services and support to the Group in order to achieve effectiveness, efficiency and quality standards.

In addition to the aforesaid structures, the Internal Auditing Head Office Department holds a special position in the organisation, in order to enjoy the necessary autonomy and independence, reporting directly to the Chairman of the Management Board and to the Chairman of the Supervisory Board. The External Relations Head Office Department, which reports directly to the Managing Director and CEO, to the Chairman of the Management Board and to the Chairman of the Supervisory Board, is also present.

With regard to the main changes in the organisational structure that occurred during 2014, we note the establishment, as from 1 September 2014, of the International and Regulatory Affairs Head Office Department, which was assigned the task of managing relations with national and international regulators, supervising and developing international relations with key stakeholders, managing the Group's institutional relations, representing the Group's position institutionally as regards policies for growth and economic and social development.

As from 24 October 2014, the following structures were established:

- the Private Banking Division, which was tasked with serving the high-end customer segment (Private and High Net Worth Individuals), creating value for the Group by offering excellent products and services. The Head of the Division oversees the management of the subsidiaries Banca Fideuram, Intesa Sanpaolo Private Banking, Sirefid, Intesa Sanpaolo Private Banking Suisse and Fideuram Asset Management Ireland;
- the Asset Management Division, which was tasked with developing asset management solutions targeting the Group's customers. The Head of the Division oversees the management of the subsidiary Eurizon Capital;

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- the Insurance Division, which was tasked with developing insurance products targeting the Group's customers. The Head of the Division oversees the management of the subsidiaries Intesa Sanpaolo Vita, Fideuram Vita, Intesa Sanpaolo Assicura, Intesa Sanpaolo Smart Care and Intesa Sanpaolo Life;
 - the Chief Innovation Officer Governance Area, which was tasked with identifying, analysing and developing innovation activities, guaranteeing monitoring, coordination and coherence thereof at Group level.

As from 3 November 2014, the Capital Light Bank, a Business Unit reporting directly to the Managing Director and CEO was established, with the task of coordinating the initiatives aimed at the optimisation of the Group's financial resources, such as the strengthening of the management of doubtful loans and repossessed assets, the sale of non-core equity stakes and the proactive management of other non-strategic assets.

The same date marked the discontinuation of the Strategic Operations and Special Projects unit, whose activities were merged into the Chief Governance Officer Governance Area.

The Heads in charge of the organisational Structures of the Divisions and Business Units, Governance Areas, Head Office Departments, Staff Units and Group companies, in the general policy and guidelines framework, are responsible for the achievement of objectives in their specific areas, also through the optimum use of assigned human and technical resources.

For additional information on Intesa Sanpaolo's organisational structure, reference should be made to the Bank's website ("About us" Section, "Organisational structure" and "Top management" pages).

General Managers

The Management Board, upon proposal by the Managing Director and subject to the mandatory opinion of the Supervisory Board, is responsible for the appointment, removal and determination of the duties, powers and remuneration of one or more General Managers, one of whom acts as deputy to the Managing Director, excluding duties which must be exclusively performed by the latter.

The General Managers report to the Managing Director within the scope of their duties and powers, and assist the Managing Director in the management of the company to the extent of the powers delegated to them upon their appointment.

The Management Board has appointed the Managing Director and CEO Carlo Messina, and the Head of the Corporate and Investment Banking Division Gaetano Miccichè as General Managers, without prejudice – in accordance with the principle of the unified management of the Bank – to the Managing Director's responsibility for the general management of all Bank and Group operations.

Group Committees

As part of the mechanisms to guarantee effective management of operational matters relevant to the entire Group, to more effectively govern the risk profile within the Group, and to guarantee an adequate level of internal communication and discussion, special Intragroup Committees are established by the Bank, composed of Bank Executives and Members of the Group companies' top management:

- Coordination Committee, consultative body with the role of facilitating intragroup operations and top level communication between the Bank Departments, with a view to sharing and coordinating the main corporate decisions;
- Group Risk Governance Committee, formed with decision-making, consultative and reporting powers to ensure the monitoring and management of risks and the safeguarding of corporate value at Group level. The Committee also coordinates the internal control system, in implementation of the strategic guidelines and management policies defined by the corporate bodies;
- Group Financial Risk Committee, technical body with a decision-making and reporting role, focusing on proprietary financial risks of the banking and trading book and on Active Value Management, which operates on the basis of operating powers and duties assigned by the Management Board;
 - o Group Control Coordination and Operational Risk Committee, which operates within the scope of the guidelines set by the corporate bodies and on the basis of the operational and functional powers delegated by the Management Board, with the aim of stepping up coordination and interdepartmental cooperation mechanisms;

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- within the scope of the Group's internal control system, by aiding the risk management process integration;
 - by aiding the effective management of operational risks, including the IT risk (or ICT);
 - Group Credit Committee, technical body with a decision-making and consultative role that has the task of guaranteeing coordinated management of issues relating to credit risk to the extent of its assigned powers;
 - Group International Markets Coordination Committee, a body with a reporting and consultative role that has the task of promoting synergistic action and appropriate sharing of information by Managers of the Business Units of the Bank and the Group operating on international markets, and of strengthening the interdepartmental coordination and communications between the Business Units and the Governance Areas.

The internal control and risk management system

Main characteristics

In line with the provisions laid down by the Supervisory Provisions on the control system, the Bank has prepared the "Integrated Internal Control System Regulation", which defines the guidelines of Intesa Sanpaolo's internal control system, in its capacity as Bank and Parent Company of the Banking Group, through the adoption of the reference principles and the definition of the responsibilities of the Bodies and of the functions with control duties, which contribute, in various ways, to the proper operation of the internal control system, as well as the identification of coordination arrangements and information flows supporting system integration.

7.P.1.
7.P.2.

The Integrated Internal Control System Regulation is the reference framework of the Intesa Sanpaolo Group's internal control system, which sets out the principles and rules on the controls that must be reflected and incorporated in the regulatory documents issued within the Group with reference to specific areas of prudential supervision (policies and processes relating to: management of individual risk profiles, risk measurement internal systems used for management purposes or for the calculation of capital requirements, preventing the compliance risk and money laundering risk, risk mitigation techniques, RAF, ICAAP, public disclosure, securitisation transactions, covered bonds, conflicts of interest, evaluation of business operations, new products/services or new start-ups or penetration into new markets, equity interests, management and financial governance, business continuity, IT security, information system, IT risk analysis, etc.).

In this perspective, the above Regulations and Governance Documents / Rules and Guidelines relating to specific areas of prudential supervision - issued by Intesa Sanpaolo at Group level - constitute, as a whole, an integrated and harmonised set of regulations on the control system of the Intesa Sanpaolo Group.

The Regulation was approved by the Management Board and the Supervisory Board, each acting within their remit, on 17 June 2014.

The internal control system consists of a set of rules, functions, structures, resources, processes and procedures aimed at ensuring, in compliance with sound and prudent management, the achievement of the following objectives:

- verification of the implementation of company strategies and policies;
- containment of risks within the limits indicated in the reference framework for determining the Bank's risk appetite (Risk Appetite Framework);
- safeguard of asset value and protection from losses;
- effectiveness and efficiency of the Bank processes;
- reliability and security of company information and IT procedures;
- prevention of the risk that the Bank may be involved, including involuntarily involved, in illegal activities (with especial regard to those relating to money-laundering, usury and financing for terrorism);
- compliance of transactions with the law and supervisory regulations, as well as internal policies, procedures and regulations.

Art. 123-
bis, c. 2,
(b) CLF

In line with corporate law and bank supervisory regulations, and consistent with indications in the Corporate Governance Code, the Bank has adopted an internal control and risk management system aimed at identifying, measuring, managing and monitoring, on an ongoing basis, the risks for the Bank and the Group, involving the Boards, special internal control functions, the Surveillance Body pursuant to Italian Legislative Decree 231/2001, and the Manager responsible for preparing the Company's financial reports. The independent auditors also contribute to the internal control system.

In compliance with the guidelines set forth by the corporate bodies, the internal control system of the Bank and the Group is designed to constantly monitor, identify and manage business-related risks. Under this system, the primary reference are, inter alia, supervisory provisions on the prudential control of banks and banking groups, organisation and corporate governance of banks, financial conglomerates, service and investment taking into account developments in international best practices.

7.C.1. a)
7.P.1.

The Intesa Sanpaolo Group companies adopt an internal control System based on three levels, in line with the laws and regulations currently in force. Such a model provides for the following types of control:

- the first consists of line controls, which are aimed at ensuring the proper conduct of the operations and, where possible, are incorporated into IT procedures. They are conducted by the same operational and business structures (so-called "I level Functions"), including through units dedicated solely to control duties reporting to the heads of the same structures or performed as part of the back office;
- 7.P.3 o. - the second consists of controls on risks and compliance, which are intended to ensure, among other things:
 - o the correct implementation of the risk management process;
 - o compliance with the operating limits assigned to the various functions;
 - o compliance of company operations with the rules, including self-governance rules.

The functions assigned to such controls are separate from the ones in charge of production and contribute to the definition of risk governance policies and the risk management process. Within the Intesa Sanpaolo Group, the II level mainly falls under the responsibility of the Chief Risk Officer and includes specific functions that involve:

- risk management controls, which are intended to contribute to the definition and implementation of the RAF (Risk Appetite Framework) and risk governance policies, ensure the measurement and control of the Group's exposure to different types of risk, contribute to the definition of the structure of the operating limits on risk assumption,
- credit quality monitoring, aimed at supervising credit granting and management processes, including rating allocation and update processes, as well as the individual exposures or clusters of exposures characterised by signs of anomalies;
- compliance controls, which are aimed at preventing the risk of incurring legal and administrative penalties, significant financial loss or damage to reputation as a consequence of infringements of laws and regulations or voluntary codes;
- compliance controls with regard to anti-money laundering, combating the financing of terrorism and embargo management;
- validation of internal risk measurement systems;

- 7.P.3. b) - the third consists of internal audit controls, aimed at identifying violations of procedures and regulations, as well as periodically assessing the completeness, adequacy, functionality (in terms of efficiency and effectiveness) and reliability of the organisational structure of the other components of the internal control system and information system (ICT audit) at Group level, at preset intervals depending on the nature and extent of the risks.

7.C.1. b)
7.P.3. In this context, the adequacy of essential system elements is assessed on an ongoing basis by the corporate bodies, and is taken into consideration in the report on operations attached to the Parent Company's financial statements as prepared by the Management Board, in this Report and in the report of the Supervisory Board pursuant to Article 153 of the Consolidated Law on Finance.

7.C.1. d) Given the above, a description is provided below of the main elements of the internal control system, also indicating the breakdown of financial information controls (in reference to the duties of the Manager responsible for preparing the Company's financial reports, the financial information control system and audit), Corporate Control Functions as defined in the Supervisory Provisions on the control system (risk management, compliance with regulations, internal audit, anti-money laundering and validation) and crime prevention models.

7.P.3. The Supervisory Board, as control body, is the centre of the control system, with the task of supervising compliance with legal and regulatory provisions, and the Articles of Association as well as correct governance and the adequacy of the Bank organisational and accounting structures.

In this regard, the Board has, among other duties and considering the multiple functions having control tasks and responsibilities, the duty to assess the adequacy of all the functions involved in the control system, the proper fulfilment of the duties and the proper coordination thereof, thereby promoting actions aimed at remedying any gaps and irregularities found.

To carry out its functions, the Supervisory Board receives adequate flows of information from the other corporate bodies and from the Corporate Functions, including control functions.

The role of corporate bodies

The task of ensuring the completeness, adequacy, functionality and reliability of the internal control system at Group level falls within the remit of the corporate bodies of Intesa Sanpaolo as provided for by the Supervisory Provisions on the control system and by the Supervisory Provisions on corporate governance.

7.P.3. a)
7.C.1.

In particular, in order to ensure an integrated and consistent internal control system and adequate supervision of the risks to which the Group is or may be exposed, the strategic decisions relating to the internal control and risk management system at the Group level fall within the remit of the corporate bodies of Intesa Sanpaolo, as the Parent Company. Therefore, in carrying out their functions, they not only consider the actual corporate situation of the Parent Company, but also assess the Group's overall operating activity and the risks to which it is exposed.

Considering the dual corporate governance model adopted by Intesa Sanpaolo, the Supervisory Board and the Management Board cooperate in the performance of the strategic supervision function, and play an active role in risk management and control activities; in particular:

- the Board Management, taking account of each segment of the Group operations, supports strategic supervision regarding the internal control system, in line with the relevant Supervisory Provisions and, in particular, shall submit to the Supervisory Board its assessments and proposals with regard to the system, guidelines and operating instructions of such a system for the Bank and the Group.
- In this context, the Management Board shall prepare and submit to the Supervisory Board its assessments and proposals regarding all matters upon which the latter resolves as the body responsible for strategic supervision.
- The Management Board, subject to the mandatory opinion of the Supervisory Board, appoints and removes the Manager responsible for preparing the Company's financial reports, thereby establishing his/her means, powers and remuneration.
- The Management Board, including through the Managing Director and CEO, ensures the completeness, adequacy, functionality and reliability of the information system; promotes the development, periodic monitoring and updating of the business continuity plan.
- The Supervisory Board, taking into account the proposals submitted by the Management Board, defines and approves the risk appetite, tolerance threshold and risk governance policies; the guidelines of the internal control system, the criteria for identifying the most significant transactions to be submitted to the prior opinion of the risk control function; the general lines of the ICAAP process, moreover, it approves the establishment of corporate control functions, their duties and responsibilities, the procedures for coordination and collaboration, the information flows between these functions and between them and the corporate bodies; in this context, in particular, it approves a control coordination document (represented by the Integrated Internal Control System Regulations), which takes into account the overall control structure of the Group; furthermore, the Supervisory Board appoints and removes the heads of the corporate control functions and the Head of the Business Continuity Plan; the risk management process; the accounting and reporting systems; the policies and processes for evaluating business activities; the adoption of internal risk measurement systems for determining capital requirements; the process for the development and validation of internal risk measurement systems not used for regulatory purposes; the general lines of the management system for credit and counterparty risk mitigation techniques, which oversees the entire process of acquisition, evaluation, control and implementation of the risk mitigation instruments used; the process for the approval of new products and services, the launch of new start-ups, the penetration into new markets; the company's policy on outsourcing of corporate functions.

7.P.3. d)

In relation to internal controls and risk management, the Managing Director and CEO shall prepare the measures necessary for ensuring that an effective and efficient control system is established and maintained and shall draw up the appropriate proposals on the matter to be submitted to the Management Board. The Managing Director steers the implementation of guidelines resolved upon by the Management Board and the Supervisory Board regarding the Departments involved.

7.P.3. a) /
7.C.4.

The Supervisory Board is supported by

- the Risk Committee in the performance of guidance and strategic supervision on matters of general, programmatic and strategic guidelines, risk governance, organisation, corporate governance and internal control system, information accounting system and financial statements, information systems and business continuity;
- the Internal Control Committee in the performance of the supervisory and control functions and is the permanent reference point for the corporate control functions.

The Manager responsible for preparing the Company's financial reports

The Management Board, based on the opinion of the Supervisory Board, appointed Ernesto Riva as the Manager responsible for preparing the Company's financial reports, pursuant to the provisions of Article 154-bis of the Consolidated Law on Finance.

In accordance with the Articles of Association, the Manager responsible for preparing the Company's financial reports shall be chosen among the Bank executives and must meet specific professional requirements connected to adequate skills in financial and accounting disclosures, management or control of the related administrative procedures, gained in a period of at least five years in positions of responsibility in operating departments within the Bank, Group or other companies or entities comparable in terms of activities and organisational structures. The Manager responsible for preparing the Company's financial reports must also meet integrity requirements for members of control bodies of listed companies envisaged under current regulations.

The Manager responsible for preparing the Company's financial reports was vested with adequate powers and means for the performance of his/her functions; he/she is provided with a structure that is adequate in terms of numbers, technical and professional skills and ongoing training programmes to support him/her in the fulfilment of his/her duties, as well as with the cooperation and support of the other corporate departments of the Parent Company and Group companies.

Supervision on the reliability of the company financial reports is carried out in compliance with the provisions of Art. 154-bis of the Consolidated Law on Finance and the other implementing provisions issued by regulators; the exercise of that role is also extended to the supervision of the financial reporting and statutory audit process, which is a requirement to be adhered to by public interest Entities (Article 19 of Legislative Decree 39/2010), as well as the supervisory rules on the management and accounting system to which the companies that control companies governed by the laws of non-EU countries (Article 36 of Consob Market Regulation) are bound.

For the purposes of a harmonised coordination of the regulatory provisions, the Manager responsible for preparing the Company's financial reports oversees the fulfilment of the obligations according to a shared approach at Group level, approved by the Management Board, with the favourable opinion of the Supervisory Board.

As regards the corporate financial reporting, the Manager responsible for preparing the Company's financial reports:

- guides the Group companies, coordinating the instructions for the correct and uniform application of the accounting standards and measurement criteria, formalised as part of the Group Accounting Regulations, subject to regular periodic updates;
- prepares the management and accounting procedures, taking care of their adaptation in relation to the corporate disclosure requirements defined by Regulators;
- oversees the correspondence between the corporate reporting and the accounting records; to this end, he/she promptly makes use of any information deemed necessary for the performance of his/her duties and coordinates the exchange of information with the independent auditors;
- submits public disclosures to the Management Board and certifies the compliance of financial documents and reports with the law.

With regard to monitoring of the financial reporting process, the Manager responsible for preparing the Company's financial reports:

- maintains a system of Information reports and flows with the Parent Company and the Group functions, in order to ensure effective monitoring of the consistency of balance sheet, income statement and financial positions, especially with reference to the main risks and uncertainties to which the Group may be exposed, monitoring the reliability of the data acquisition process and the process of disclosure of the relevant information;
- oversees the internal control system on the financial reporting process, submitting to the Management Board audit plans to ensure the adequacy and effective application of management and accounting procedures over the period, also by subsidiaries subject to the laws of countries that are not European Union Member States, in accordance with the provisions laid down by Article 36 of the Consob Market Regulation; following the assessment of the audit findings, a Report on the internal control system functional to the financial reporting process is drafted;
- provides feedback on recommendations formulated by the independent auditors at the end of the audit of the Parent Company's and consolidated financial statements for the purpose of continuous improvement of procedures affecting accounting data;
- monitors the assignments granted to independent auditors to supervise the auditors' independence and impartiality, in compliance with legal provisions and in accordance with methods governed by Company Regulations;
- shares with the Supervisory Board, pursuant to Law 231/2001 the findings of the audit plan carried out in implementation of the monitoring of the financial reporting process, for the purposes of preventing criminal and administrative offences such as those described in the "Organisation, Management and Control Model pursuant to Legislative Decree No. 231 of 8 June 2001".

In relation to the supervisory and monitoring functions assigned, the Manager responsible for preparing the Company's financial reports:

- signs, together with the Managing Director, the documents certifying that the company financial reports match the contents of accounting books and records, and that the documents are suitable to providing a true and fair view of the information on balance sheet, income statement and financial position and on the main risks to which the Group is exposed (Article 154 bis, paragraph 3, of the Consolidated Law on Finance);
- submits a periodic opinion on the internal control system functional to the financial reporting process, thereby signing, together with the Managing Director, the documents certifying the adequacy of the management and accounting procedures and the efficiency of the controls on the financial reporting process (Article 154 bis, paragraph 5);
- prepares a report to be submitted to the Management Board regarding the outcome of the assessments that allow it to certify the compliance of the management and accounting system of the companies governed by the laws of non-EU countries (Article 36 of the Consob Market Regulation).

The Manager responsible for preparing the Company's financial reports oversees the periodic reports that enable the Management Board to fulfil its legal and regulatory obligations, thereby monitoring the adequacy of powers and means granted. These reports are also submitted to the Internal Control Committee, which reports to the Supervisory Board in order for it to perform its supervisory task of monitoring the information accounting system, as required by law and the Articles of Association.

The financial reporting process monitoring

Within Intesa Sanpaolo, the monitoring of the accounting and financial reporting process is based on the review of:

- the completeness and consistency of the information disclosed to the market through the management of a structured system of information flows that the functions of the Parent Company and Group companies regularly submit, reporting significant events for the purposes of accounting and financial reporting, especially as regards the main risks and uncertainties to which they are exposed;
- compliance of the processes and procedures used for the preparation of the company financial reports, verifying, in particular, the consistency of the auditing approach and the proper conduct of the activities functional to the financial reporting process; the focus of the audits is represented by the work stages which, within business processes, entail the recording, processing, evaluation and presentation of data and information, as well as of the IT architecture and application monitoring

rules, especially with reference to the management of operations and development interventions on the summary systems instrumental to the financial reporting process.

As is known, the Italian legislation does not make express reference to predefined standards in order to assess the adequacy of the management and accounting procedures and to ensure the effectiveness of the internal control system over the financial reporting process. The international benchmark is represented by the *COSO Framework* and the *COBIT Framework*¹. They are also used as benchmarks by Intesa Sanpaolo insofar as they offer the opportunity for a convergence in the analysis and evaluation methodologies compared to the more widespread consolidated practices at the international level.

The methodologies adopted for the purpose of monitoring the financial reporting process entail:

- the determination of the existence and compliance of the internal control system at corporate level, through the examination, conducted by the internal audit Function, of the governance systems, the presence and dissemination of standards of conduct inspired by ethics and integrity, consistency of the organisational structures and transparent attribution of powers and responsibilities, the effectiveness of risk policies, the soundness of fraud prevention systems and the impact of codes of conduct and personnel disciplinary systems;
- the formalisation of relevant business processes for financial reporting purposes, with special focus on the risks and controls that define the stages of recording, processing, evaluation and presentation of data and information conducive to the preparation of company financial reports and financial market disclosures; in addition to financial reporting processes (e.g. accounting, budget, reporting, management control, risk control) business processes (e.g.: credit, finance, asset management, insurance etc.) are also included, with reference to the assessment and reporting of assets and liabilities recorded in the accounting books and presented in corporate documents and operations processes in support of transactional and administrative data;
- the performance of an annual audit plan to certify the adequacy of the procedures and the effectiveness of the controls in place, by verifying the methodologies that govern the management of transactions within the scope of business processes and the forms of monitoring of the stages associated with the recording, evaluation and presentation of accounting data and financial information;
- the conduct of an annual audit plan to certify the systematic application of IT architecture governance rules with reference to the processing steps instrumental to the preparation of accounting and financial reports;
- the preparation, for each significant Group Company, of a Report on the internal control system on the financial reporting process, which sets out: a) the main profiles of operational and valuation complexity of the business, indicating the organisational set-up and the application architectures instrumental to the financial reporting process, together with the related control procedures; b) the findings of audits conducted during the year, indicating any shortcomings found and action taken to remedy them; c) the recommendations expressed by the Independent Auditors on audit of the financial statements to improve procedures affecting the accounting data;
- the formulation of an opinion on the internal control system on the financial reporting process, upon the outcome of the monitoring over the correct implementation of the regulations, the audits conducted on the scope of companies and the performance of the evaluation process on a consolidated basis to ensure the application of standard opinion-forming criteria, further studying the material nature of critical points found in relation to the consolidated financial statements;
- the management of the communication processes between the Manager responsible for preparing the Company's financial reports and the Control Bodies, the Corporate Control Functions and Internal Auditing, in accordance with the provisions set out in the Regulations on the integrated internal control system;
- the management of the communication processes between the Manager responsible for preparing the Company's financial reports and the corporate bodies and independent auditors pertaining to legal and regulatory obligations.

The model used allows to achieve a reasonable guarantee as to the reliability of the accounting and financial reporting process; however, as evidenced by the *COSO Framework*, any internal control system,

¹ The *COSO Framework* was prepared by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical standards and an effective system for corporate governance and organisation. The *COBIT Framework - Control Objectives for IT and related technology* is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the standards of corporate IT.

albeit well designed and operating continuously, cannot completely exclude the existence of malfunctions or fraud with a potential impact on the quality of the company financial reports; in relation to the legal and corporate representation of the documents, the correctness of the entries and the accuracy of the statements is also subject to an independent review by the independent auditors, which liaise with the Manager responsible for preparing the Company's financial reports on an ongoing basis.

The Chief Risk Officer

The Chief Risk Officer, to which the Governance Area including the Risk Management and Compliance Departments reports, together with Credit Quality Monitoring, Anti-Money Laundering and Internal Validation, represents a "second line of defence" in the management of corporate risks that is separate and independent from the business support functions.

The Chief Risk Officer is responsible for:

- governing the macro-process of definition, approval, control and implementation of the Group's risk appetite framework (RAF) with the support of the other corporate functions involved;
- consistent with corporate strategies and objectives, defining guidelines and policies on risk management and compliance with regulations;
- coordinating the implementation of guidelines and policies on risk management and compliance with regulations by the relevant Group departments, also in the subsidiaries;
- guaranteeing the measurement and control of Group exposure to the various types of risk, also verifying the implementation of guidelines and policies as above;
- guaranteeing the credit quality monitoring and the observance of credit guidelines and strategies through the constant monitoring of risk, and submitting proposals on the structure of delegated powers of the corporate bodies;
- supervising the identification and monitoring of any misalignment of current regulations, and arranging consulting, support and awareness-rising of Corporate Functions as regards regulations;
- ensuring the monitoring of compliance risk in terms of anti-money laundering, combating the financing of terrorism and embargo management.

Risk Management

Policies concerning the assumption and management of risk are approved by the Supervisory Board on the recommendation of the Management Board. The Management Board, in turn, relies on the support of the specific Group Committees mentioned earlier, whereas both Boards draw on support from the Chief Risk Officer, who reports directly to the Chief Executive Officer.

The risk management strategy aims to achieve an integrated and consistent management of risks, in consideration of the Group's risk profile within the macroeconomic scenario, while fostering a culture of risk-awareness.

The Group Risk Governance Committee, chaired by the Managing Director and CEO, ensures the monitoring and management of risks and the safeguarding of corporate value at Group level, in implementation of the strategic guidelines and management policies defined by the corporate bodies. It is assigned important responsibilities for the implementation of risk control strategies, such as:

- reviewing and validating, in advance of the presentation to the corporate bodies, the update to the Group's RAF to ensure sharing of the content by the Top Management and an assessment of the overall consistency;
- examining and validating in advance of presentation to the corporate bodies the strategies and, for risks not monitored by other Group committees, Group policies for managing risks, so as to ensure steering and coordination of the main risk management measures;
- ensuring compliance with Supervisory Authority instructions and provisions with regard to risk governance and related reporting transparency;
- ensuring that the Managing Director and CEO and the Management Board have an overall view of risk exposure, by reporting any non-compliance and/or breaches of relevant policy;
- identifying, analysing and monitoring situations of potentially significant deterioration of risk and directly managing events of specific impact and relevance, with implications for the Group's reputation;

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- ensuring the adequacy and effectiveness of the risk measurement and reporting system architecture for risks not monitored by other Group Committees, assessing consistency between business guidelines and management tools/processes; on this point the Committee supervises the results of risk management model validation processes for these types of risk;
 - assessing the adequacy of the Group's equity and regulatory capital, as well as the allocation of capital to business units on the basis of plan objectives and risk tolerance objectives;
 - verifying the consistency of capital requirements and risk measurement with accounting policies;
 - verifying the Group's overall credit risk profile, coordinating corrective measures and strategic guidelines in relation to credit risk assumption policies;
 - allocation of risk limits to the Divisions/Departments and setting country risk limits (by country, duration and type of operations) and credit risk concentration limits, in accordance with the resolutions of the Management Board;
 - defining business continuity strategies for disaster recovery purposes.

The Committee is also responsible for Basel II governance and supervising the projects and measures necessary to guarantee compliance.

The Group Financial Risk Committee is responsible for matters concerning the assumption of financial risks (in both the trading and banking books). The Committee, chaired by the Chief Risk Officer and the Chief Financial Officer, is responsible for evaluating, in advance of approval by corporate bodies, the methodological and measurement guidelines for financial risks and proposals for operational limits, in addition to defining the distribution thereof amongst the Group's major units. The Committee verifies the financial risk profile of the Group and its main operational units. It also provides operational guidelines in implementation of the strategic guidelines and risk management policies laid down by corporate bodies in respect of management of the banking book, liquidity, interest rate and exchange risk and periodically verifies the Group's overall financial risk profile, as well as appropriate measures aimed at modifying it.

The Group Control Coordination and Operational Risk Committee, in the Operational Risk session chaired by the Chief Risk Officer, has the task of supervising the implementation of operational risk management guidelines and policies, in accordance with indications provided by the corporate bodies. It periodically verifies the Group's overall operational risk profile, defining any corrective measures, coordinating and monitoring the effectiveness of the main mitigation activities and, in accordance with indications received from the corporate bodies, approving the operational risk transfer strategies.

Within the Chief Risk Officer Governance Area, the Risk Management Department is in charge of the operational implementation of management strategies and guidelines along the decision-making process, down to each of the Bank operational units. The Risk Management Department submits RAF update proposals to the Chief Risk Officer and is also responsible for the risk management methods and controls implemented in each business unit, reporting on the general situation to the corporate governance bodies, proposing operational limits on financial risks (for both the banking and trading books), promoting the use of risk measurement tools in granting and monitoring loans and risk concentration, overseeing the methodological and organisational framework for operational risks, using capital-at-risk measurements in management reporting and for assessing the Group's internal capital adequacy, and ensuring statutory reports are sent to Supervisory Authorities.

For the purposes described above, Intesa Sanpaolo uses a wide-ranging set of tools and techniques for risk assessment and management which take from best practices, as comprehensively described in the notes to the Financial Statements and the Pillar III - Basel II Disclosure.

Compliance

In accordance with the Bank of Italy's Supervisory Provisions, which require the compliance function to be independent from operating departments and separate from internal auditing, the Compliance Department reports directly to the Chief Risk Officer.

The current Head of the Compliance Department is vested with the necessary autonomy and independence from the operating Departments.

The Compliance Department is responsible for Group level management of the compliance risk regarding regulations, meaning the risk of incurring legal and administrative penalties, significant financial loss or

damage to reputation as a consequence of infringements of laws and regulations or voluntary codes, by preparing guidelines, policies and methodologies in relation to the management of compliance risk.

The “Compliance Guidelines”, approved by the Management Board and Supervisory Board, implement the Group’s Compliance Model, identifying the roles and responsibilities of the Corporate Bodies and corporate departments in monitoring compliance risk. The Compliance Model was revised in 2014 in order to make it compliant with the Supervisory Provisions on the control system, extending the responsibilities of the compliance function to the management of the compliance risk with regard to all corporate activities. In particular:

- the Compliance Department, directly on behalf of the Parent Company and in-service subsidiaries, performs all activities the Bank of Italy supervisory provisions and the Joint Bank of Italy-Consob Regulation attribute to the compliance Function, on regulatory areas of strategic importance to the Supervisory Authorities or for which centralised management of the compliance risk is considered necessary, consistent with industrial association guidelines and best market practices: investment services, insurance and pension-related intermediation, market abuse, issuers’ regulations, transparency, customer protection regulations and initiatives, usury, payment systems, administrative liability of Entities, remuneration and incentive systems, custody services;
- for all other regulatory areas applicable to the Bank and exposed to the compliance risk, for which Specialist Functions vested with the necessary duties have been identified, the tasks assigned to the compliance Function are entrusted to said structures, without prejudice to the Compliance Department’s responsibility for defining, through their collaboration, risk assessment methodologies and procedures aimed at mitigating those same risks and issuing an independent opinion of the compliance risk and the adequacy of the monitoring in place.

The regulatory scope, identified on the basis of an accurate and detailed analysis of the regulatory areas that present significant compliance risks for the Group, is updated on an ongoing basis following regulatory changes and is formalised annually. The Compliance Department ensures disclosure to the corporate bodies on the adequacy of compliance monitoring with reference to all regulatory areas applicable to the bank showing compliance risks.

The Compliance Department plays a coordination and controlling role on behalf of subsidiaries not in service and for Branches abroad, for which an internal compliance function is established and a local Compliance Officer is appointed; in functional terms, the Compliance Officers of subsidiaries report to the Compliance Department, whereas the Compliance Officers of branches report in hierarchical terms, save as for those cases specifically identified where the reporting is in functional terms.

Credit Quality Monitoring

Credit Quality Monitoring, as a II level Control Function, is responsible for the ongoing monitoring of the quality, composition and evolution of the credit portfolio at Bank and Group level.

It fulfils its mission through structured monitoring activities on the various credit granting and management processes, following the related steps for each administrative risk status, including with respect to credit deterioration, in terms of the consistency of classifications, provisioning and recovery processes. It also promotes any corrective measures from the Business Units, the Chief Lending Officer structures and the Loan Recovery Department, depending on the competence on positions. It also carries out monitoring and control of the rating allocation and update processes. Credit Quality Monitoring gears its audit activities towards individual exposures or clusters of exposures with “risk based” criteria.

In general, the development of the audit activities includes a preliminary examination of the individual credit processes in order to verify that I level controls are correctly put in place, as well as their regulatory framework and implementation methods.

It also monitors the correct transposition of the regulations on credit quality monitoring by Italian and foreign Group companies, and within its purview ensures that the best practices to be followed for II level control activities are extended to such companies,.

It ensures the preparation and adjustment of the periodic report on the development and quantitative and qualitative composition of the Group’s loan portfolio, credit issue and management processes, the outcomes of the monitoring and control activities carried out and the remediation actions requested and taken, which are submitted to the Corporate and control bodies of the Parent Company and the Group companies.

Finally, Credit Quality Monitoring assigns the Chief Risk Officer the powers to grant and manage loans, defining the limits and criteria for their determination.

Internal Validation

Internal Validation reports directly to the Chief Risk officer and is independent of the functions that manage internal system development activities and the function in charge of internal auditing. It ensures that internal models, whether already operational or in the development stages, are validated with regard to all risk profiles covered by Pillars I and II of the Basel Accord, in accordance with the independence requirements established by the Bank of Italy.

With respect to Pillar 1 in particular, it conducts ongoing assessments of risk management and measurement systems in terms of models, processes, information technology infrastructure and their compliance over time with regulatory provisions, company needs and changes in the market of reference by developing adequate methodologies, tools and operating solutions.

With respect to Pillar 2 risks, Internal Validation conducts analyses of methodologies, verifying in particular that the measurement or assessment metrics adopted in quantifying significant risks are economically and statistically consistent, the methodologies adopted and estimates produced to measure and assess significant risks are robust and comparing alternative methodologies for measuring and aggregating individual risks.

It also manages the internal validation process at the Group level, interacting with Supervisory Authorities, the company bodies of reference and the functions responsible for the III level controls provided for in regulations. It adopts a decentralised approach for companies with local validation units (certain international companies), coordinating and supervising the activities of such companies, and a centralised approach for the others.

Anti-Money Laundering

In implementation of the Bank of Italy provisions in terms of organisation, procedures and internal controls of anti-money laundering, Anti-Money Laundering, reporting directly to the Chief Risk Officer, operates within Intesa Sanpaolo.

The Head of Anti-Money Laundering operates with the necessary autonomy and independence from the operating Departments and carries out supervision at the Group level across all corporate Departments that are assigned the various tasks as part of compliance with anti-money laundering regulations.

Anti-Money Laundering is a specialist, II level control function and is specifically responsible for preventing and combating the implementation of money laundering transactions and financing of terrorism at the Group level. It reports directly to Governing Bodies and has access to all activities within the Bank, as well as any information significant for the performance of its duties.

The "Guidelines on anti-money laundering, combating the financing of terrorism and embargo management" approved in July 2011 and amended in December 2013 by the Management Board and Supervisory Board identify the key principles and define responsibilities, duties and main processes for the Parent Company and for all Group companies in managing the risk of money laundering, in combating terrorism financing and in managing embargoes.

To ensure a uniform approach to managing money laundering risk at the Group level, there is a high level of coordination between the local units within Group companies and Anti-Money Laundering, with reference to both the reporting of suspicious activity and monitoring of the adequacy of the processes and procedures envisaged to mitigate money laundering risk.

Internal Auditing

Internal auditing activities are performed by a special Department - the Internal Auditing Head Office Department - which reports directly to the Chairman of the Management Board and the Chairman of the Supervisory Board. It also liaises with the Internal Control Committee and has no direct operating responsibilities.

7.P.3. b)
7.C.5. b)

The Department has a structure and a control model which is organised consistently with the organisational model of Intesa Sanpaolo and, more generally, of the Group.

The Internal Auditing Departments of the Group's Italian and international companies report to Internal Auditing in terms of functions.

The Head of Internal Auditing enjoys the due autonomy and independence from operating Departments. It has free access to the activities, data and documents of all Corporate Functions.

7.C.1.
7.C.5. c)

The Internal Auditing Head Office Department performs overall III level assessment of the internal control system, reporting possible improvements to the corporate bodies, with specific reference to the RAF, the risk management process, and the relevant measurement and control instruments.

7.C.5.
a) and g)

In particular, the Department assesses the completeness, adequacy, functionality and reliability of the components of the internal control system, the risk management process and the corporate processes, also with regard to their ability to identify and prevent errors and irregularities. In this context, amongst others, it audits the risk control and regulatory compliance corporate functions, also through participation in plans so as to create value added and to improve the effectiveness of the control and corporate governance processes. The audit action directly concerns Intesa Sanpaolo and the Group companies.

The Internal Auditing Head Office Department is also responsible for assessing the effectiveness of the RAF definition process, the internal consistency of the overall framework and related compliance of Bank operations.

The Internal Auditing Head Office Department uses personnel with the appropriate professional skills and expertise and ensures that its activities are performed in accordance with international best practice and standards for internal auditing established by the Institute of Internal Auditors (IIA). Internal auditors conduct their activity in accordance with the principles laid down in the Internal Auditor's Code of Ethics, inspired by that proposed by the Institute of Internal Auditors. The Department has earned the maximum rating in the external Quality Assurance Review envisaged by the international standards: "Generally Compliant".

In performing its duties, the Internal Auditing Head Office Department uses structured risk assessment methods to identify existing situations of greatest interest and the main new risk factors. Based on the assessments emerging from risk assessment and the resulting priorities, as well as on any specific requests for further enquiry expressed by top executive positions and corporate bodies, it prepares and submits an Annual Intervention Plan for prior examination by the Internal Control Committee and subsequent approval by the Management Board and the Supervisory Board, on the basis of which it conducts its activities during the year, as well as a Multi-Year Plan with the hedging commitments. The Audit Plan contains a specific section on the review of the information system (ICT auditing).

7.C.5.
d) and e)

The Plan may be subject to changes during the year as a result of extraordinary events, also deriving from potential development of risks and from new requests from the corporate bodies.

It supports corporate governance and ensures that top executive positions, corporate bodies and the competent authorities promptly and systematically receive information on the status of the control system and on the outcome of activities performed.

Audit is performed directly for the Parent Company and Network Banks, as well as for subsidiaries under an outsourcing contract; for other Group entities vested with their own internal audit functions, on the other hand, indirect control is maintained.

In such cases, indirect audit is conducted via the steering and functional coordination of the Auditing departments of the Italian and international banks and subsidiaries, to guarantee control consistency and adequate attention to the different types of risks, also verifying the effectiveness and efficiency levels

under both structural and operational profiles. Furthermore, direct audit and verification are also performed in the institutional capacity as Parent Company.

7.C.4.
7.C.5. f) Any weak points are systematically reported to the Corporate Functions involved for prompt improvement action, monitored by follow-up activities.

Summary internal control system assessments from the checks are periodically submitted to the Internal Control Committee, Management Board and Supervisory Board. The main weaknesses detected and their development over time are included in the Audit Tableau de Bord (TdB) so that they may be systematically monitored. The reports relating to the actions completed with a negative opinion or which highlight major deficiencies are submitted in full to the Supervisory Board and the Management Board of the Parent Company as well as to the Boards of Directors and Statutory Auditors of the subsidiaries concerned.

A similar approach is used with regard to administrative liability pursuant to Italian Legislative Decree 231/2001 for the Internal Control Committee in its capacity as a Surveillance Body.

The Internal Auditing Head Office Department ensures constant assessment of its own efficacy and efficiency in line with the internal "quality assurance and improvement" plan drafted in accordance with the recommendations of international standards for professional audit practice.

Management of conflicts of interest

Introduction

In line with corporate law, banking supervisory regulations and Consob provisions, and in accordance with the instructions of the Corporate Governance Code, the Bank has adopted a system of rules designed to ensure that transactions carried out with Intesa Sanpaolo related parties, transactions with associated entities of the Intesa Sanpaolo Group and transactions in which a Board Member has a personal interest or interest on behalf of third parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.

Interests of Management Board Members

In line with the provisions of Article 2391 of the Italian Civil Code, the Management Board Regulations require each Board Member to inform the other Management Board Members and the control body of any personal interests held or interests held on behalf of third parties, with reference to a specific corporate transaction governed by the Board, specifying the nature, terms, origin and extent of the interests.

In accordance with the abovementioned provisions, the Management Board has jurisdiction over decisions regarding transactions in which the Managing Director possesses an interest on his/her own account or through a third party and must therefore abstain from the decision. In such cases, any resolution adopted by the Management Board is to suitably explain the reasons and convenience of the transaction for the Bank.

In addition, in accordance with the provisions of the Group's Code of Conduct and the Group Procedures regulating the conduct of related party transactions of Intesa Sanpaolo S.p.A. and Group associated entities, all board members and general managers, employees and other staff in the performance of their respective duties are to abstain from making decisions and engaging in activities contrary to, or in conflict with, the interests of the Bank and/or the Group, or otherwise incompatible with their duties.

Where there are grounds for its application, the special decision-making procedure set forth in Article 136 of the Consolidated Law on Banking is to be followed.

Interests of Supervisory Board Members

8.C.3. In line with the provisions of the Corporate Governance Code, the Supervisory Board Regulations require each Board Member holding a personal interest or interests on behalf of third parties, whether direct or indirect, in a specific transaction under examination by the Supervisory Board to promptly and fully inform the Supervisory Board of the nature, terms, origin and extent of the interests.

Furthermore, the Articles of Association include a specific provision governing the transparency of interests held by Supervisory Board Members in transactions of strategic relevance. Under Article 25.1.2 of the Articles of Association, under such circumstances, Supervisory Board Members are required to promptly disclose the interest and state its nature, terms, origin and extent. In this case, any resolution

adopted by the Supervisory Board is to suitably explain the reasons and convenience of the transaction for the Bank.

Where applicable, the provisions of Article 136 of the Consolidated Law on Banking also apply to Supervisory Board Members.

Transactions with related parties and associated entities

As of 31 December 2012, the Group has applied the "Group Procedures regulating the conduct of related party transactions of Intesa Sanpaolo S.p.A. and Group associated entities", approved in June 2012 by the Management Board and Supervisory Board, upon favourable opinion by the Control Committee. These Procedures take into account both the rules issued by Consob, pursuant to Article 2391-bis of the Italian Civil Code, and the Supervisory Provisions introduced by the Bank of Italy on 12 December 2011 on risk and conflicts of interest of banks and banking groups with respect to associated entities, issued in accordance with Article 53, paragraphs 4 et seq. of the Consolidated Law on Banking and CICR (Interdepartmental Committee for Credit and Savings) Resolution 277 of 29 July 2008.

The Procedures, the full text of which is available on the Bank's website (Governance/Company documents section), apply to the entire Intesa Sanpaolo Group and govern the dealings with related parties of Intesa Sanpaolo and associated entities of the Intesa Sanpaolo Group with respect to the following aspects:

- the criteria for identifying related parties and associated entities;
- the process of analysis, decision-making and information to the corporate bodies on transactions executed by Group companies with related parties and associated entities, and the terms and conditions for involvement of the Committee composed of Supervisory Board's independent members (Committee for transactions with related parties);
- market disclosure for transactions with related parties;
- the prudential limits and obligations for periodic reporting to the Bank of Italy on activities at risk in relation to associated entities;
- the rules regarding organisational control and monitoring, to which paragraph 12 of the Group Procedures regulating the conduct of related party transactions of Intesa Sanpaolo S.p.A. and Group associated entities is specifically dedicated;
- the general rules for disclosure and abstention for the management of the personal interests of board members and general managers, employees and other staff, including other than associated persons.

Pursuant to the abovementioned Procedures, the following are considered related parties of Intesa Sanpaolo: parties that exercise control or significant influence, subsidiaries and associates, joint ventures, pension funds of the Group, Board Members and Key Managers of Intesa Sanpaolo and their close family members and significant shareholdings.

The set of associated entities of the Group consists of the associated entities of each bank of the Group (including the Parent Company) and each significant intermediary monitored with regulatory capital greater than 2% of the consolidated shareholders' equity. The following are considered to be associated entities for each significant bank or intermediary monitored of the Group: i) shareholders that exercise control, significant influence or that are required to request authorisation pursuant to Article 19 of the Consolidated Law on Banking or that may appoint a member of the management or strategic supervisory body and the relative corporate groups; ii) subsidiaries, associated companies under joint control and associated companies, as well as the companies controlled by the latter, also jointly with others; iii) board member and general managers and their relative close family members up the second degree and significant shareholdings.

As a form of self-regulation, the Bank has extended the regulations in terms of transactions with related parties, as well as those on activities involving risk and conflicts of interest with respect to associated entities, to shareholders of Intesa Sanpaolo and to the relative corporate groups with an equity investment in the Bank's voting capital of over 2%, calculated only based on shares owned or under management. This approach allows closer monitoring of transactions with the main shareholders - by subjecting them to the same requirements for assessment, approval and subsequent disclosure to the corporate bodies and

the market as for transactions with related parties and associated entities - and by keeping the risk activities carried out by the Group with said parties within the prudential limits set by the Bank of Italy.

A more detailed description of the Group procedures is provided in Part H of the Notes to the separate and consolidated financial statements, available on the Bank's website.

Obligations of Board Members and General Managers of the Bank

Article 136 of the Consolidated Law on Banking requires the adoption of a more thorough decision-making procedure (unanimous decision by the management body and favourable vote of members of the control body) in order to allow the board members and general managers to undertake obligations, directly or indirectly, with the bank in which they hold their office.

The banking regulation is supported by criminal penalties.

In Intesa Sanpaolo, the special decision-making procedure set forth in Article 136 of the Consolidated Law on Banking – even regarding related parties or associated entities – requires a prior resolution adopted unanimously by the Management Board, with the unanimous approval of the members of the Supervisory Board. Without the approval of all the members of the control body, it is strictly prohibited for the transaction in question to go ahead.

Conflict of interest management policy

In compliance with the laws and regulations in effect prior to the entry into force of the Markets in Financial Instruments Directive (MiFID), Intesa Sanpaolo had already implemented a corporate model identifying relevant organisational principles and procedural rules to manage conflicts of interest, issuing the "Guidelines", now "Rules for the management of conflicts of interest and inside and confidential information flows regarding third-party issuers" ..

In 2009, the Bank corporate bodies approved a "Conflicts of interest management policy" which updated internal regulations making them compliant with the provisions of the Joint Bank of Italy/Consob Regulations and the Consob Regulation on Intermediaries. Said Rules, issued in implementation of the MiFID, step up obligations regarding the identification and management of conflicts of interest through the introduction of the following requirements:

- the express provision of a Policy on conflicts of interest that identifies conflict situations and how they are to be managed;
- alongside conflicts of interest that may arise between an intermediary and a customer, the inclusion of conflicts that may arise between a relevant party of the intermediary and the customer, between a party with a controlling interest in the intermediary and a customer, and between two or more customers of the intermediary;
- the establishment of a register to systematically record each and every situation where a conflict of interest arises and how the situation is dealt with.

In accordance with regulatory provisions, the Policy adopted by Intesa Sanpaolo provides for:

- the mapping of conflicts: a list of circumstances that generate or may generate a conflict of interests at the Group level, which may harm the interests of one or more customers;
- the list of management measures: a list identifying the procedures and organisational measures to be adopted to manage conflicts of interest, including those adopted prior to the entry into force of MiFID.

In subsequent years, certain fine-tuning measures were taken in order to bring the content thereof into line with developments in the business model.

Regulations on personal transactions

In 2009, Intesa Sanpaolo's corporate bodies approved the internal regulations on personal transactions, in compliance with the Joint Bank of Italy/Consob Regulations, issued in implementation of MiFID. The Regulations require intermediaries to adopt procedures to prevent relevant parties involved in activities that may give rise to conflicts of interest, or that have access to inside or confidential information, from performing personal transactions prohibited under regulations governing market abuse, or that involve the abuse or disclosure of confidential information, or that breach regulations governing conflicts of interest.

Regulations on personal transactions are applicable to all Group companies that provide investment services, as well as asset management companies and open-ended collective investment schemes, and identify as relevant parties: (i) board members and general managers; (ii) managers, employees and other

natural persons involved in the provision of investment services under outsourcing agreements; (iii) shareholders that are natural persons and that are board members in a Group company; (iv) shareholders that are legal entities and that hold equity interests in a listed or non-listed Group company of over 2% or 20% respectively and have board members and general managers in the corporate bodies of the company, with the exception of shareholders that are legal entities subject to supervision and joint-stock companies that have adopted the models contemplated by Italian Legislative Decree 231/2001.

The Regulations introduce a set of specific restrictions on the transactions that relevant parties may perform, in order to prevent conflicts of interests or the abuse of inside or confidential information from arising in areas of greatest risk (e.g. investment banking, treasury services, proprietary trading, trading services, equity investment management, portfolio or UCI management, investment research studies, corporate customer relationship management, financial institutions, public entities and companies or loan arrangements with such customers).

Relevant parties are required to notify their companies of any transactions they order through accounts held in their name or held jointly in their name at companies other than the Italian banks of the Intesa Sanpaolo Group, as well as any transactions they order through accounts held by persons for whom the relevant party has power of attorney, and any transactions ordered on their behalf by any third person.

For situations of greatest risk involving relevant parties subject to specific restrictions, in accordance with regulations in force, the Regulations require notification of the names of all persons with whom the relevant party has kinship ties (spouse or cohabiting partner, children living at home, and any other relative up to the fourth degree of kin that has lived with the relevant party for at least a year at the transaction date) or close links (natural persons or legal entities linked to the relevant party through a controlling interest or equity interests of over 20% of the voting rights or share capital of a company).

In order to identify any non-compliance with the Regulations, all personal transactions performed by or on behalf of relevant parties are subject to registration and monitoring, together with any transactions ordered through accounts held at Intesa Sanpaolo or other Italian bank of the Group, by persons with kinship ties or close links to relevant parties subject to specific restrictions.

The Surveillance Body and the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001

In 2014, in Intesa Sanpaolo, the role and responsibilities of the Surveillance Body as per Legislative Decree 231/2001, previously assigned to the Control Committee, have been conferred upon the Internal Control Committee since 19 December 2014.

In line with the positive experience of the Control Committee, conferring the abovementioned supervisory function on the Internal Control Committee guarantees a high degree of independence in exercising the duties set out in the aforementioned Decree, in that the Committee incorporates the prescribed characteristics of independence and professionalism and, at the same time, is aware of corporate operations, as required to efficiently perform this role.

The decision made by the Bank was determined to be consistent with the provisions of the law. In fact, Article 14 of Italian Law 183/2011 allows joint-stock companies to assign the duties of the Surveillance Body to the control body, in order to simplify controls within the company.

The members of the Internal Control Committee are, therefore, also effective members of the Surveillance Body, whose composition includes three alternate members of the same Body, selected from professionals outside of the Board. The latter may act in the place of effective members, within the limits of the functions assigned to Surveillance Body members, where more than one effective member is suspended or temporarily unable to act, as in the cases contemplated by the Model. To date, no alternate member has been required to substitute an effective member.

Intesa Sanpaolo, by decision of its Management Board and Supervisory Board, has adopted an "Organisational, Management and Control Model" for the prevention of crime, in accordance with Italian Legislative Decree 231/2001 (the "Model").

For each category of offences contemplated by Legislative Decree 231/2001, the Model identifies "sensitive" company areas and, for each area, the company activities where there is a risk of the illicit offences being committed (so-called "sensitive activities"). For each sensitive activity, control principles and rules of conduct have been set forth, applicable to the people involved in such activities.

In particular, the Model outlines the reference legal context, the role and responsibility of the Departments involved in its adoption, the efficient implementation and updating of the Model itself, the "sensitive" areas related to the type of illegal acts prevented, and the areas of company activity in which the risk of committing such acts may emerge, the behavioural principles and control rules for their prevention, related information flows and the disciplinary system.

The Model is fully and effectively implemented in daily operations through the connection between each sensitive area and the dynamic management of processes and the reference internal regulations. Being based on the control and behavioural principles stated for each activity, these regulations govern company operations at the various levels, thereby forming an integral part of the Model itself.

The Surveillance Body is responsible for supervising implementation and compliance with the Model and for providing support to the corporate bodies for implementation and updating purposes. Specifically, the Surveillance Body, with support from Internal Auditing and Compliance, guarantees constant and independent supervision over the regular performance of Bank operations and processes to prevent and/or identify the emergence of anomalous or risky conduct or events. It assesses the operational nature of the internal control system as a whole and its adequacy in guaranteeing the effectiveness and efficiency of the control processes identified, and ensures their compliance with policies established by the corporate governance bodies and with internal and external regulations.

The operations and duties of the Surveillance Body, which met 22 times in 2014, in addition to those indicated in the Model, were specified in a special section of the "Regulations for the Internal Control Committee and Surveillance Body, pursuant to Legislative Decree 231/2001", adopted by the Supervisory Board.

With reference to the value of the Model, Intesa Sanpaolo pushed ahead with the roll-out of the internal communication and staff training plan to facilitate the dissemination of the provisions of the Decree and of the Organisation Model adopted, so that awareness of the subject and observance of the related rules become an integral part of the professional portfolio of each employee. In particular, the Body agreed on the expedience of further reinforcement within the Model of the compulsory nature of 231 training by establishing specific training activities for international branch personnel.

In addition to this, without prejudice to the separate responsibility of each Group company for the adoption and effective implementation of their own models under the Decree, the Bank, in its capacity as Parent Company, has formalised a series of guidelines on this topic for its subsidiaries with regard, among other things, to the appointment of a Surveillance Body, the preparation of staff training plans, the adoption of suitable controls for sensitive processes, and periodic reports to the Parent Company's Compliance Department.

In particular, on proposal of the Management Board, the Supervisory Board authorised subsidiaries to assign their Boards of Statutory Auditors the duties of Surveillance Body, without prejudice to the need to ensure adequate separation of roles, in a manner similar to the practice at Intesa Sanpaolo.

The Surveillance Bodies of subsidiaries are responsible for monitoring the implementation of the model and compliance with the statutory requirements of the Decree, and for reporting to the Parent Company's Surveillance Body on their respective activities.

The "Organisational, Management and Control Model" adopted by Intesa Sanpaolo is available in the Governance section of the Bank's website.

Independent Auditing

For Intesa Sanpaolo, as a listed company (Public Interest Entity pursuant to the relevant regulations), auditing of the accounts may only be conducted by an independent auditing firm (Auditor), responsible for verifying, during the year, the regular keeping of corporate accounts and the proper recording of management operations in the books, and for expressing, through the appropriate reports, an opinion on the Parent Company's and consolidated financial statements, as well as on the half-yearly report, after ascertaining that they correspond to the accounting entries and related audits and that such records comply with the relevant regulations.

The independent auditors are KPMG S.p.A., to which the ordinary Shareholders' Meeting of 10 May 2011 awarded the engagement for financial years 2012-2020, on proposal of the Supervisory Board.

In order to monitor compliance with laws governing independent auditors engaged for the auditing of the accounts of Group companies, while ensuring the conditions to protect the independence of independent auditors, Intesa Sanpaolo has adopted specific Group Regulations used to introduce a supervisory system aimed at monitoring the appointment of independent auditors and other engagements awarded by the Parent Company's Departments and Group companies to independent auditors, their business networks and their affiliates, in accordance with the guidelines set forth by the Management Board and Supervisory Board.

Based on current Group provisions, the appointment of independent auditors by Parent Company Departments and Group companies to provide services other than accounting audits requires prior examination in the Parent Company by the Manager responsible for preparing the Company's financial reports and subsequently by the Parent Company's Internal Control Committee or Board of Statutory Auditors of the company concerned. The Manager responsible for preparing the Company's financial reports is also responsible for reporting to the Control Committee, the Supervisory Board and the Management Board on a periodic basis - as well as to Consob, as required by laws in force - on Group assignments awarded during the period to the independent auditors of the Parent Company and other Group companies by the Group and the fees paid to them over the year.

Treatment of corporate information

Inside information

1.C.1.j) Intesa Sanpaolo - aware that the flow of price-sensitive information must be governed, pursuant to the provisions in force, according to the principles of fairness, clarity and equal access to information - has already adopted the "Regulation for Disclosure of Inside Information to the Market", governing the internal management and treatment of sensitive information and procedures to be observed for the external disclosure of documents and information regarding Intesa Sanpaolo and its subsidiaries, with particular reference to price sensitive data pursuant to Article 114, paragraph 1 of the Consolidated Law on Finance.

The recipients of the Regulation - also prepared in the light of Article 18.1 letter f) and Article 26.1 letter l) of the Articles of Association and the provisions of the Group Regulation on corporate disclosure management - are all persons whose role or duties grant them access to and/or management of price sensitive information and/or information that could become price sensitive (i.e. members of the corporate bodies, executives, employees and other staff of the Bank and its subsidiaries).

The Regulation identifies the Managing Director, Chairman of the Management Board and Chairman of the Supervisory Board, along with other Group employees and departments identified by said Managing Director and Chairmen as the persons authorised to issue disclosures - to the market - of inside information on the Bank and the Group.

The Regulation envisages the adoption of any necessary precautionary measures in the treatment of sensitive information, in order to avoid jeopardising its confidential nature, and also outlines a procedure for the management and external disclosure of inside information of which Bank Departments may become aware as a result of their specific operating responsibilities.

In compliance with this Regulation, the Bank relies on the External Relations Head Office Department and Investor Relations and Price-Sensitive Communication and Rating Agencies and Investor Coverage Services, which report directly to the Chief Financial Officer. The first of these – answerable to the Chairman of the Supervisory Board, Chairman of the Management Board, Managing Director and CEO – is responsible for managing press and media relations and relations with consumer associations; Investor Relations and Price-Sensitive Communication is responsible for managing relations with institutional investors and financial analysts in order to standardise the disclosure of information and news on operations, results, strategies and business outlook of the Group and, lastly, Rating Agencies and Investor Coverage is responsible for relations with the rating agencies.

Internal Dealing

In compliance with the provisions contained in the Consolidated Law on Finance and the Issuers' Regulation, Intesa Sanpaolo has adopted specific Internal Dealing Regulations, aimed at implementing rules on reporting requirements for transactions involving listed financial instruments issued by the Bank (or other related financial instruments) by relevant parties and/or their strictly related parties, in order to ensure the necessary transparency and consistency of disclosures to the market.

These Regulations, in addition to identifying the "relevant parties" (members of the corporate bodies, General Managers and Key Managers of Bank departments), defining their conduct and disclosure requirements, also forbid such transactions in the 30 days preceding the Management Board meeting called to approve the draft financial statements and the half-yearly report and in the 15 days preceding the Management Board meetings called to approve interim reports. Each relevant party is informed from time to time of the start of the aforementioned "blocking periods", well in advance of the date of approval of the above accounting positions, as well as of their expiry, after the publication of the press release announcing the related results.

With specific reference to the approval of the draft financial statements as at 31 December 2014, the Management Board resolved to bring forward the effective date of the blocking period to 20 days prior to the meeting called to approve the financial reports in order to comply with the deadline for submission (11/02/2015) of the information flows to be sent to the Supervisory Authorities under EC Regulation No. 680/2014.

The Regulations also identify the Head of the Corporate Affairs and Shareholdings Department as the "competent party" for receiving, managing and disclosing information, supported by the Corporate Secretariat, where the Register of "relevant parties" is kept.

Any transactions by "relevant parties" are also published on the Bank's website (Governance/Internal Dealing section), through which the text of the Regulations can also be consulted.

Insiders List

Again on the basis of provisions contained in the Consolidated Law on Finance and the implementing provisions issued by Consob, Intesa Sanpaolo has created and regularly updates a register of people who, due to their work or professional activities or duties performed, have permanent or occasional access to inside information concerning the Bank (the "Insiders List").

The regular and accurate updating of the Insiders List is governed by specific internal rules that, on the one hand, identify the people who by virtue of their role and/or work have permanent access to inside information, and on the other, set forth the criteria to be used to identify any people who may have occasional access to such information as a result of participating in relevant and strategic projects.

All Group companies that issue listed securities are required to keep and update an Insiders List identifying the people who, by virtue of their work or professional activities or duties performed, have permanent or occasional access to inside information concerning the companies. The List has been created by Intesa Sanpaolo Group Services to identify the people who may have access to inside information on Group listed issuers, on whose behalf Intesa Sanpaolo Group Services operates under ongoing mandates.

In compliance with the same law, a Temporary Insiders List – Third-Party Issuers has been created and is regularly updated, identifying all people who, by virtue of the duties they perform on behalf of third-party issuers of listed securities, have occasional access to inside information on said issuers. The List is kept and updated in accordance with the "Rules for the management of conflicts of interest and inside and confidential information flows regarding third-party issuers".

Following the enactment of European Regulation No. 596 of 16 April 2014, the above matters were subject to regulatory changes, the main consequences of which will be reflected as from 2016. In this regard, the update of the internal regulations is currently being analysed by Intesa Sanpaolo's relevant functions.

Relations with shareholders and the financial community – The website

9.P.2.
1.C.1. j) Intesa Sanpaolo has a specific interest, as well as an obligation towards the market, in the management of on-going dialogue with shareholders, institutional investors and national and international market operators in compliance with internal rules and procedures governing the disclosure of inside information. In this respect the Bank guarantees a regular and systematic disclosure of accurate, complete and prompt information on Group operations, also in the light of indications provided by Consob, the principles expressed in the Corporate Governance Code and in national and international best practices.

The Articles of Association assign to the Chairman of the Supervisory Board the task of supervising relations with shareholders, and verifying that such relations are managed correctly, in agreement with the Chairman of the Management Board and with the Managing Director. The Chairman of the Management Board also arranges for the Common Representative of Savings Shareholders to be informed of bank operations that could affect the official price of savings shares, particularly proposals that the Management Board has decided to submit to the Shareholders' Meeting with regard to capital transactions, mergers and demergers.

9.C.1. Given the size of the Bank and the Group, Intesa Sanpaolo makes use of specialist Departments backed by appropriate funding and professional resources: Investor Relations and Price-Sensitive Communication, which handles relations with institutional investors, and Corporate Secretariat, which handles relations with shareholders – or shareholder associations – and supports shareholders by providing them with corporate documentation disclosed pursuant to law. Press and media relations in general, in Italy and abroad, fall under the responsibility of the External Relations Head Office Department - Media Relations Service, which in this respect is the main contact also for Group companies. As mentioned above, Rating Agencies and Investor Coverage is instead dedicated to the management of relations with analysts of rating agencies.

In its relations with the market, Intesa Sanpaolo adopts a specifically transparent form of conduct, especially with regard to annual and interim financial results and to Group strategies. This also takes place via meetings with the national and international financial community, in a framework of constant dialogue with the market based on correct and timely communication.

Given this line of transparent communications and in order to make information available promptly and as accessible as possible, Intesa Sanpaolo also uses its website.

The Bank focuses special attention on this particular information channel, taking into consideration developments in international best practices in the sector. The institutional website is constantly developed and expanded, so as to highlight its role in showcasing the Intesa Sanpaolo Group, its values and its distinctive characteristics, and comply with statutory obligations and transparency requirements for the institutional information published online, while satisfying the highest market communication standards in terms of the timeliness and adequacy of messages.

On the website, available in both Italian and English, stakeholders can use an internal search engine to find additional information on the structure and composition of the corporate bodies, the organisational structure of the Bank and the Group, the Shareholders' Meeting, the ownership structure and dividends, as well as share performance, interim financial reports and presentations of the results, ratings and prospectuses concerning securities issued by Intesa Sanpaolo. The website also publishes the Bank's press releases, the annual financial calendar of important corporate events as well as information on significant or extraordinary transactions.

Also available on the website is the Intesa Sanpaolo "Shareholder's Guide". The Guide is designed to provide useful information on investing in Bank shares, to inform shareholders of the rights attaching to their shareholdings, and to enable shareholders to build a more active relationship with the Bank.

In this way the website becomes the place in which the financial community and stakeholders in general find numerous opportunities for information and dialogue with the Bank within the framework of constant, consistent and complete communication. Telephone contacts and an email address are provided on the site and there are specific links for requesting documentation of interest.

Shareholders' Meetings: procedures and shareholders' rights

The Shareholders' Meeting of Intesa Sanpaolo

The Shareholders' Meeting is the Body deemed to represent all shareholders and its resolutions, passed in accordance with the law and the Articles of Association are binding on all shareholders, irrespective of their attendance or dissent.

For the Bank, the Shareholders' Meetings are one of the main opportunities for contact and dialogue with shareholders, as well as an important occasion for the disclosure of news, in accordance with the principle of non-selective disclosure and rules on price sensitive information. At the same time, the Shareholders' Meeting represents for shareholders an opportunity for active participation in the Bank's operations and a chance to express their opinions, through the methods and on the topics envisaged by law and by the Articles of Association.

Intesa Sanpaolo has always strived to encourage the broadest possible participation of shareholders in the Shareholders' Meetings and to guarantee the best quality standards for the information provided in order to realise the full potential of the meeting.

Art. 123-bis (2),
(c) CLF

9.P.1.

Duties of the Shareholders' Meeting

In the dual corporate governance system adopted by Intesa Sanpaolo, the Shareholders' Meeting is, amongst other things, expected to resolve upon:

- the appointment, removal and remuneration of members of the Supervisory Board, including Board Members vested with special duties;
- the responsibilities of members of the Supervisory Board and, without prejudice to the concurrent duties of the Supervisory Board, of members of the Management Board;
- the distribution of profits;
- appointment and removal of the independent auditors;
- the approval of financial statements unless approved by the Supervisory Board;
- the approval of remuneration policies for Management Board Members and plans based on financial instruments, in keeping with the provisions of law and regulations in force;
- transactions reserved by the law to resolution of the Extraordinary Shareholders' Meeting.

The duties of the Shareholders' Meeting under the Articles of Association shall also be subject to future amendments in compliance with the Supervisory Provisions on remuneration; further amendments in this regard may be adopted as a matter of discretion, as permitted by the aforesaid regulation.

Despite the fact that the Shareholders' Meeting agenda does not normally include approval of the financial statements, at the start of meetings, the Chairman of the Supervisory Board, Chairman of the Management Board and Managing Director provide shareholders with information on the general performance of the Bank and its results for the year. Such reports are generally followed by a full debate – in question and answer format – with shareholders.

9.C.2

Calling and conduct of work

Shareholders are called to the Shareholders' Meeting by the Management Board, whenever it is deemed appropriate or, pursuant to Article 2367 of the Italian Civil Code, upon request by shareholders representing at least one-twentieth of share capital. The Ordinary Shareholders' Meeting must be called at least once a year, no later than a hundred and twenty days after the end of the financial year. Where the legal requirements are met, the Shareholders' Meeting can be called within one hundred and eighty days of the end of the financial year.

The Shareholders' Meeting is called at the registered office of the Bank or in another location in the municipality where Intesa Sanpaolo has its registered office, by notice published on the Bank's website at least thirty days prior to the date of the Shareholders' Meeting, as well as by abstract publication in daily newspapers (the abstract notice is normally published in "Il Sole 24 Ore" and in the major national and international newspapers). If the Shareholders' Meeting is called to appoint members of the Supervisory Board, an earlier deadline for publication of forty days prior to the date of the meeting is applied.

Also in order to streamline procedures, the Shareholders' Meetings are called by the Management Board on single call; the notice of call may also provide for Shareholders' Meetings to be called on second call and, limited to Extraordinary Shareholders' Meetings, also on third call.

The notice of call provides shareholders with detailed information as regards the procedures for participation and the exercise of voting rights in the Shareholders' Meeting, the record date, the terms and

methods for exercising of the right to ask questions on items on the agenda, the terms and methods for acquiring the Meeting documentation - including the descriptive reports and the resolution proposals involving issues on the agenda - as well as any other information provided by the Bank.

The Bank generally makes a report on each of the items on the agenda, as well as the documents to be submitted to the Shareholders' Meeting, available to the public at the Bank's registered office, in a specific section of its website – made accessible directly from the homepage – and according to the other methods prescribed by law by the deadline for publication of the notice of call prescribed in relation to each item on the agenda.

9.C.2 The Management Board and Supervisory Board Members participate in the Shareholders' Meetings. Also attending the Meetings are the Common Representative of Savings Shareholders, Bank executives and employees, as well as directors, auditors, executives and employees of Group companies and representatives of the independent auditors. In addition, other persons whose presence is considered useful by the Chairman of the Meeting may participate in the topics for discussion or in the work of the meeting.

9.C.3 Intesa Sanpaolo has not adopted a Shareholders' Meeting regulation and the Management Board has not deemed it necessary to propose the approval thereof at the Shareholders' Meeting.

Also on the basis of the experience acquired so far, the lack of a specific regulation has not prevented the Bank from ensuring the orderly and effective conduct of the work of the Meeting and the participation of those entitled in related discussions.

In this regard, as already pointed out, the Articles of Association govern in detail the process that the Shareholders' Meeting is required to follow in order to resolve upon the appointment of the Supervisory Board Members.

Moreover, the Chairman of the Shareholders' Meeting, through the powers of management and coordination conferred upon him/her pursuant to the law and the Articles of Association, identifies, in the opening session, the main rules of conduct to be observed and in any event informs the attendees, including during the Meeting, with regard to the voting procedures, in order to allow them to express clear and well-informed opinions on the agenda items.

As concerns the right to speak on the agenda items, and with a view to guaranteeing everyone the opportunity to speak, the Chairman, also on the basis of the number of requests put forward, sets the speaking and answer time for each speaker at a maximum, normally, of five minutes. Requests to speak are made via an automatic booking system at specific stations in the meeting hall.

Intesa Sanpaolo's Articles of Association do not currently permit the holding of Shareholders' Meetings using remote connection systems.

9.C.4 The Bank has decided not to change the percentage capital thresholds provided for by regulations in force with regard to the exercise of action and prerogatives to safeguard minority interests.

Additions to the agenda and submission of new proposed resolutions

Pursuant to the law and to the Articles of Association, shareholders severally or jointly representing at least one-fortieth of the share capital may, within ten days from publication of the notice of call, request the addition of items to the Meeting agenda, specifying the additional topics proposed in their request, or submit proposed resolutions on items already on the agenda. The deadline is reduced to five days in the cases of shorter deadlines envisaged by law.

Additional items are not permitted for topics which the Shareholders' Meeting addresses, by law, upon proposal by the Management Board or based on a project or report prepared by said Board, other than that usually drawn up for all items on the agenda pursuant to Article 125-ter, paragraph 1, of the Consolidated Law on Finance.

Notice of additions to the agenda or the submission of additional proposed resolutions on items already on the agenda is given in the forms prescribed for the publication of the notice of call.

Right to ask questions on items on the agenda

Those entitled to vote may ask questions concerning items on the agenda even prior to the Shareholders' Meeting. Answers to questions received prior to the Meeting are provided during the Meeting at the latest, with the Bank having the right to provide a single response to questions with the same content.

Questions may also be submitted through the appropriate section of the website or by email, according to the specific instructions outlined in the notice of call.

Participation and representation - The Appointed Representative

The right to participate in the Shareholders' Meeting is recognised for parties that are entitled to vote at the end of the accounting day of the seventh market trading day prior to the date set for the meeting on first or single call (the record date).

Voting by proxy is permitted: those entitled to vote but who do not intend to participate directly in the Shareholders' Meeting may be represented through proxy.

The Articles of Association envisage the possibility for electronic notification of voting proxies to the Bank through the appropriate section of the website or through email.

The notice of call contains specific instructions regarding the voting by proxy procedure and the availability of a facsimile of a proxy form on the Bank's website, as well as the methods with which proxies can be electronically notified.

As an additional instrument to encourage more widespread participation in the decision-making processes of the Shareholders' Meeting, the Articles of Association allow the Bank to designate for each meeting, disclosing it in the notice of call, one or more "Appointed Representatives" on whom holders of voting rights can confer a proxy with instructions to vote on all or some of the items on the agenda. The appointment of more than one representative, also in different locations, could meet the need of increased proximity to shareholders, as well as differentiation by shareholder category.

However, the legal provisions on the requests for proxies by advisors or collective proxies by associations of shareholders remain in force.

Regarding the latter, again to achieve large involvement of shareholders, the Intesa Sanpaolo website also indicates contacts of Shareholder Associations in respect of whom the Bank received notice as of the last Shareholders' Meeting or by previous communications.

Intesa Sanpaolo's Articles of Association do not permit postal voting.

Voting rights

There are no restrictions on voting rights, except with regard to savings shares, which only carry voting rights at Special Savings Shareholders' Meetings, and not at ordinary and extraordinary Shareholders' Meetings.

It should also be mentioned that for the election of members of the Supervisory Board, the Articles of Association envisage a proportional list voting system.

Quorum and voting majorities

The quorum required for shareholders' meetings indicates the proportion of share capital required to be represented in order for the Meeting to be declared valid. Voting majorities refer to the proportion of share capital required for shareholder resolutions to be approved.

At Intesa Sanpaolo, the quorum required for the validity of ordinary and extraordinary Shareholders' Meetings – and for the validity of related resolutions – is determined by law, except as provided by the Articles of Association for the election of Supervisory Board Members.

The table below recaps the quorum and voting majorities required under law and applicable to Intesa Sanpaolo.

Art.
123-bis
(1), (f) and
(l) CLF

Ordinary Shareholders' Meeting	First call	Second call	Further calls	Single call
Quorum	Any number of entitled parties representing at least half the share capital	The proportion of share capital represented by the entitled parties attending	N/A	The proportion of share capital represented by the entitled parties attending
Voting majority	Absolute majority of the share capital represented at the Meeting	Absolute majority of the share capital represented at the Meeting	N/A	Absolute majority of the share capital represented at the Meeting

Extraordinary Shareholders' Meeting	First call	Second call	Further calls	Single call
Quorum	Any number of entitled parties representing at least half the share capital	Any number of entitled parties representing over one-third of the share capital	Any number of entitled parties representing at least one-fifth of the share capital	Any number of entitled parties representing at least one-fifth of the share capital
Voting majority	At least two-thirds majority of the share capital represented at the Meeting	At least two-thirds majority of the share capital represented at the Meeting	At least two-thirds majority of the share capital represented at the Meeting	At least two-thirds majority of the share capital represented at the Meeting

Contestation of shareholder resolutions

Resolutions adopted at Shareholders' Meetings in accordance with law and the Articles of Association are binding on all shareholders, including those who dissent or abstain from voting. Resolutions adopted not in accordance with law and the Articles of Association may be contested by assenting, dissenting or abstaining shareholders and by the Supervisory Board.

The terms and procedures for contesting resolutions are determined by the provisions of law in force, contained in Articles 2377-2378 of the Italian Civil Code.

In 2014, the Shareholders' Meeting was held once on 8 May in ordinary and extraordinary session. For the ordinary session, the agenda items included: proposal to integrate the Legal Reserve, coverage of the loss for 2013 and distribution of part of the Extraordinary Reserve to shareholders; the resolution regarding the Report on Remuneration pursuant to Article 123-ter, paragraph 6, of Legislative Decree 58/1998; the proposal to approve the information document drawn up pursuant to Article 84-bis of the Issuers' Regulation, relating to the Investment Plan based on Intesa Sanpaolo's financial instruments; the authorisation for the purchase and disposal of own shares.

The agenda of the extraordinary session included: the proposal to amend Article 5 (Share Capital) of the Articles of Association, in relation to the Investment Plan referred to in the ordinary session; the proposal to authorise the Management Board to increase the share capital pursuant to Article 2349, paragraph 1, and Art. 2441, paragraph 8, of the Italian Civil Code with a view to the implementation of the Investment Plan referred to in the ordinary session, with consequent amendment of Article 5 of the Articles of Association.

Shareholders representing approximately 60% of the ordinary share capital attended the Meeting, confirming a constantly high participation of shareholders at meetings.

The Special Savings Shareholders' Meeting

Holders of savings shares have the right to participate and vote at Special Savings Shareholders' Meetings.

In accordance with law, Special Savings Shareholders' Meetings are called, among other things:

- a) to appoint and remove the Common Representative of Savings Shareholders and act against him/her;
- b) to approve shareholder resolutions that compromise the rights of savings shareholders.

Appointment of the Common Representative requires the favourable vote of savings shares representing at least twenty per cent and ten per cent of the shares in this category on first and second call, respectively, and the majority of those present on third call, regardless of the proportion of share capital represented.

The current Common Representative of Savings Shareholders is Dario Trevisan, appointed by the Special Meeting held on 15 December 2014 for the period 2015/2017, which set his fee for the entire three-year period at 25,000 euro.

Until 31 December 2014, the office of Common Representative of Savings Shareholders was held by Paolo Sfameni.

The Common Representative of Savings Shareholders, who remains in office for three financial years, has the right to participate in ordinary and extraordinary meetings of the Bank and is to be informed without delay by the Chairman of the Management Board of any bank operations that could affect the official price of savings shares, and in particular of any proposals that the Management Board has decided to submit to the Shareholders' Meeting regarding capital transactions, mergers and demergers.

Special Savings Shareholders' Meetings may be called by the Common Representative or by members of the Management Board as necessary and at the request of any number of savings shareholders representing at least one per cent of all savings shares. Where Management Board members fail to act or act with unjustified delay, Special Savings Shareholders' Meetings may be called by the Supervisory Board.

The right of withdrawal

The right of withdrawal may be exercised only in those cases exclusively provided by Article 2437 of the Italian Civil Code. As permitted by Article 2437, paragraph 2, of the Italian Civil Code, the Articles of Association exclude the right of withdrawal for shareholders that vote against resolutions concerning the extension of the duration of the Bank and the introduction or cancellation of restrictions on the trading of shares.

The terms and methods for the exercise of the right of withdrawal and the criteria for determining the value of the shares and related liquidation procedures are governed by law.

Corporate social responsibility

In setting long-term growth and creation of value objectives, Intesa Sanpaolo is aware of the social and environmental developments that accompany the business activities of the Bank and the Group. It therefore promotes a style of growth that concentrates on long-term sustainability of results, in support of economies and the communities in the areas in which it operates, placing special focus on environmental protection and enhancement and on providing significant benefits for all stakeholders.

In order to monitor and coordinate the various issues related to social responsibility, there is a dedicated Intesa Sanpaolo business unit – Corporate Social Responsibility – and CSR delegates have been appointed in all the Group's main entities and banks. Specific management tools have also been adopted in this respect, including the Code of Ethics and policies on specific sectors of the Bank activities, in addition to the Sustainability Report.

The Code of Ethics is a Governance document approved by the Management Board and by the Supervisory Board. It spells out the reference culture and core values of Intesa Sanpaolo that lead to conduct principles to be followed by all individuals – internal and external - with whom direct or indirect relations are entertained: first of all, customers, shareholders and other staff, but also suppliers, the community and the local areas in which the Bank operates, in addition to the natural environment affected by the activities of any business. Corporate Social Responsibility reports annually to the Internal Control Committee with regard to its application.

All of the Personnel in the Group, both in Italy and abroad, are expected to behave in a manner that complies and is consistent with the values and principles described in the Code of Ethics and each company in the Group is expected to ensure the adherence of its actions and activities to the values and principles prescribed, albeit consistent with its own specific characteristics.

By way of the Sustainability Report, prepared on the basis of international reporting standards and published on the Bank's website, also in interactive form, Intesa Sanpaolo is accountable to stakeholders regarding activities performed during the year and its commitment to pursuing improvement objectives evaluated on the basis of the business strategies and through listening to stakeholders' legitimate expectations. A Summary of the Report, prepared on the basis of Linee Guida dei Dottori Commercialisti (Italian Accounting Profession Guidelines), is published as part of the Report on Operations in the Parent Company's Financial Statements. The Report is approved by the Management Board and the Supervisory Board.

The Risk Committee supports the Supervisory Board in the approval of the Management Board's proposals, including with reference to the provisions laid down in the Code of Ethics and also supports it in the supervision of the public disclosure process adopted by the Bank, with specific expertise in Corporate Social Responsibility and in particular with regard to the Sustainability Report.

Part IV – Summary Tables

Table No. 1: Composition of the Supervisory Board and Committees

Board Member	Office	Independent pursuant to the Corporate Governance Code	No. of other offices held	Control Committee (*)	Nominations Committee	Remuneration Committee	Strategy Committee (*)	Financial Statements Committee (*)	Related Party Transactions Committee	Internal Control Committee (**)	Risk Committee (**)	Governance Committee (**)
Giovanni Bazoli	Chairman				X		X					X
Gianfranco Carbonato	Deputy Chairperson		4		X		X					X
Mario Bertolissi	Deputy Chairperson	X	1		X		X					X
Gianluigi Baccolini	Board Member	X	1		X	X		X				X
Francesco Bianchi	Board Member	X					X		X			X
Rosalba Casiraghi	Board Member	X	6	X		X (2)				X		X
Carlo Corradini	Board Member	X	2	X					X	X		
Franco Dalla Sega	Board Member and Secretary to the Board	X	1						X			
Piergiuseppe Dolcini	Board Member	X				X						
Jean-Paul Fitoussi	Board Member	X	1				X				X	
Edoardo Gaffeo	Board Member	X		X		X				X		
Pietro Garibaldi	Board Member	X						X	X (1)		X	
Rossella Locatelli	Board Member		2					X			X	X
Giulio Stefano Lubatti	Board Member	X	1	X						X	X	
Marco Mangiagalli	Board Member	X	2			X (2)			X (1)		X	
Iacopo Mazzei	Board Member	X	3		X							
Beatrice Ramasco	Board Member	X	10	X						X		
Sarale Marcella	Board Member	X						X	X			X
Monica Schiraldi	Board Member	X	2					X	X			

(*) up to 19 December 2014

(**) from 19 December 2014

(1) up to 19 December 2014

(2) up to 19 December 2014

Table No. 2: List of other management or control offices of Members of the Supervisory Board in other companies listed on regulated markets (also abroad), in financial, banking, insurance or large companies

Board Member	Office	Company
Giovanni Bazoli		
Mario Bertolissi	Director	Equitalia S.p.A.
Gianfranco Carbonato	Chairman and Managing Director Chairman Chairman Director	Prima Industrie S.p.A. Prima Electro S.p.A. Prima Power North America Inc. Prima Power Suzhou Co. Ltd.
Gianluigi Baccolini	Managing Director	Renografica S.r.l.
Francesco Bianchi	Managing Director	H7 S.p.A. (until April 2014)
Rosalba Casiraghi	Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Director Director Director Director	Non Performing Loans S.p.A. Nuovo Trasporto Viaggiatori S.p.A. Telecom Italia Media S.p.A. Luisa Spagnoli S.p.A. Spa.Im S.r.l. Spa.Pi. S.r.l. NH Hoteles S.A. (until 18/12/2014)
Carlo Corradini	Director Director Director	PLT Energia S.p.A. Fine Sounds S.p.A. (until 24/04/2014) YLF S.p.A.
Franco Dalla Sega	Chairman Standing Auditor	Mittel S.p.A. R.C.S. Mediagroup S.p.A. (until 8/05/2014)
Piergiuseppe Dolcini	Chairman Director	Hera Luce S.r.l. (until 30/05/2014) Hera S.p.A. (until 23/04/2014)
Jean-Paul Fitoussi	Director Director	Telecom Italia S.p.A. Pirelli S.p.A. (until 12/06/2014)
Edoardo Gaffeo		
Pietro Garibaldi		
Rossella Locatelli	Supervisory Board Member Chairman	Darma Sgr in liquidation Società Bonifiche Ferraresi (since 4/08/2014)
Giulio Stefano Lubatti	Chairman, Board of Auditors Chairman, Board of Auditors	Banco di Napoli S.p.A. (*) Eurizon Capital Sgr S.p.A. (*) (until 2/04/2014)
Marco Mangiagalli	Director Director	Luxottica Group S.p.A. Autogrill S.p.A. (up 28/05/2014)

Board Member	Office	Company
Iacopo Mazzei	Director Director Director	Marchesi Mazzei S.p.A. ADF Aeroporto di Firenze S.p.A. Residenziale Immobiliare 2004 S.p.A.
Beatrice Ramasco	Standing Auditor Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor Standing Auditor Standing Auditor Alternate Auditor	IBM Italia S.p.A. Fiat Partecipazioni S.p.A. Fiat Sepin S.c.p.a. (up to 25/09/2014) Iveco Acentro S.p.A. Iveco Partecipazioni Finanziarie S.r.l. (in liquidation) Astra Veicoli Industriali S.p.A. IN.TE.S.A. Tyco Electronics AMP Italia S.p.A. Comau S.p.A. Petrolog S.r.l. (from 04/04/2014) Automotive Lighting Italia S.p.A.
Marcella Sarale		
Monica Schiraldi	Managing Director Representative	Ca.Nova S.p.A. GTT S.p.A.

(*) Intesa Sanpaolo Group companies

Table No. 3: Composition of the Management Board

Board Member	Office	Executive	Manager	Non-Executive	Independent pursuant to art. 148, Consolidated Law on Finance	No. of other offices held	Age	Continuity of office
Gian Maria Gros-Pietro	Chairman			X	X	2	73	2013
Marcello Sala	Senior Deputy Chairperson	X					46	2007
Giovanni Costa	Deputy Chairperson	X				1	72	2010(*)
Carlo Messina	Managing Director and Chief Executive Officer	X	X				52	2013
Stefano Del Punta	Board Member	X	X			1	54	2014
Carla Patrizia Ferrari	Board Member			X			57	2013
Piera Filippi	Board Member			X	X		77	2013
Gaetano Micciché	Board Member	X	X			3	64	2013
Giuseppe Morbidelli	Board Member			X		1	70	2013
Bruno Picca	Board Member	X	X			1	64	2013

(*) Board Member who, by virtue of the 2007/2010 mandate, held the office of Supervisory Board Member

Table No. 4: List of other management or control offices of Members of the Management Board in other companies quoted on regulated markets (also abroad), in financial, banking, insurance or large companies

Board Member	Office	Company
Gian Maria Gros-Pietro	Chairman	ASTM S.p.A.
	Director	Edison S.p.A.
Marcello Sala		
Giovanni Costa	Director	Edizione S.r.l.
Carlo Messina		
Stefano Del Punta	Director	Banca IMI S.p.A.
Carla Patrizia Ferrari		
Piera Filippi		
Gaetano Micciché	Managing Director	Banca IMI S.p.A. (*)
	Director	Pirelli & C. S.p.A.
	Director	Prada S.p.A.
Giuseppe Morbidelli	Chairman	Cassa di Risparmio di Firenze S.p.A. (*)
Bruno Picca	Director	Intesa Sanpaolo Group Services S.c.p.A. (*)

(*) Intesa Sanpaolo Group companies



Report on Remuneration

3 March 2015

Introduction

In the last few years, international bodies and regulators have been paying growing attention to remuneration matters of listed companies and, in particular, of the financial sector; the aim is to direct issuers and intermediaries in the adoption of remuneration systems that are consistent with the principles – reinforced after the economic and financial crisis – defined with regard to design and approval of remuneration policies, compensation structures and their transparency.

In particular, according to these principles, remuneration systems are asked both to take into account current and future risks and capitalization levels of each intermediary, and to guarantee that remunerations are based on effectively achieved results.

In accordance with European Community regulations and with effect from 2011, Italian Authorities defined a set of key rules on these matters.

In addition to ask for the pay out of a portion of the bonus in financial instruments, Bank of Italy regulation, dated March, 30th 2011, defines balanced rules for banks' remuneration policies, systems and practices with reference to their design and control, to compensation structures and disclosure obligations. The Supervisory Authority further intensified the monitoring of this last issue, including remuneration systems and practices among the information to be disclosed under Pillar 3, pursuant to Circular 263 of December, 27th 2006.

Moreover, with regulation no. 39 of June, 9th 2011, ISVAP (now IVASS) , defined remuneration policies principles for insurance companies in terms of decision-making processes, structure and disclosure obligations.

With resolution no. 18049 of December, 23rd 2011, Consob regulated the implementation of the Article 123-ter provisions of the Consolidated Law on Finance, which requires the drawn up and the disclosure of a report on remuneration.

Important updates have been introduced on self-governance level as well. After being initially modified (March 2010) in the remuneration part, the Corporate Governance Code has been subject to a complete review that resulted in a new edition published on December 2011.

Thereafter, with communications dated March, 2nd 2012 and March, 13th 2013, Bank of Italy returned to remuneration policies topics, generally highlighting the opportunity for banks to define a strategy consistent with the objective of preserving, also in a perspective view, the balance of the company's position, as well as maintaining the capital adequacy conditions and the prudent liquidity risk management.

In 2014, according to EBA proposal, the European Union published the new Regulatory Technical Standards (RTS), defining qualitative and quantitative criteria for the identification of the categories of personnel whose professional activities have a material impact on the institution's risk profile (the "Risk Takers").

Lastly, in application of 2013/36/EU Directive of the European Parliament and of the Council of 26 June 2013 (CRD IV), published in the EU Official Journal on 27 June 2013, the Bank of Italy updated and published the "Provisions regarding remuneration and incentive policies", Title iv – Chapter 2, Circular 285 of 17 December 2013 in the Official Gazette of the Italian Republic on 2 December 2014.

Art. 123-ter (1), CLF

This Report has been drawn up in accordance with the aforementioned Article 123-ter of the Consolidated Law on Finance, also taking into account the obligations of disclosure to the shareholders' meeting, in compliance with Bank of Italy supervisory provisions.

Moreover, Intesa Sanpaolo has always extensively focused its attention on remuneration matters, on relative regulation compliance and on maximum transparency to the market. The Report gathers into a single, well-organised and structured document all the qualitative and quantitative information, until 2011 separately disclosed by topic in the Report on Corporate Governance and Ownership Structures, in the Supervisory Board report submitted to the Meeting - pursuant to Article 153 of the Consolidated Law on Finance - and in the financial statements.

Art. 123-ter (2), CLF

This Report, available in the "Governance" section of the website www.group.intesasanpaolo.com, is divided into two Sections. The first regards the remuneration policies adopted by the Bank with respect to its corporate bodies, the corporate bodies of its subsidiaries and the employees and other staff of the Group - with a particular focus on the General Managers and Key Managers - and the procedures for adoption and implementation of these policies. The second section, subdivided into four parts, provides quantitative, analytical and aggregate information.

6.C.8.

With a view to disclose information in accordance with the regulatory obligations, the document illustrates, based on the dual corporate governance system, the levels of compliance with the remuneration provisions envisaged by Article 6 of the Corporate Governance Code. In this respect, for more immediate interpretation, specific margin notes citing the relevant Principles and Criteria have been provided alongside the text, together with the indications provided in Articles 123-bis and 123-ter of the Consolidated Law on Finance.

The Appendix to this document contains specific check lists that indicate, on one side, the Principles and Criteria of the Code applied and the provisions of Articles 123-bis and 123-ter and, on the other side, the relative implementation (with any amendments), with reference also to the page of this Report in which the matter is discussed.

These check lists should be read together with the clarifying notes and details provided in the Report as regards application of the individual provisions.

Information contained in this Report, unless otherwise stated, refers to the position as at 3 March 2015, the date of its approval by the Supervisory Board, upon proposal by the Management Board.

Art. 123-ter (6), CLF

This Report shall be subject to non-binding resolution by the Shareholders' Meeting called pursuant to Article 2364-bis, paragraph 2, of the Italian Civil Code, with reference to the following paragraphs:
Section I, 1 – "Procedures for adoption and implementation of the remuneration policies";
Section I, 5 – "Remuneration policy for employees and other staff not bound by an employment agreement", only with regard to General Managers and Key Managers.

Section I

1. Procedures for adoption and implementation of the remuneration policies

1.1. The role of corporate bodies

For companies adopting the dual corporate governance system, remuneration policies are partly resolved upon by the Shareholders' Meeting and partly by the Supervisory Board.

The relative procedure is complex and includes, with respect to the remuneration policies for employees and other staff, the involvement of the Management Board.

Art. 123-ter (3), (b), CLF

1.1.a. The Shareholders' Meeting

In accordance with Article 2364-bis, paragraph 1, no. 2) of the Italian Civil Code and pursuant to the provisions of the Articles of Association, the Shareholders' Meeting of Intesa Sanpaolo is responsible for determining remunerations for Supervisory Board Members appointed by the same meeting and for Members appointed to special offices.

Shareholders' Meeting responsibility also includes the approval of the remuneration policy of Management Board Members, the remuneration plans based on financial instruments and, as required by remuneration Supervisory Provisions, also of the criteria for the determination of compensation granted in the event of early termination of the employment agreement or early termination of office, including the limits established for the above-mentioned compensation in terms of fixed annual remuneration and the maximum amount arising from the application of such limits.

Finally, on the basis of the aforementioned remuneration Supervisory Provisions, when approving remuneration and incentive policies, Shareholders' Meeting resolves, by qualified majority, on potential proposal to set a cap on the ratio between the variable component and the fixed component of the individual remuneration above 1:1.

Under the responsibility of the strategic supervision function body, the proposal, must at least indicate: the functions to which the persons involved in the decision belong to with the indication, for each function, of their number and how many were identified as key personnel; the reasons underlying the proposed increase; the implications, including in a forward-looking perspective, on the bank ability to continue to be compliant with all applicable prudential rules.

Pursuant to the aforementioned Supervisory Provisions, Shareholders' Meeting receives a report (at least yearly) on remuneration policies implementation methods both those approved by the Meeting for Management Board Members and those regarding employees and other staff subject to approval of the Supervisory Board.

6.P.4.

Furthermore, based on the provisions of Article 123-ter of the Consolidated Law on Finance, Shareholders' Meeting resolves, in favour or opposed, on Section I of this Report, limited to the remuneration policies adopted by the Bank for Management Board Members, General Managers and Key Managers, as well as the procedures for adoption and implementation of these policies.

The resolution is not binding and its outcome must be disclosed within 5 days of the Meeting date, in accordance with Article 125-quarter, paragraph 2, of the Consolidated Law on Finance. In this respect, the Shareholders' Meeting on 8 May 2014 agreed on the remuneration policies for the Management Board Members, General Managers and Key Managers, as well as on the procedures used to adopt and implement said policies.

1.1.b. The Supervisory Board

In accordance with the remuneration policies resolved upon by Shareholders' Meeting, the Supervisory Board is responsible for determining remunerations for Management Board Members, also with relation to their offices and duties (Chairman, Deputy Chairperson, Managing Director, Executive Board Member).

The Supervisory Board is also responsible for approving remuneration policies for employees (including General Managers and Key Managers) and other staff not bound to the company by an employment agreement.

6.C.5. The Remuneration Committee is asked to support the Supervisory Board in all activities concerning remuneration, assisting it in the preparatory activity by formulating specific opinions. The Committee has advisory duties and it makes proposals in terms of remuneration for Board Members and General Managers.

Based on the Supervisory Provisions on remuneration, the Supervisory Board is also required to define the remuneration and incentive systems for at least the executive board members; general managers; co-general managers, deputy general managers and similar roles. The aforesaid individuals, in the current structure of the Group, correspond to, without limitation, the Key Managers¹ and the Top Heads of the Corporate Control Functions, including the Head of Credit Quality and the Head of Internal Validation.

The aforesaid Provisions also grant to the Supervisory Board the power to propose the increase of the maximum ratio between variable and fixed remuneration, to be submitted to Shareholders' Meeting binding resolution by qualified majority.

1.2. The Human Resources Function and the Corporate Control Functions

As mentioned above, upon proposal of the Management Board and with the involvement of the Remuneration Committee, the Supervisory Board is responsible for approving remuneration policies for employees and other staff not bound to the company by an employment agreement.

These Bodies also have the option of resolving on updates, amendments and/or derogations to the policy.

The Human Resources Head Office Department is responsible for drawing up the aforementioned remuneration policies, that undergo the relative approval procedure, involving the following, to the extent of their responsibilities, as envisaged by the Regulations:

- the Risk Management Head Office Department, in order to ensure consistency of the remuneration policies and resultant incentive systems with the Group's risk appetite framework (RAF);
- the Planning, Strategic ALM and Capital Management Head Office Department and the Budget and Control Head Office Department in order to ensure consistency of the remuneration policies and resultant incentive systems with:
 - the strategic short-and medium-long term objectives of the Companies and of the Group;
 - the level of capitalisation and liquidity of the Companies and of the Group;
- the Compliance Head Office Department, in order to verify compliance of the remuneration policies and resultant incentive systems with rules, regulations, codes of ethics and standards of conduct applicable to the Group.

On an annual basis, the Internal Auditing Head Office Department, in accordance with the guidelines of the Supervisory Authority, verifies the compliance of the remuneration implementation procedures to the relevant policies, informing the Supervisory Board and the Shareholders' Meeting on the results of the verifications conducted (see the subsequent section IV "Internal auditing department assessment of the remuneration system").

1.3. Criteria used to assess the performance targets at the basis of assignment of variable components

Identification of parameters used to evaluate performance objectives, on which incentives granting to management, risk takers and, more in general, all personnel of the Group is based, is carried out by the competent functions, considering most significant economic and financial indicators for achievement of the budget objectives, periodically monitored through internal reporting tools and available at the consolidated level as well as at division and/or business unit.

¹ The Key Managers category also comprises the Head of the Corporate Affairs Head Office Department.

The process used to identify these parameters also involves company control functions (risk management, compliance) and Human Resources Head Office Department, in order to ensure full compliance with the Group's RAF and with regulatory provisions in force from time to time.

This allowed the selection of a complex mix of qualitative and quantitative parameters – anyway transparent, objective and measurable (see the subsequent paragraph “The correlation between remuneration, risk and performance”) - allowing a 360-degree evaluation of company's performances in terms of profitability, risks taken, capitalisation and liquidity.

2. Remuneration of the Supervisory Board Members

2.1. General criteria

Art. 123-ter (3), (a)
CLF

The Bank's Articles of Association envisage that the Supervisory Board Members be entitled, in addition to the reimbursement of expenses incurred due to their office, to a remuneration for the services rendered, which is determined for the entire period of their office by the Shareholders' Meeting at the time of their appointment, also taking into account the remuneration due to Board Members appointed to special offices.

The Supervisory Board Members in office receive a gross, fixed annual remuneration of 100,000 euro as established by the Shareholders' Meeting held on 22 April 2013, which appointed them. This remuneration, reduced by one third compared to that decided for the previous office, reflects the initiative implemented by the Board Members in office at that time who had waived one third of the remuneration for their office with effect from 1 July 2012.

The characteristics of the remuneration system for members of the body also responsible for control - predetermined and invariable - are a guarantee of the independence of their activity, whose diligence must never be based on expectations of an increase in remuneration depending on the results achieved by the Bank. The Supervisory Provisions on remuneration confirm that members of the control body may not receive any variable remuneration.

The insurance policy ("D&O policy") has been renewed in favour of the Supervisory Board Members.

2.2. Conduct of special offices

The Articles of Association envisage that the Shareholders' Meeting determine the remuneration of Board Members holding special offices.

The Shareholders' Meeting has therefore established the following additional annual remuneration: 800,000 euro gross to the Chairman (in line with the reduction accepted by the person concerned with effect from 1 May 2012); 100,000 euro gross to each Deputy Chairperson; 100,000 euro gross to the Secretary.

It is noted, however, that, as laid down in the Supervisory Provisions on remuneration, the amount of the remuneration paid to the Chairman is not higher, but rather lower than the fixed remuneration paid to the Managing Director and CEO.

2.3. Membership of Committees

With regard to the activities that the Members are required to carry out as members of the Committees established within the Supervisory Board also pursuant to the Articles of Association, the Shareholders' Meeting has recognised the following additional remuneration: 30,000 euro gross amount for the Committees' Chairmen; 1,800 euro gross, by way of an attendance allowance, for each Supervisory Board Member who is part of the Committees, based on actual attendance at each meeting.

Pursuant to the Articles of Association, the members of the Internal Control Committee are required to participate in meetings of the Management Board. The Shareholders' Meeting has envisaged that this task be remunerated and, in this respect, has recognised a gross, unit attendance allowance of 1,800 euro to each member of the Control Committee, based on actual attendance at each meeting of the Management Board.

The Chairmen of the Committees in office until 19 December 2014 had waived the annual remuneration envisaged for this office. All the Chairmen of the newly appointed internal Board Committees also participated in this initiative.

2.4. Termination of office; employee termination indemnities

Art. 123-bis (1),
(j) CLF

The Supervisory Board Members are not in the regular employ of the Bank. No agreements exist obliging the Bank to pay Board Members an indemnity in the event of their resignation or termination of their office following a public takeover bid.

3. Remuneration policies for Management Board Members

3.1. Objectives and structure

The Articles of Association require the Shareholders' Meeting to approve the remuneration policy for Management Board Members and the Supervisory Board to determine the relative remuneration amount.

Art. 123-ter (3), (a)
CLF

On renewal of the corporate bodies, as proposed by the outgoing Supervisory Board (which had made use of the Remuneration Committee), the Shareholders' Meeting of 22 April 2013 approved the remuneration policies for the Management Board Members appointed for 2013/2014/2015.

This policy combines the following objectives:

- aligning the interests of Management Board Members with pursuit of medium-/long-term value creation for shareholders, as part of the set of rules aimed at accurate monitoring of current and future corporate risks and maintenance of an adequate level of liquidity and capitalisation;
- boosting the Bank's and Group's competitiveness in the domestic and international context in which they operate;
- attracting qualified resources, having the appropriate professional skills and qualities necessary to successfully manage the Bank and steer and coordinate the Group it heads;
- promoting the sustainability of the remuneration policy over time, to limit expense deriving from application of the policy to values compatible with medium- and long-term strategies and annual targets, by means of:
 - mechanisms to adjust allocations to the overall incentive provisions according to the company's profitability and the results achieved, while also taking account of the reference peers;
 - using objective parameters when reviewing pay;
 - determining appropriate caps on both total incentives and the amount of individual bonuses;
- guaranteeing compliance with international, European and national legal and regulatory provisions.

6.P.4.

The remuneration policies for Management Board Members as resolved by the Shareholders' Meeting are based on assessment of individual positions (Non-Executive Management Board Member; Management Board Member holding special offices; Executive Management Board Member chosen from among Executives in the Intesa Sanpaolo Group; Executive Management Board Member not chosen from among Executives; Managing Director), the extent of which must be based on a careful assessment of the following elements:

- the responsibilities associated with the position under the law and the Articles of Association;
- the peculiar aspects and complexity of the duties of the position;
- the expected long-term contribution to increasing the sustainability of the Bank's performance, not only in economic terms, and to value creation for shareholders and stakeholders.

In line with the above criteria and with the reference to the regulatory framework, the remuneration policy for Management Board Members includes a fixed part for each Board Member, the amount of which shall match the importance of the position and the time required to correctly perform the tasks assigned, and a variable part, to be exclusively reserved for executive Board Members.

The fixed components are determined by the Supervisory Board so that:

- all Management Board Members, being members of the Bank's management body, shall receive a fixed, annual remuneration for each year of their term of office;
- Management Board Members holding special offices (Chairman, Deputy Chairperson, Managing Director, Executive Board Member) shall receive an additional remuneration consisting of a fixed annual amount for each year of their term of office. If more than one office is held, only the higher remuneration is allocated.

With reference to the variable component of the remuneration, the incentive system for executive members shall apply to the Managing Director, Executive Management Board Members chosen from among Executives and Executive Management Board Members not chosen from among Executives.

In addition to the above fixed remuneration in relation to the position held on the Management Board, the Managing Director shall receive an additional remuneration, specifically connected with the management functions of the Chief Executive Officer. This annual remuneration shall consist of a fixed portion and a variable portion, based on the provisions set forth in the Remuneration Policies of the Intesa Sanpaolo Group approved by the Supervisory Board and reported in the Report on Remuneration. The variable portion comprises a short-term component, determined on the basis of the annual performance through the processes and in the manner provided for by the Incentive System for Top Risk Takers, and a long-term component comprising the 2014-2017 Leveraged Employee Co-Investment Plan (LECOIP) (approved by the Shareholders' Meeting on 8 May 2014).

The remuneration for Executive Management Board Members chosen from among Group Executives shall be composed of the above fixed remuneration in relation to the position of Board Member in addition to the remuneration for the management role held. This remuneration shall be structured on an annual basis, consisting of a fixed portion and a variable portion, based on the provisions set forth in the Remuneration Policies of the Intesa Sanpaolo Group approved by the Supervisory Board and reported in the Report on Remuneration. The variable portion comprises a short-term component, determined on the basis of the annual performance through the processes and in the manner provided for by the Incentive System for Top Risk Takers, and a long-term component comprising the 2014-2017 Leveraged Employee Co-Investment Plan (LECOIP) (approved by the Shareholders' Meeting on 8 May 2014).

Lastly, the Executive Deputy Chairpersons and any additional Executive Board Members not chosen from among the management component of the Board shall receive a pre-established variable remuneration equal to a maximum of 20% of the fixed component. This remuneration is linked to the objectives and measured using the parameters established for the Managing Director and CEO, according to the provisions set forth in the Incentive System within the scope of the Remuneration Policies of the Intesa Sanpaolo Group approved by the Supervisory Board and reported in the Report on Remuneration.

The Supervisory Board must ensure that the short-term variable components:

- are indexed to indicators that are quantitative (profitability, growth, productivity, cost of risk/sustainability) and qualitative (strategic actions or projects) performance drivers;
- are subject, in the amount of no less than 60%, to a deferred payment system for a period of time of no less than 5 years, so that the remuneration takes into account the trend over time of the risks taken by the bank ("malus mechanisms");
- are paid - for a substantial amount of at least 50% of the upfront as well as the deferred component - via financial instruments of the Intesa Sanpaolo Group and there is a specific retention mechanism in place (of at least two years for the upfront component, shorter for the deferred component) for the aforesaid financial instruments, unless the relevance threshold of 80,000 euro has not been exceeded (under which the variable components may be paid in cash);
- are subject to the appropriate ex post (malus or clawback) adjustment mechanisms to reflect, among other things, the levels of performance net of the risks actually taken or ensuing, up to significant reduction or elimination in the event of results that are substantially lower than forecasts or negative.

Identification of the parameters and their relative values for awarding short-term variable components shall be carried out by the Supervisory Board which – in line with the remuneration policies adopted to date for the Management Board – takes into consideration pre-established quantitative and qualitative indicators which can be objectively measured and capable of ensuring there is a link between the level of risk taken and the achievement of sustainable, effective results.

As regards the long-term variable component (LECOIP Plan), which is attributed to the Executive Management Board Members chosen from among the Group Executives, it presents the following characteristics:

- it is paid by way of Risk Taker LECOIP certificates which entail:
 - the "protected capital" pay out at the end of the Plan;
 - the pro-rata shareholding (75%) related to the increase in shareholder value of the security spread over a larger number of shares (equal to five times the protected capital) at the end of the Plan;
 - "trigger events" replicating the operating mechanisms of the malus conditions provided for by the Incentive System.

More specifically, such trigger events include, within a timeframe of one or more years of duration of the Plan:

1. maintenance or non-maintenance of the capital adequacy levels envisaged in the RAF, measured both in terms of Common Equity Tier 1 Ratio (CET1) and AFR Core/Economic Capital, subject to subsequent changes in the regulations on capital adequacy, application by the supervisory authority of target ratios above the regulatory levels and/or updates to the Group RAF;
2. maintenance or non-maintenance of adequate liquidity levels laid down in Intesa Sanpaolo's Risk Appetite Framework, measured in terms of Net Stable Funding Ratio (NSFR);
3. no loss - both at Group level and at the level of the competent Division, if any - and positive Income before tax from continuing operations (net of any contribution of profits from the buyback of the Bank's own liabilities, from the fair value measurement of Bank liabilities and from income components arising from accounting policies following changes to the internal model on core deposits);
4. value distribution or non-distribution to shareholders (this meaning the distribution of dividends and/or reserves and/or the buyback).

Moreover:

- deterioration of the capital adequacy and liquidity levels provided for by the RAF involves a deduction of the protection ensured by the Risk Taker LECOIP Certificate, which can also lead to the elimination thereof; any deduction is based on annual observations with application over the entire period of the plan of the most penalising finding;
- loss - both at Group level and at the level of the competent Division, if any - and negative Income before tax from continuing operations, in one or more years of the Investment Plan's duration, entails the gradual reduction in the protection ensured by the Risk Taker LECOIP Certificate, until the elimination thereof;
- lack of value distribution to shareholders, in one year or more of the Investment Plan's duration, entails the gradual reduction in the shareholding amount to the appreciation of the ISP stock value.

The insurance policy ("D&O policy") has been renewed also in favour of the Management Board Members.

The following paragraphs describe the Supervisory Board's decisions, as proposed by the Remuneration Committee and in implementation of the policies approved by the Shareholders' Meeting, in favour of the Management Board in office.

3.2. Fixed remuneration for Management Board Members

Management Board Members shall receive a fixed gross annual remuneration of 100,000 euro. Executive Management Board Members chosen from among Group Executives have waived this remuneration.

6.P.1.
6.C.4.

3.3. Fixed remuneration for special offices

The Supervisory Board has established the following additional annual remuneration: 800,000 euro gross to the Chairman; 150,000 euro gross to each executive Deputy Chairperson.

For the Chairman of the Management Board, the amount is in line with the outgoing Chairman's decision waiving one third of remuneration for this office with effect from 1 May 2012.

The Senior Deputy Chairperson also continues to receive the additional fixed, gross amount of 150,000 euro, due to a special task assigned previously by the Management Board, in agreement with the Managing Director and in coordination with the Chairman of the Management Board, to handle development of the Bank's and the Group's international relations and internationalisation projects.

For the Managing Director Carlo Messina, the Supervisory Board established the gross annual remuneration payable to him as General Manager and CEO of Intesa Sanpaolo as 1,300,000 euro, confirming, on the one hand, the additional remuneration components already recognised to Mr. Messina as supplementary pension scheme, insurance coverage and accident insurance together with further contractual benefits, and on the other hand the gross annual remuneration associated with the office of Managing Director (350,000 euro).

As mentioned previously, the remuneration of Management Board Members chosen from among Group Executives does not envisage additional fixed remuneration for this office.

3.4. Variable remuneration for the Managing Director and Executive Management Board Members

6.P.1.
6.P.2.
6.C.1. a)
6.C.1. c)

The Supervisory Board decisions regarding the 2014 incentive system reserved for the Managing Director and CEO and the Executive Management Board Members take into account the changes to the 2014 incentive system for Top Managers and Risk Takers (details of which can be found in the specific section) resulting from the Supervisory Provisions on remuneration. More specifically, the gates of 2014 Incentive System were confirmed as follows:

- Common Equity Tier Ratio at least equal to the limit envisaged in the RAF;
- Net Stable Funding Ratio (NSFR) at least equal to the limit envisaged in the RAF;
- No loss or positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

Non-achievement of even only one of the above conditions results in non-activation of the incentive systems for the Group personnel. Top Risk Takers are subject to a further condition represented by the Liquidity Coverage Ratio (LCR), the level of which must be at least equal to the limit envisaged in the RAF.

In line with this approach, the same indicators are part of the Malus Conditions, to be verified in the years following payment of the deferred portion of the premiums:

1. Common Equity Tier Ratio at least equal to the limit envisaged in the RAF;
2. Net Stable Funding Ratio (NSFR) at least equal to the limit envisaged in the RAF;
3. Liquidity Coverage Ratio (LCR) at least equal to the limit envisaged in the RAF;
4. No loss or positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

6.C.1.c)

If either condition 1 or 2 or 3 does not occur individually, the deferred portion is reduced by one third; if condition 4 is not met, the deferred portion is brought down to zero.

Consequently, and in compliance with the principle that activation of the incentive system must be consistent and compatible with the distribution of dividends, the Supervisory Board established the variable component of remuneration for the Managing Director and CEO, Carlo Messina, as follows, also in relation to the office of Chief Executive Officer:

- amount of the short-term variable component of the remuneration indexed to the fixed portion, and hence to 1,300,000 euro, with a maximum multiplier of 75% (determined by taking into account the annual pro rata of the LECOIP plan on the cap of the overall variable remuneration set at 100% of the fixed one);
- verification of compliance with the limits envisaged in the RAF in terms of Common Equity Ratio, NSFR and LCR;
- verification of the achievement of the Income before tax from continuing operations I in 2014 equal to the threshold set for activation of the System;
- verification of the absence of individual compliance breach;
- verification of the achievement of the assigned targets defined by the 2014-2017 Business Plan subdivided into Group targets, which are the KPIs identified for the implementation of the strategic drivers Profitability, Productivity and Cost of Risk/Sustainability and those relating to the evaluation of managerial qualities and strategic actions. The first type of KPI, of an economic and financial type, accounts for 60% of the total; the second one, of a qualitative and quantitative type, accounts for 40%. The Group KPIs, each of which has the same weighting as the others and entails the identification of threshold values (below which the result is not considered to have been met) and targets, are:
 - income before tax from continuing operations, in relation to the entire tangible equity, measured as a benchmark against French, Spanish and Italian peers. The target is achieved when the positioning is above the median and the threshold is set above the first quartile of said peer group. The ratio used ensures the ability to remunerate also the capital amount not allocated to a higher extent than the peers;

- revenues in relation to RWAs: the target is defined by the budget expected value, the threshold is defined, taking into account the KPI's level of elasticity, at 75% thereof. The ratio also highlights income growth as a Budget and Strategic Plan pillar with a view to capital optimisation;
- Cost/Income: the target is defined by the budget expected level, the threshold is defined, given the low elasticity of the KPI and the impact in terms of absolute numbers, at 110% thereof. The indicator confirms the ability to control costs and productivity;
- the cost of risk, measured as the ratio of adjustments to loans to year-end loans: the target is defined by the budget expected value, the threshold is defined, taking into account the impact of macroeconomic effects, at 125% thereof; the indicator is designed to strengthen the focus on credit cost management.

Conversely, the qualitative evaluation is set out in two areas, having the same weighting:

- the improvement in the team's quality and the strengthening of team spirit, submitted to the opinion of the Chairmen of the Management Board and the Supervisory Board, having been "informed" by the findings emerging from the 2014 climate analysis of Executives, Middle Managers and Professional Areas; the indicator represents one of the main objectives of people's engagement and motivation, in support of the achievement of the Business Plan's objectives;
- two of the strategic actions planned for 2014 by the 2014-2017 Plan, each with a weight of 10%:
 - the number of portfolio managers dedicated to the Banca 5 project: the target is defined by the budget expected value, the threshold is defined at 75% thereof; the indicator represents one of the main drivers of the objective aimed at personnel reallocation from low added value activities to commercial activities with greater added value.
 - the reduction of legal entities: the target is defined by the budget expected value, the threshold is defined, in terms of absolute minimum number, at 80% thereof; the indicator represents a main KPI in terms of cost efficiency, streamlining of processes as well as recovery of excess capacity to be allocated to priority initiatives.

It is also necessary to verify the Q Factor, calculated with reference to the entire Intesa Sanpaolo Group: in particular, in the case that said Q Factor has a "high" rating, the previously identified variable remuneration shall be reduced by 10%; if the rating is "very high", the reduction in the variable compensation shall be equal to 20%.

Having determined the post Q Factor variable remuneration, a share of 60% thereof shall be subject to deferral for 5 years (20% in 2016, 10% in the next four years from 2017 to 2020), and hence applied one year earlier than envisaged by the abovementioned Provisions and as shown in detail in the dedicated chapter. Each deferred portion is bound to the verification of the Malus conditions, namely:

1. Positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits;
2. Common Equity Tier Ratio at least equal to the limit envisaged in the RAF;
3. NSFR at least equal to the limit envisaged in the RAF;
4. LCR at least equal to the limit envisaged in the RAF.

Should condition 1 be activated, the deferred portion is brought down to zero; should condition 2, 3 or 4 be activated individually, the deferred portion is reduced by one third.

Lastly, in relation to the two Deputy Chairpersons, without prejudice to the aforementioned need for consistency between activation of the incentive system and the remuneration of shareholders, the Supervisory Board decided that the variable component should be established as follows:

- a base amount of variable remuneration equal to 20% of the fixed component for the office, as determined by the Supervisory Board in its resolution of 9 May 2013;
- the variable remuneration by cash payment only, by the extent to which the amount (50,000 euro) does not exceed the materiality threshold (80,000 euro);
- verification of compliance with the regulatory requirements in terms of Common Equity Ratio, LCR and NSFR compared to the limits laid down in the RAF;
- verification of the achievement of Income before tax from continuing operations in 2014 equal to the threshold set for activation of the System;
- verification of the achievement of the targets assigned to the Managing Director in relation to the Group, or of the KPIs identified for the implementation of the strategic drivers Profitability, Productivity

and Cost of Risk/Sustainability; said KPIs, each of which shall have the same weighting as the others and entail the identification of threshold and target values, are:

- income before tax from continuing operations, in relation to the entire tangible equity, measured as a benchmark against French, Spanish and Italian peers. The target is achieved when the positioning is above the median and the threshold is set above the first quartile of said comparison group;
- revenues in relation to RWAs: the target is defined by the budget expected value, the threshold is defined, taking into account the KPI's level of elasticity, at 75% thereof.
- Cost/Income: the target is defined by the budget expected level, the threshold is defined at 110% thereof;
- the ratio of adjustments to loans to year-end loans: the target is defined by the budget expected value, the threshold is defined, taking into account the impact of macroeconomic effects, at 125% thereof.

The comparison between results achieved and the abovementioned targets, with the related equal weighting, determines the Target Bonus percentage achieved; multiplying this percentage by the base amount of the variable remuneration gives the variable remuneration due for 2014.

6.C.1. a)
6.C.1. d)
6.C.1. e)

Having determined the post Q Factor variable remuneration, a share of 60% thereof shall be subject to deferral for 3 years, in equal amounts, in 2016, 2017 and 2018 (and not over 5 years, insofar as the amount is negligible). Each deferred portion is bound to the verification of the lack of activation of the Malus conditions, namely:

1. Positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits;
2. Common Equity Tier Ratio at least equal to the limit envisaged in the RAF;
3. NSFR at least equal to the limit envisaged in the RAF;
4. LCR at least equal to the limit envisaged in the RAF.

Should condition 1 be activated, the deferred portion is brought down to zero; should condition 2, 3 or 4 occur individually, the deferred portion is reduced by one third.

6.C.1. No stock option plan is currently in place for the Managing Director or other Management Board Members.

3.5. Termination of office; employee termination indemnities

Art. 123-bis, c. 1, (j) CLF

The Management Board Members, with the exception of the Managing Director who is also General Manager and the three Executives, are not in the regular employ of the Bank.

6.C.1. f) No agreements exist that envisage severance payment in the event of resignation or termination of employment following a public takeover bid.

4. Remuneration policy for the corporate bodies of subsidiaries

Remuneration for members of the corporate bodies of Group companies is defined by Intesa Sanpaolo in its capacity as majority shareholder and entity responsible for management and coordination activities, pursuant to the relative statutory and banking regulations.

The remuneration policy for corporate bodies, therefore, complies with the following principles, applied uniformly at Group level, in accordance with the regulatory context of the various countries in which Intesa Sanpaolo operates through its subsidiaries.

Members of the management and supervisory boards of companies of the Intesa Sanpaolo Group receive remuneration according to their assigned duties and responsibilities.

To ensure uniformity in accordance with Group standards, specific determination of the remuneration of directors is carried out by considering parameters such as the capital and economic size and organisational complexity of the company in question, as well as other objective and qualitative elements, such as the nature of the business carried out by the subsidiary and its operating risk profile.

Similar criteria apply to the determination of remuneration of directors appointed to special offices, pursuant to Article 2389 of the Italian Civil Code and similar provisions in force in foreign countries.

Variable remuneration amounts, bonuses linked to results, profit-sharing clauses or options to buy shares at predetermined prices are not normally envisaged. Exemptions from this principle are envisaged only on an exceptional and justified basis, in accordance with the Group remuneration Policies and the relative supervisory regulations in force.

In general, there are no differences in the remuneration of directors who are Group employees, professionals, independent, etc. The remuneration of Group employees who are appointed as directors in subsidiaries is paid through the company with which an employment agreement is in place.

Remuneration of members of the board of statutory auditors of Italian subsidiaries is determined upon appointment for the entire term of office, pursuant to Article 2402 of the Italian Civil Code, with a fixed yearly amount.

The amount paid to statutory auditors is determined through a uniform calculation method at Group level that takes into account objective parameters, namely capital and revenues of the company, in order to identify a specific remuneration amount.

Members of the corporate bodies normally have the right to reimbursement of the expenses incurred as a result of their office.

Finally, an insurance policy is signed for board members and general managers of subsidiaries (so-called "D&O policy").

5. Remuneration policy for employees and other staff not bound by an employment agreement

Art. 123-ter (3), (a)
CLF

6.P.4.

This chapter deals with remuneration policy for all personnel as approved by the Bodies for 2015, including, for the purposes of the Shareholders' Meeting vote as envisaged by Article 123-ter of the Consolidated Law on Finance, General Managers and Key Managers, namely, in the current organisational structure of Intesa Sanpaolo and in accordance with the provisions of the Group Regulation on the management of transactions with related parties, the Supervisory Board and Management Board Members, the General Managers and the following if not included in the above categories:

- Manager responsible for preparing the Company's financial reports
- Heads of the Divisions and Head of Capital Light Bank
- Chief Operating Officer, Chief Financial Officer, Chief Risk Officer, Chief Lending Officer, Chief Governance Officer, Chief Innovation Officer
- Heads of Head Office Departments that report directly to the Managing Director, the Chairman of the Management Board and the Chairman of the Supervisory Board
- Heads of the General Secretariat of the Supervisory Board and of the Corporate Affairs Head Office Department.

5.1. Objectives of the remuneration policies

6.P.2. The remuneration policies of the Intesa Sanpaolo Group are based on the following principles:

- a) alignment of the conduct of management and employees with the interests of shareholders, to the medium and long-term strategies and to company objectives, as part of the set of rules aimed at accurate monitoring the current and future corporate risks and maintenance of an adequate level of liquidity and capitalisation;
- b) merit, to guarantee better matching with actual performance and the managerial quality identified, through:
 - remuneration flexibility via the variable component linked to results achieved;
 - focus on key staff members demonstrating high management quality, to whom competitive salary brackets, aligned with the reference market, are reserved;
 - differentiation of the best performances to which variable bonus levels significantly in excess of the average are to be assigned;
- c) equity, in order to promote proper conduct and standardise treatment in terms of remuneration, through:
 - correlation of a person's fixed salary to the weight of the role held;
 - differentiation of salary brackets and the ratio of the variable component to the total remuneration according to professional categories;
- d) external competitiveness of total annual remuneration with respect to the levels in the large European banking groups, obtained through periodic specialist surveys, in order to attract and retain the best management and professional resources on the market;
- e) sustainability, to limit expense deriving from application of the policy to values compatible with medium- and long-term strategies and annual targets, by means of:
 - mechanisms to adjust allocations to the overall incentive provisions according to the company's profitability and the results achieved, while also taking account of the reference peer group;
 - selective reviews of fixed remuneration;
 - use of objective parameters when reviewing pay;
 - alignment of costs with company performance, by varying the amount of remuneration paid to management;
 - determination of appropriate caps regarding both total incentives and the amount of individual bonuses;
- f) compliance with the international, European and national legal and regulatory provisions and the consequent focus on Key Managers, Risk Takers and Corporate Control Functions.

6.P.1.

5.2. Segmentation of personnel

The remuneration policy guidelines of the Intesa Sanpaolo Group have always been based on the principle of segmentation, according to the role and contribution provided, with respect to the corporate governance processes as well as the systems and tools adopted.

The rationale underlying the segmentation principle was subsequently used by the Regulator with reference to the type and content of operational risk assumed by personnel.

In 2014, following a proposal from the EBA, the European Union arranged the issue of new Regulatory Technical Standards (RTS) relating to suitable qualitative and quantitative criteria for the identification of categories of personnel whose professional activities have a material impact on the institution's risk profile (so-called "Risk Takers"), with retroactive effect from January, 1st 2014.

The Intesa Sanpaolo applied European Commission Delegated Regulation (EU) No 604/2014 at all Group companies, through the self-assessment process instructed, addressed and coordinated by the Parent Company.

The RTS application led to the identification of around 300 Risk Takers, on the basis of the following criteria:

- qualitative criteria, which relate to the role, the decision-making power and managerial responsibilities of the personnel and are aimed at identifying top management members, risk takers and the personnel engaged in control functions;
- quantitative criteria, which relate to the thresholds associated with the level of total gross remuneration attributed to a member of the personnel, in absolute or relative terms, and to the parameters that enable to place the personnel in the same remuneration range as that one applicable to top management and risk takers.

However, institutions are entitled to determine that, based on objective conditions and in accordance with specific restrictions laid down in the Regulations, certain personnel members, identified only on the basis of quantitative criteria, have no actual significant impact.

Following the application of said criteria, three clusters were identified:

- "Risk Takers"
- Other Managers
- Remaining Personnel

Within the scope of the first segment ("Risk Takers"), the Supervisory Provisions on remuneration identify a further cluster represented by the so-called "Top Risk Takers", comprising:

- Managing Director and Chief Executive Officer
- General Manager
- Heads of the Divisions and of Capital Light Bank
- Chief Operating Officer, Chief Financial Officer, Chief Lending Officer, Chief Governance Officer, Chief Innovation Officer, Chief Risk Officer
- Heads of Head Office Departments that report directly to the Managing Director, the Chairman of the Management Board and the Chairman of the Supervisory Board

The Risk Takers identified through qualitative criteria are:

1. the Heads, their direct reports and the Risk Managers of the Relevant Business Units, i.e. those to which internal capital was distributed under Article 73 of Directive 2013/36/EU, representing at least 2% of the institution's internal capital distribution - criteria 5, 6 and 8;
2. the direct reports of the top control functions - criterion 7;
3. the Heads, identified by role, of the Legal Affairs Head Office Department, of the Administration and Tax Head Office Department and Tax Service, of the Planning, Strategic ALM and Capital Management Head Office Department, of the Management Control Head Office Department, of the Treasury Head Office Department, of the Research Head Office Department, of the Human Resources Head Office Department, of the Planning and Development Service, of the ICT Head Office Department - criterion 9;
4. the roles that manage risk categories other than credit and market risk or have the power to approve or prohibit the introduction of new products which, at the time of defining the scope, are identified within the Group as members, with voting right, of the Risk Governance Committee, of the Financial Risk Governance Committee, of the Control Coordination and Operational Risk Committee and of the International Markets Coordination Committee - criteria 10;
5. the roles that have the power to grant credit above the prudential amount of 30 million euro - calculated with reference to the defined limit in detail (0.5% of Common Equity Tier 1 capital) and applying it to the Group methodology expressed in Risk Weighted Assets (RWA) - and the members, with voting right, of the Committees established at Group level with decision-making powers on credit matters - criterion 11 of the Regulatory Technical Standards;

6. the roles, within the Parent Company and Banca IMI, which were tasked with managing a trading portfolio with a VaR equal to or greater than the limits referred to in criterion 12 letter a) point ii) of the Regulatory Technical Standards.

The application of the quantitative criterion resulted in the identification as Risk Takers of the roles falling within the scope in terms of remuneration attributed to them with the exception of those which, despite carrying out their activities in a relevant business unit, are not considered to have a significant impact on the institution's risk profile on the basis of objective criteria and those that have no material impact on the institution's risk profile insofar as they carry out their activities only in an operational unit (following the application of this criterion, about 40 Risk Takers were identified).

The second segment (Other Managers) includes the remaining department heads not included amongst Risk Takers.

The third segment (Remaining Personnel) includes all of the other employees and financial advisors of the Group whose remuneration is predominantly defined by the contractual provisions in effect from time to time in the countries in which the Group operates.

5.3. The correlation between remuneration, risk and performance

The correlation between remuneration, risk and performance is ensured for all employees through:

- 6.C.1. a) – the use of a balanced pay mix, as the fixed component is sufficiently high to allow the variable portion, which is never guaranteed, to decline significantly, even down to zero, upon occurrence of the conditions specified below;
- the application of the principle of selectivity, which differentiates the best performances and, in return, assigns significantly higher-than-average bonuses;
- 6.P.2. 6.C.1. d) – the introduction, on the basis of the "financial sustainability principle", of a structured mechanism for funding the variable component (bonus pool), which correlates the amount to be allocated to incentives for all company segments to the performance of a Group parameter, currently identified as Income before tax from continuing operations;
- the use of a solidarity mechanism between Group and Division/Business Unit results, according to which the amount of total bonuses paid to the employees of each Business Unit depends in part on the Group's overall performance (reflected in the size of the bonus pool) and in part on the performance of the specific Organisational Unit, measured in terms of the degree of expected contribution to the Group's Income before tax from continuing operations;
- the application of the "guided discretion principle", which translates into the assignment to the CEO of a limited part of the Group's bonus pool (10%), eligible for allocation once the threshold has been reached, to departments that have exceeded their access thresholds, as further recognition for the quality and level of performance achieved;
- the observance of the access conditions provided for in international and national regulations, namely:
 - o at Group level, the achievement of capital adequacy and liquidity levels and, in more general terms, compliance with the limits envisaged in its own Risk Appetite Framework (RAF);
 - o at individual level, the propriety of conduct (absence of disciplinary measures resulting in one or more days of suspension);
- 6.P.2. 6.C.1. d) – the measurement of performance from multiple perspectives, both quantitative (profitability, growth, productivity, cost of risk/sustainability) and qualitative (strategic actions or projects and managerial qualities), as well as extending to different scopes (Group/Department/Individual). The following are some examples of indicators for performance drivers:
 - o profitability: Operating income/Risk Weighted Assets, Income before tax from continuing operations/Tangible Equity vs. Peers, Portfolio Mix (assets under management vs. assets under administration), Revenues/Assets, Net fee and commission income/Operating income
 - o growth: Operating income, Asset management, Net inflows (private banking)
 - o productivity: Cost/Income, Optimisation of response times in relation to granting, Operating income/Full Time Equivalent, Costs/Asset under Management
 - o cost of risk/sustainability: Adjustments to loans/Period-end loans, Concentration Risk, Balance sheet quality and active risks profile; Maintaining Liquidity Coverage Ratio target levels;

-
- the use of an additional mechanism that measures the residual risk level of each Business Unit (Q-Factor) and that acts as a possible de-multiplier of the bonus achieved in the event of failure to reach the target.

For the Manager responsible for preparing the Company's financial reports and the Heads and higher-level personnel of the Corporate Control Functions, assuming application of conditions set out above and the "malus condition" described below, determination of the incentive accrued is strictly defined with reference to the specific qualitative and quantitative indicators of the respective functions, in accordance with the Supervisory Provisions. In the particular case of the Manager responsible for preparing the Company's financial reports, such indicators allow assessment of i) the quality of management and financial reporting disclosures to the market, ii) accuracy in the preparation of the consolidated financial statements, iii) the effectiveness of guidelines and policies governing financial reporting and tax obligations and iv) the effective, timely fulfilment of accounting and supervisory obligations.

6.C.3.

With regard to the Chief Risk Officer, the Head of the Risk Management Head Office Department, the Head of the Compliance Head Office Department, the Head of the Anti-Money Laundering Service, the Head of the Internal Auditing Head Office Department and the higher-level personnel of these departments, these indicators measure the control activity regarding the various types of risk (market, credit, interest rate, liquidity, operational, country, and compliance, as well as money laundering and terrorism financing). Performance is measured both in quantitative terms (e.g., percentage of assets on which the advanced models validated by the regulator are used, number of units on which the Credit Risk Appetite is implemented, etc.) and qualitative terms (e.g., adaptation of processes and infrastructure to the new SSM requirements, extension of RWA metrics for the definition of decision-making levels, the quality of cooperation with the business in improving the ways in which compliance is managed, etc.).

6.C.3.

5.4. Remuneration components

Employee remuneration is broken down into the following:

- a) fixed component, defined based on the contractual agreement, the role held, any responsibilities assigned, and the specific experience and expertise acquired by the employee;
 - the fixed component may entail a specific role allowance¹ for the Risk Takers belonging to the Corporate Control Functions and to the heads of management roles within the scope of the Banca dei Territori local network;
- b) short-term variable component, linked to employee's performance and aligned with the annual results actually achieved, and consisting of:
 - specific incentive systems, as described further on, that provide for bonuses in line with market standards, as reported by periodic specialist surveys such as the Italian Banking Association's annual salary survey, focusing on personnel of the commercial network;
 - company bonus, envisaged by the national collective bargaining agreement and designed to reward employees for productivity increases, on the basis of their respective job profiles;
 - long-term variable component, based on Certificates associated with Intesa Sanpaolo shares, introduced in 2014 at the time of launch of the 2014-2017 Business Plan through the Leveraged Employee Co-Investment Plans ("LECOIP Plans");
- c) any benefits designed to increase employee motivation and loyalty; these may be of a contractual nature (e.g., supplementary pension, health benefits, etc.) or the result of remuneration policy decisions (e.g., company car) and, therefore, have different treatment with respect to different categories of personnel.

5.5. The remuneration pay mix

5.5.1 General criteria

For the purposes of this Report, the term "pay mix" refers to the weight of the fixed and variable components expressed as a percentage of total remuneration, as described above.

6.C.1. a)

¹ Portion of fixed remuneration assigned according to the period in that role, paid monthly, not representing the calculation basis for employee severance payment and supplementary pension (if the fund has a Base salary calculation basis). Social security contributions are calculated on the amount paid.

In accordance with the regulatory guidelines, the Intesa Sanpaolo Group traditionally adopts a pay mix that is appropriately balanced between the aforementioned components, in order to:

- 6.C.1.c)
- allow flexible management of labour costs, as the variable portion may significantly decline, even down to zero, depending on the performance actually achieved during the year in question;
 - discourage behaviour focused on the achievement of short-term results, particularly if these involve taking on greater risk.

6.C.1.b)

In order to achieve the above objectives, it is standard Group practice to establish ex ante limitations in terms of balanced maximums for variable remuneration, through the definition of specific caps on the increase of bonuses in relation to any over-performance.

The aforesaid cap to the variable remuneration was determined:

- at 100% of the fixed remuneration for roles not belonging to the Corporate Control Functions, since 1 January 2013, adopting the provisions of Directive 2013/36/EU (so-called CRD IV) in advance of a year;
- at 33% of the fixed remuneration for roles belonging to the Corporate Control Functions, since 1 January 2014, thereby incorporating the provisions laid down in the former Bank of Italy's document for consultation on remuneration (confirmed during 2014 by the Supervisory Provisions on remuneration).

The calculation of the variable remuneration takes into account both the short-term component relating to the Incentive System and the long-term component assigned through the LECOIP Plans. The latter have an impact on the pro-rata variable remuneration for the entire accrual period.

However, in terms of cap compliance between fixed and variable remuneration (1:1), appropriate pay mix differentiations were identified with reference to the various professional or business segments, in line with the results obtained by means of specific benchmark analyses related to the leading European banking groups that also ensure compliance with the internal equity principle, given the use of common benchmarks for each cluster.

6.P.1.

The adequacy of the amounts is further verified in comparison to market practices, with ongoing participation in national and international remuneration surveys; for management roles and other particular business positions, the comparison is based on specific peer groups, in order to evaluate the competitive alignment with the most appropriate reference market.

In relation to market data, the Intesa Sanpaolo Group aims to align the overall remuneration with median values, notwithstanding the possibility to make the appropriate differentiations for particularly critical positions and/or resources with high management skills.

6.C.1.a)

In terms of guidelines, the ratio of the variable component to the overall remuneration is periodically revised for the various categories of personnel according to the performance of the business, human resources management and development strategies and the law in force at the time.

In general, remuneration of personnel is subject to periodic review, in order to verify constant alignment with developments in the internal situation and in the market, also taking into account the results of performance evaluations. In these cases, under the annual budget allocations (based on the overall economic compatibility), measures aimed at adjusting the total pay of personnel, through tools defined by the Group management policies and in accordance with the powers in terms of personnel effective from time to time, may be envisaged.

The appropriateness of total pay is also evaluated in cases of assignment of tasks or changes in organisational position, in order to verify consistency with the required skills and assigned responsibilities in the new position.

All decisions regarding remuneration are to be taken in accordance with the Group's Remuneration Policies, in collaboration with the Human Resources Head Office Department and in compliance with international and national regulations.

5.5.2 Increase in the variable remuneration-to-fixed remuneration cap for specific and limited professional categories and business segments

The maximum limit laid down in the general criteria (1:1) is increased to 2:1, according to CRD IV, as permitted by the Bank of Italy and submitted to the binding approval by qualified majority of the Shareholders' Meeting, for specific and limited professional categories and business segments:

- Asset Management (CEO/GM excluded)
- Global Markets & Investment banking (GM excluded)
- head of the Department and resources belonging to the Money Market and Payments, Portfolio Management, Foreign Treasury and MLT Finance Services in the Treasury Department, insofar as those professional profiles are similar to those of the Investment Banking
- Private banking (CEO/GM excluded).

There are many reasons behind the corporate need to differentiate the maximum limit of the variable remuneration for these clusters.

Firstly, these clusters belong to business segments that, in current and future terms, are particularly important for the implementation of the Business Plan 2014-2017, as shown by their contribution to the Group with regard both to the Operating income and the Income before tax from continuing operations for 2014:

	Operating income (% on the Group)	Income before tax from continuing operations (% on the Group)
Asset Management	5%	20%
Investment Banking	8%	22%
Treasury	6%	25%
Private Banking	3%	9%
Group	100%	100%

In addition, business segments involved, strictly "people-based", are characterized by high level of competitiveness on people and talents and though by strong difficulties in retention and attraction, which is key in a growing strategy.

In terms of compensation, the reference competitive context is uneven, considering that:

- EU-based banks (11 of 14²), which are required to apply CDR IV and then the cap to variable remuneration, have already requested and got the ratio increase;
- due to the global nature of these businesses, important players which are located in Switzerland or in United States, and for that with no obligations in cap application, expand their attraction power to best talents also outside their domestic borders;
- asset managers are mostly "independent" and do not belong to large banking groups: they do not have any cap to variable remuneration and, for that, they are very aggressive players in terms of people competition, often not actually correlated with their business size;
- attraction argument is further emphasized by the fact that Intesa Sanpaolo 2014-2017 Business Plan sees as one of the essential growing driver the potential acquisitions, also cross borders, in Private Banking and Asset Management businesses.

In any case this provision ensures compliance with prudential regulations given that:

- it impacts on a limited number of employees
- it does not involve an increase in variable remuneration costs because it does not impact on the structured, ex ante, top down Incentive System funding mechanism; it only implicates a different bonus distribution and a higher differentiation in respect of the most talented employees in the above mentioned businesses (furthermore, consistently with those businesses organizational culture)
- the strong correlation between bonus pay out and prudential requirements in terms of capital and liquidity is guaranteed at multiple levels through the links between the Incentive System and the Risk Appetite Framework (RAF), that are:
 - o limits in terms of CET1 (Common Equity Tier Ratio) and NSFR (Net Stable Funding Ratio) envisaged in the RAF set as preliminary access conditions to the System (and as malus conditions, too)
 - o KPIs set in the individual performance scorecard are drilled down from the budget targets and the budgeting process starts from the assumption of the general and specific limits envisaged in the RAF as not negotiable boundaries.

² Société Générale, BNP Paribas, Natixis, Deutsche Bank, UniCredit, Monte dei Paschi di Siena, UBI Banca, Mediobanca, Lloyds Banking Group, HSBC, and Barclays.

At the time of drawing up this document, around 1800 resources are affected by the cap increase, of which:

- 410 in Asset Management, of which 4 Risk Takers
- 800 in Private Banking, of which no Risk Takers
- 470 in Investment Banking, of which 22 Risk Takers
- 120 in Treasury, of which 6 Risk Takers

Overall, these resources equate to 2.3% of the Group's personnel and 12.4% of the scope of Risk Takers.

5.6. Incentive systems for Group personnel

5.6.a Conditions to activate incentive systems

All of the Group's personnel incentive systems are subject to three conditions:

1. minimum activation conditions required by the Regulator at Group level (5.6.b)
2. financing conditions envisaged by the bonus funding mechanism at Group and department level (5.6.c)
3. individual access condition (5.6.d)

5.6.b Minimum activation conditions required by the Regulator

The minimum conditions required by the Regulator are based on the principles of financial sustainability of the remuneration variable component and therefore represent an assessment of the "quality" of income results achieved and the consistency with the limits envisaged in the Risk Assessment Framework (RAF).

In the Intesa Sanpaolo Group these conditions are as follows:

1. Common Equity Tier Ratio (CET1) at least equal to the limit envisaged in the RAF;
2. Net Stable Funding Ratio (NSFR) at least equal to the limit envisaged in the RAF;
3. No loss or positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

6.C.1. a)
6.C.1. d)

6.C.1. c) Non-achievement of even only one of the above conditions results in non-activation of the incentive systems for the Group personnel. Top Risk Takers are subject to a further condition represented by the Liquidity Coverage Ratio (LCR), the level of which must be at least equal to the limit envisaged in the RAF.

5.6.c Group's bonus funding mechanism and configuration by department

All of the Group's human resources incentive systems are funded by a structured bonus pool mechanism (see 5.3.) that requires the implementation of financing conditions at both the Group and department level.

6.C.1. a)
6.C.1. b)
6.C.1. d)

The Group's bonus pool is activated if, and only if, having verified the conditions under the above point, Income before tax from continuing operations exceeds the minimum access threshold, and it gradually increases as the thresholds are exceeded, up to a predefined maximum (cap).

In the specific case where Income before tax from continuing operations does not exceed the access threshold but the conditions 1 and 2 under the above point exist, a limited portion of the Group's bonus pool is available, both in relative and absolute terms - the so-called "buffer" - with the aim of ensuring transparent, regulated and ex-ante governance, in line with the requirements of the prudential regulations, by way of priority, of any positive performance of units that opposes the performance of the rest of the Group, which is a likely scenario given the many types of business and the various countries in which Intesa Sanpaolo operates. More specifically, having positively verified the conditions relating to the CET1 and NSFR referred to in the previous paragraph:

1. "Buffer 1" (limited by amount and, in any event, significantly lower than the Bonus Pool) is made available if the Income before tax from continuing operations does not exceed the access Threshold but remains positive, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.
 - This Buffer is allocated to the Divisions/Business Units with positive Income before tax from continuing operations, in order to reward:

- i. primarily, in the units in line with the budget: the best performers at every organisational level with the exception of the Top Risk Takers;
 - ii. secondarily, for the Divisions/Business Units not in line with the budget: solely the employees identified neither as Risk Takers nor as management;
2. "Buffer 2" (with a significantly lower impact than Buffer 1) is made available in the event of loss or negative Income before Tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.
 - This Buffer is allocated to the Divisions/Business Units if the Income before tax from continuing operations is positive and exceeds the budget threshold and only rewards the employees identified as neither Risk Takers nor management.

The portion of Income before tax from continuing operations to be allocated to funding the Group's bonus pool is determined in advance, on an annual basis, according to an historical analysis and budget forecasts. The resulting Group bonus pool is adjusted according to an evaluation of the performance of Intesa Sanpaolo relative to a panel of its international and domestic peers defined during the budgeting process (+/- 10%), on the basis of criteria of comparability by size (assets), capital and talent market and business mix.

The allocation of the Group's bonus pool by department is correlated to size (relative weight of the department's target bonus on the Group's total bonus) and adjusted according to the degree of contribution during the year concerned (the department's Income before tax from continuing operations with respect to the access Threshold).

The financial sustainability principle is also adopted at the department level. Accordingly, only departments that exceed their access Threshold receive the predefined pool (once the Group's minimum threshold has been reached). The bonus pool of a department that has not exceeded its access Threshold (the "additional" bonus pool) may be allocated to departments that have exceeded their access thresholds.

5.6.d Individual access condition

In each department, after verifying the conditions pursuant to the two paragraphs above, payment of the individual bonus is proportional to the level of achievement of the individual performance objectives and, in any case, subject to the verification of the so-called individual compliance breaches:

- disciplinary measures involving suspension from service and pay for a period equal to or greater than one day, including as a result of serious findings received from the Bank's control functions (as is the practice in Intesa Sanpaolo);
- in case of breaches specifically sanctioned by the Supervisory Authorities of the obligations as per Article 26 of the Consolidated Law on Banking regarding the requirements of professionalism, integrity and independence or Article 53, paragraph 4, of Consolidated Law on Banking and following on the matter of related-party transactions and of the obligations regarding remuneration and incentives referred to in CRD IV, if involving a penalty of an amount equal to or greater than 30,000 euro.

5.6.e Risk Takers

The variable component of the remuneration for Risk Takers is regulated by specific guidelines laid down in the Supervisory Provisions on remuneration:

- at least 60% must be subject to deferred payment systems for not less than 5 years, if it represents a particularly significant amount and, in any event, for executive board members, general manager, co-general managers, deputy general managers and other similar roles, heads of the main business lines (and those with a higher risk profile, e.g. investment banking), corporate functions or geographical areas, as well as those who report directly to bodies with strategic supervisory, management and control duties;
- said component must be reduced to 40% and the deferral period to 3 years for the remaining Risk Takers;
- a significant portion of at least 50% must be adequately balanced among shares, instruments linked to shares or, for unlisted banks, equivalent instruments and, where appropriate, innovative and non-innovative capital instruments up to 50% of Tier 1 capital and that adequately reflect the bank's credit quality on an on-going basis; this percentage is applied, in the same proportion, to the deferred variable component as well as to the non-deferred (upfront) component;

6.C.1. a)
6.C.1. c)
6.C.1. d)

- a specific retention mechanism must be in place (of at least 2 years for the upfront component, shorter for the deferred component) for the above financial instruments;
- it must be subject to the appropriate ex-post (malus or clawback) adjustment mechanisms to reflect, among other things, the levels of performance net of the risks actually taken or ensuing, up to significant reduction or elimination in the event of results that are substantially lower than forecasts or negative.

The Intesa Sanpaolo Group has defined the following in application of the foregoing:

Deferred payment of variable remuneration

- 6.C.1. e) The deferred portions are differentiated by cluster of Risk Taker and amount of the variable remuneration:
- o 60% for Top Risk Takers not belonging to the Corporate Control Functions and for those who, among the Risk Takers, grant a bonus in excess of 100% of the fixed remuneration;
 - o 40% for Top Risk Takers belonging to the Corporate Control Functions and for all the remaining Risk Takers.

Payment of variable remuneration through financial instruments:

- 6.C.2 The assignment of financial instruments of the Intesa Sanpaolo Group is envisaged for all Risk Takers categories with respect to:
- 50% of the upfront remuneration
 - 50% of the deferred remuneration.

Deferral period:

- 6.C.1. e) For Top Risk Takers not belonging to the Corporate Control Functions and for those who, among the Risk Takers, grant a bonus in excess of 100% of the fixed remuneration, the deferral period is equal to 5 years, with payment of 60% of the bonus by instalments as follows:

- 20% in the year following that of accrual of the upfront component
- 40% in the 4 years following the year of allocation of the first deferred instalment, in equal amounts of 10%.

For Top Risk Takers belonging to the Corporate Control Functions and for all the remaining Risk Takers, the deferral period is equal to 3 years, with payment of 40% of the bonus by instalments as follows:

- 20% in the year following that of accrual of the upfront component
- 20% in the 2 years following the year of allocation of the first deferred instalment, in equal amounts of 10%.

Breakdown of deferred portions:

- 6.C.2 The breakdown of the deferred portion for Top Risk Takers not belonging to the Corporate Control Functions and for those who, among the Risk Takers, grant a bonus in excess of 100% of the fixed remuneration is as follows:

- 1st deferred portion: 100% cash;
- 2nd deferred portion: 100% financial instruments;
- 3rd deferred portion: 100% financial instruments;
- 4th deferred portion: 100% financial instruments;
- 5th deferred portion: 100% cash.

The breakdown of the deferred portion for Top Risk Takers belonging to the Corporate Control Functions and for all the remaining Risk Takers is as follows:

- 1st deferred portion: 100% cash;
- 2nd deferred portion: 100% financial instruments;
- 3rd deferred portion: 100% financial instruments.

An appreciation on the deferred component in cash is recognised in line with market interest rates, as laid down by the Supervisory Provisions on remuneration.

Retention period:

- 6.C.2 The following holding period is envisaged for the assigned financial instruments:

- 2 years for the upfront component;
- 6 months for the deferred component .

Relevant Bonus:

The threshold for identification of a “Relevant Bonus” is set at 80,000 euro.

Bonuses equal to or below that threshold are paid entirely in cash and upfront, inasmuch as the amounts that would result from the application of the deferral mechanisms, payment in shares and holding period would be quite insignificant in both absolute and relative terms with respect to total remuneration collected, to such an extent as to result in effective invalidation of the principle that inspires the mechanism (correlation between the amount of a bonus and assumption of risks).

In the specific case where the bonus below 80,000 euro is greater than 100% of the fixed remuneration, the pay out will be 60% as upfront cash and 40% in a single tranche, once again in cash, with 2 years of vesting, subject to malus condition and clawback mechanisms (see below).

Variable remuneration payment conditions:

The deferred portion is subject to the individual remaining with the Group at the end of the deferral period or at the deadlines envisaged for actual delivery of the financial instruments, save as provided in paragraph 5.8, as well as to the “malus condition” described below and to the non-existence of negative events directly attributable to the individual's behaviour, in carrying out their activities, that jeopardises the sustainability of results over time.

Calculating the total incentive payable:

The total amount due (sum of the upfront and deferred components) to Top Risk Takers is granted on the basis of the individual scorecards built around the criteria illustrated above (see paragraph 5.3), assigned to each manager.

The evaluation of the Top Risk Takers' performance falls within the remit of the Supervisory Board which, upon the proposal of the Remuneration Committee, defines any bonus resulting from this evaluation, to be paid in the manner envisaged for this type of bonus in terms of deferral, assignment of financial instruments, breakdown of deferred portions, retention period, malus condition and clawback mechanisms.

For Risk Takers not included in the Top Risk Takers category, the amount of any bonus granted is defined annually to individual Managers according to the position achieved in the “internal ranking” of their Business Unit/department.

Such ranking is obtained by ordering the scores of the results of the individual scorecards, constructed according to the criteria illustrated above (see paragraph 5.3), assigned to each manager.

Those who place in the top range of the ranking (equivalent to 20% of managers) receive the maximum bonus that can be granted through the Incentive System (as described in paragraph 5.5).

By contrast, managers who place in the bottom range (equivalent to 20% of the total) do not receive any bonus.

Those who place in the middle range (equivalent to 60% of the cluster) receive a bonus that is a function of the share of the bonus pool assigned to their business unit/department according to the funding mechanism described above, after deducting the total bonus attributable to the best performers (i.e., managers who place in the top range).

The individual incentive calculation mechanism described above allows the application of the principles of selectivity, merit and differentiation of performance.

Malus condition on the deferred portion of variable remuneration:

Payment of the deferred portion of variable remuneration is subject to:

- assessment of the individual access condition
- application of the ex-post adjustment mechanism

Assessment of the individual access condition, namely the absence of disciplinary measures that call for at least a 1-day suspension (so-called individual compliance breach), is a necessary condition but not sufficient for payment of the deferred portion.

6.C.1. a)
6.C.1. b)

6.C.1.c)

6.P.2.
6.C.1. d)
6.C.2

Each deferred portion is, indeed, subject to an ex-post adjustment mechanism - the so-called malus condition - according to which the relative amount recognised and the number of financial instruments assigned, if any, may be reduced, even to zero, in the year to which the deferred portion refers, in relation to the level of achievement of the minimum conditions set by the Regulator (see 5.6.a), namely:

1. Common Equity Tier Ratio at least equal to the limit envisaged in the RAF;
2. Net Stable Funding Ratio (NSFR) at least equal to the limit envisaged in the RAF;
3. No loss or positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

6.C.1.c)

In particular, if either condition 1 or 2 does not occur individually, the deferred portion is reduced by 50%; if condition 3 is not met, the deferred portion is brought down to zero.

For Top Risk Takers, in parallel with the provisions for activation of the Incentive System, a fourth condition – in addition to the three mentioned above – is also envisaged, relating to verification of the LCR compared to the RAF limits. As regards this cluster, if either condition 1 or 2 or that relating to the LCR does not occur individually, the deferred portion is reduced by one third; if condition 3 is not met, the deferred portion is brought down to zero.

5.6.f. Other Managers

The remaining managerial cluster is subject to an incentive system that is consistent with the provisions envisaged for Risk Takers. In fact, bonuses are determined according to the results achieved with respect to the targets set out in the individual performance sheets, the structure of which is entirely analogous to that applied to Risk Takers.

Accordingly, the individual incentive calculation mechanism also implements the principles of selectivity, merit and differentiation of performance of this cluster as well.

Any "Relevant Bonuses" recognised to this cluster insofar as they are above the threshold of 80,000 euro (see paragraph 5.6.e), if of an amount above 100% of the fixed remuneration, will be paid in the manner envisaged for non-Top Risk Takers, namely:

Deferred payment of variable remuneration

6.C.1. e)

The deferred portion is equal to 40%

Payment of variable remuneration through financial instruments:

6.C.2

Assignment of financial instruments of the Intesa Sanpaolo Group regarding:

- 50% of the upfront remuneration;
- 50% of the deferred remuneration.

Deferral period:

6.C.1. e)

The deferral period is equal to 3 years, with payment of 40% of the bonus by instalments as follows:

- 20% in the year following that of accrual of the upfront component;
- 20% in the 2 years following the year of allocation of the first deferred instalment, in equal amounts of 10%.

Breakdown of deferred portions:

6.C.2

The breakdown is as follows:

- 1st deferred portion: 100% cash;
- 2nd deferred portion: 100% financial instruments;
- 3rd deferred portion: 100% financial instruments.

An appreciation on the deferred component in cash is recognised in line with market interest rates, as laid down by the Supervisory Provisions on remuneration.

Retention period:

6.C.2

The following holding period is envisaged for the assigned financial instruments:

- 2 years for the upfront component;
- 6 months for the deferred component.

In specific cases where the bonus accrued:

- represents a "relevant bonus" and is below 100% of the fixed remuneration;
- does not qualify as a "relevant bonus" but is above 100% of the fixed remuneration

60% thereof will be paid as upfront in cash and 40% in a single tranche, once again in cash, with 2 years of vesting, subject to malus condition e clawback mechanisms (see below).

5.6.g Remaining personnel

Specific incentive systems are in place for all Group employees, drawn up in accordance with the abovementioned principles, guidelines and rules envisaged for management.

In an effort to build fair and motivating incentive systems, studies were conducted on internal practices and their alignment with specific market benchmarks.

The incentive systems adopted call for bonus-award mechanisms that are differentiated by business area with the aim of implementing measures consistent with the specific corporate professional qualities, recognising individual merit and rewarding teamwork. In any event, payment of the individual bonus is subject to assessment of the individual compliance breach (absence of disciplinary measures resulting in one or more days of suspension).

The amount of bonuses paid is correlated to the performance of both the Division/Business Unit and the Group as a whole (financial sustainability and solidarity mechanisms).

The rationale underlying the incentive systems introduced and applied by the company can be summarised as follows:

- business retail (Banca dei Territori Division): bonuses are awarded to reward teamwork, properly adjusted to take into account individual performance; the parameters used for determining incentives refer to the typical revenues of the business under examination, appropriately adjusted to take into account the application of the sales approach, to indicators relating to the quality of credit and sustainable growth duly combined with customer satisfaction and service quality indicators (taking into account compliance guidelines). The system also uses, in a manner consistent with the principles of financial sustainability, merit and performance differentiation, pre-determined selectivity criteria and diversification of the bonuses among top performers and the remaining employees;
- private banking: the assignment of individual bonuses is related to the measurement of quantitative and qualitative performance, both at individual and team level. The parameters used for determining incentives refer to the typical revenues of the business under examination (e.g. improvement in net interest income), to the increase in assets, including in terms of customer loyalty and quality/risk monitoring indicators (taking account of the compliance guidelines), duly combined with customer satisfaction and service quality indicators;
- Corporate & Finance business (Corporate and Investment Banking Division) and Asset Management business (Eurizon Capital, some Banca Fideuram subsidiaries): bonuses are awarded primarily to reward individual merit, also considering qualitative and behavioural elements, within the limits of team spirit, rewarding outstanding performance with incentives comparable to the target levels of reference markets;
- financial advisors: without prejudice to the specific characteristics of the agency mandate (remuneration through commissions) in dealings with Banca Fideuram and Sanpaolo Invest, financial advisors, in accordance with the legislative provisions in force from time to time, benefit from annual incentive schemes that, given suitable qualitative indicators, are connected with the level of achievement of the business objectives defined to support the corporate growth, sustainability and profitability targets;
- governance functions (Head Office Departments and Division Staff): incentives are awarded on the basis of overall Group/Division results. The system also uses, in a manner consistent with the principles of financial sustainability, merit and differentiation of performance, a series of selectivity criteria (in terms of a maximum number of staff members that may be rewarded) so as to ensure that bonuses are awarded exclusively for outstanding service and excellent conduct;
- international subsidiary banks: without prejudice to the use of adequate qualitative-quantitative indicators and compliance with the general Group policy, incentives are awarded on the basis of the procedures and local regulations in force from time to time in each country.

Any "Relevant Bonuses" recognised to this cluster insofar as they are above the threshold of 80,000 euro (see paragraph 5.6.e), if of an amount above 100% of the fixed remuneration, will be paid in the manner envisaged for non-Top Risk Takers, namely:

Deferred payment of variable remuneration:

6.C.1. e) The deferred portion is equal to 40%.

Payment of variable remuneration through financial instruments:

6.C.2 Assignment of financial instruments of the Intesa Sanpaolo Group regarding:

- 50% of the upfront remuneration;
- 50% of the deferred remuneration.

Deferral period:

6.C.1. e) The deferral period is equal to 3 years, with payment of 40% of the bonus by instalments as follows:

- 20% in the year following that of accrual of the upfront component;
- 20% in the 2 years following the year of allocation of the first deferred instalment, in equal amounts of 10%.

Breakdown of deferred portions:

6.C.2 The breakdown is as follows:

- 1st deferred portion: 100% cash;
- 2nd deferred portion: 100% financial instruments;
- 3rd deferred portion: 100% financial instruments.

An appreciation on the deferred component in cash is recognised in line with market interest rates, as laid down by the Supervisory Provisions on remuneration.

Retention period:

6.C.2 The following holding period is envisaged for the assigned financial instruments:

- 2 years for the upfront component;
- 6 months for the deferred component.

In specific cases where the bonus accrued:

- represents a "relevant bonus" and is below 100% of the fixed remuneration;
 - does not qualify as a "relevant bonus" but is above 100% of the fixed remuneration
- 60% of this bonus will be paid as upfront in cash and 40% in a single tranche, once again in cash, with 2 years of vesting, subject to malus condition e clawback mechanisms (see below).

5.6.h Guaranteed bonuses

The assignment of guaranteed bonuses is not envisaged, with the sole exception of limited cases of recently hired employees, without prejudice to thorough assessment and analysis of market practice, solely for the first year.

5.6.i Clawback mechanisms

The company reserves the right to activate clawback mechanisms, namely the return of bonuses already paid as required by regulations, as part of the disciplinary initiatives and provisions envisaged for fraudulent behaviour or gross negligence by personnel, also taking into account the relative legal, contribution and fiscal profiles.

5.6.l Prohibition of hedging strategies

It is expressly prohibited for individual employees to undertake personal hedging or insurance strategies on the remuneration or other aspects that may alter or undermine the effects of the alignment with company risk inherent in the remuneration mechanisms described. Remuneration may not be paid in forms, instruments or methods aimed at avoiding provisions of law.

5.7. Employee share ownership

The Intesa Sanpaolo Group is always seeking innovative ways to motivate and retain its resources, the involvement and development of which constitute key and enabling factors in the achievement of results at all levels of the organisation.

The Group believes that the employee share ownership encourages identification and alignment with the medium/long-term objectives and constitutes a desirable form of sharing the value created over time.

This took on particular importance during 2014, concurrently with the launch of the 2014-2017 Business Plan, whose implementation requires the commitment and activation of the energy of all individuals working in the Intesa Sanpaolo Group.

5.7.1. Employee investment plan – LECOIP (Leveraged Employee Co-Investment Plan)

In this regard, the Bank's desire to offer all of its employees an investment instrument meeting such characteristics falls under this scope.

5.7.1.a Principles

- Strengthening of the sense of belonging (ownership);
- Alignment with a medium/long-term time frame which coincides with that of the Business Plan;
- Express sharing of the "challenge" offered by the Business Plan: participation in the LECOIP Plans assumes an individual investment choice that is both voluntary and informed;
- Protection and promotion of employees' savings by offering an efficient investment instrument;
- Inclusion and cohesion: the Investment Plan targets all employees;
- Equity: the Investment Plan is offered through a uniform structure to all employees.

5.7.1.b Characteristics

The share ownership proposal, launched in 2014, is subdivided into two phases:

1. launch by the Bank of an Employee Share Ownership Plan that offered each employee the opportunity to share a part of the value of Intesa Sanpaolo (ownership) and, therefore, to increase their sense of belonging;
2. the possibility for each employee to use the shares received and:
 - a. maintain them in their securities account, in order to sell them subsequently or transfer them immediately;
 - b. invest them in a long-term financial instrument, the LECOIP Certificate, with term aligned with the Business Plan, which upon maturity:
 - i. guarantees a "protected capital" (higher than the value corresponding to the amount of shares invested);
 - ii. participates in the share value increase on a larger number of shares.

With regard to the Employee Share Ownership Plan, the amounts assigned in free shares to all employees were differentiated by clusters and, in any case, represented a slightly significant value compared to the fixed remuneration. The methods for implementation of the Employee Share Ownership Plan were discussed by company members, in accordance with the provisions of the collective labour and company agreement in force, who shared the spirit thereof and contributed to the success of the initiative.

With regard to the LECOIP Certificate, the protected capital that the employee receives upon maturity - if he/she has chosen to invest in the Plans - may reach the maximum amount envisaged for the relevant cluster.

Participation in the growth of the share value was defined at 75% on a basis equal to 5 times the protected capital.

The LECOIP Plans were subscribed by around 80% of the recipients of the offer, as shown below:

Category	Number of applicants	Percentage compared to the total number
Risk Takers	218	88%
Executives	654	91%
Employees overall	49,426	79%
Total	50,298	79%

5.7.1.c Diversification by cluster

Essentially in line with the segmentation of personnel referred to in paragraph 5.2 and with its guiding principles, the LECOIP Plans are differentiated by cluster (Risk Takers, Other Managers - Executives, Remaining Personnel - Middle Managers and Professional Areas).

Risk Takers and Managers, by virtue of the specific influence that they may have on business performance and in compliance with the Provisions on remuneration, were the recipients of specific categories of LECOIP Certificates which envisage "trigger events" that replicate the typical operating mechanisms of the malus conditions provided for the Incentive System.

Said trigger events, therefore, as laid down in the Risk Taker LECOIP Certificate, may decrease both the protected capital amount and the share ownership amount.

More specifically, such trigger events include, within a time frame of one year or more of duration of the Plan:

1. maintenance or non-maintenance of the capital adequacy levels laid down in the RAF, measured both in terms of Common Equity Tier 1 Ratio (CET1) and AFR Core/Economic Capital, subject to subsequent changes in the regulations on capital adequacy, application by the supervisory authority of target ratios above the regulatory levels and/or updates to the Group RAF;
2. maintenance or non-maintenance of adequate liquidity levels laid down in Intesa Sanpaolo's Risk Appetite Framework, measured in terms of Net Stable Funding Ratio (NSFR);
3. no loss - both at Group level and at the level of the competent Division - and positive Income before tax from continuing operations (net of any contribution of profits from the buyback of the Bank's own liabilities, from the fair value measurement of Bank liabilities and from income components arising from accounting policies following changes to the internal model on core deposits);
4. value distribution or non-distribution to shareholders (this meaning the distribution of dividends and/or reserves and/or the buyback of treasury shares).

Moreover:

- deterioration of the capital adequacy and liquidity levels provided for by the RAF involves a deduction of the protection ensured by the Risk Taker LECOIP Certificate, which can also lead to the elimination thereof; any deduction is based on annual observations with application over the entire period of the plan of the most penalising finding;
- loss - both at Group level and at the level of the competent Division - and negative Income before tax from continuing operations, in one or more years of the Investment Plan's duration, entails the gradual reduction in the protection ensured by the Risk Taker LECOIP Certificate, until the elimination thereof;
- lack of value distribution to shareholders, in one year or more of the Investment Plan's duration, entails the gradual reduction in the shareholding amount to the appreciation of the ISP stock value.

The trigger events envisaged in the Manager LECOIP Certificate are built according to proportional application compared to those provided for Risk Takers and include, in one or more years of duration of the Plan:

1. maintenance or non-maintenance of the capital adequacy levels laid down in the RAF, measured in terms of Common Equity Tier 1 Ratio (CET1), subject to subsequent changes in the regulations on capital adequacy, application by the supervisory authority of target ratios above the regulatory levels and/or updates to the Group RAF;
2. maintenance or non-maintenance of adequate liquidity levels laid down in Intesa Sanpaolo's Risk Appetite Framework, measured in terms of Net Stable Funding Ratio (NSFR).

As provided for the Risk Takers, the deterioration of the capital adequacy and liquidity levels provided for by the RAF involves a deduction of the protection ensured by the Manager LECOIP Certificate, which can also lead to the elimination thereof; any deduction is based on annual observations with application over the entire period of the plan of the most penalising finding.

Each trigger event generates effects independently of the other; in other words, the occurrence of a single trigger event is sufficient to reduce either the level of protection provided by the Risk Taker/Manager LECOIP Certificate or the percentage of participation in the appreciation of the Intesa Sanpaolo stock value of the Risk Taker LECOIP Certificate.

In any event, upon the occurrence of the trigger events, the right that would have been granted to the Executives and Risk Takers under the Manager LECOIP Certificate and the Risk Taker LECOIP Certificate, respectively, shall be transferred to Intesa Sanpaolo.

5.7.1.c.i. Compliance with the Provisions on remuneration

Although these are Co-Investment Plans, freely subscribed by each employee on an individual level, in compliance with the Provisions on remuneration, they:

- are classified as an instrument of variable remuneration linked to the continuation of employment;
- supplement but do not substitute the Annual Incentive Plans (VAP included);
- are calculated as the annualised portion of the "protected capital", the contribution to participation in the increase in the stock value and the "sell to cover"³, within the maximum limits envisaged for the variable remuneration against the fixed remuneration as described in paragraph 5.1;
- are diversified compared to provisions regarding employees overall, for Managers and Risk Takers, due, respectively, to the role played by the former and the specific influence that the latter may have on the risk profile and company results.

In particular:

- the Free Shares paid to the Risk Takers are subject - in any case, and regardless of the amount assigned - to a deferral period of 2 years and to the same malus conditions provided for in the Annual Incentive Plans, if they decide not to join the Investment Plan;
- the combination of all forms of variable remuneration (annual incentive systems and LECOIP) assigned to the Risk Taker requires that at least 65% thereof be granted in shares each year (thereby exceeding the minimum limit required by the applicable Provisions and equal to 50% of the variable remuneration);
- the availability of the benefit is subject to a vesting (cliff) period of over 3 years, i.e. both the "protected capital" and the amount of participation in the increase in the stock value are paid entirely and exclusively at the end of the vesting period;
- the Risk Taker LECOIP Certificate is paid fully in shares;
- for Managers and Risk Takers, trigger events are adopted which reduce (until elimination thereof) the amount of protected capital, as exactly occurs with the existing annual incentive systems (see paragraph 5.6);
- the shares paid to the Risk Takers at the end of the Plan - net of any tax impacts - shall be subject to holding requirement.

5.7.1.d Individual conditions governing participation in the LECOIP Plans

The Investment in LECOIP Plans is subject to verification of the existence of an employment agreement with Intesa Sanpaolo, or with one of the Group companies at the moment of actual participation in the Plans.

In particular, any rights arising from the Certificate, including the right to protection with regard to the shares assigned free of charge, shall lapse in the event of resignation, termination for just cause or justified reason of the Employees involved, mutual termination of the employment agreement and similar situations. However, at the end of the LECOIP Plans and based on the actual period of office, amounts/shares accrued may be in any case recognised in the case of termination of the employment agreement due to achievement of the direct pension requirements or through access to the Solidarity Fund or participation in the Emergency Fund. In all of the above cases, the rights that would have been recognised to Employees under the Certificates shall be transferred to Intesa Sanpaolo.

³ Allowance paid in order to cover tax and contributions obligations linked to the time horizon of LECOIP Long- term Co-Investment Plan shares granting.

Conversely, in the event of disciplinary measures involving suspension from service and pay for a period equal to or greater than one day, including as a result of serious findings received from the Bank's control functions (as is the practice in Intesa Sanpaolo), any rights arising from the Certificate, including the right to protection with regard to the shares assigned free of charge, shall equally lapse.

Finally, in case of breaches specifically sanctioned by the Supervisory Authorities of the obligations as per Article 26 of the Consolidated Law on Banking regarding the requirements of professionalism, integrity and independence or Article 53, paragraph 4, of the Consolidated Law on Banking and following on the matter of related-party transactions and of the obligations regarding remuneration and incentives referred to in CRD IV, if involving a penalty of an amount equal to or greater than 30,000 euro, any rights arising from the Certificate, including the right to protection with regard to the shares assigned free of charge, shall equally lapse.

The same claw-back mechanisms already provided for in the remuneration policies of the Group (see paragraph 5.6) are extended and applied to the LECOIP Investment Plans.

5.7.1.e Early Settlement Event

In the event of an Early Settlement Event (namely, a Change of Control⁴ or an unlawful event⁵, the employee receives, on a pro rata basis, the value of the protected capital (in any case equal to at least the value of the shares invested by the employee from the Employee Share Ownership Plan), plus what has been accrued up to that moment in terms of participation in any stock value increase.

5.7.1.f Expected benefits

- Support of motivation;
- Increase in attraction levels and personnel retention;
- Efficient use of the economic resources available to the Bank (the cost of the Investment Plan is largely lower than traditional forms of remuneration, with equal net benefit for the employee);
- Distribution of the Plans' costs over a multi-year time frame;
- Tax advantage, in favour of employees, compared to traditional forms of remuneration, as participation in any appreciation of the share value compared to its original market value is subject to taxation on financial income.

5.8. Termination of the employment agreement

6.C.1.f) The termination of the employment agreement involving personnel with state pension or seniority pension rights and/or A.G.O. pension treatment does not result in loss of the right to payment of the entitled amounts, even deferred.

In all other cases, the Bank has the right to award any amounts, depending on the specific situations, upon termination of the employment agreement, also through consensual retrenchment agreements providing termination payments.

In any case, in compliance with the principles contained in the Group's Code of Ethics, the Intesa Sanpaolo Group does not enter into individual agreements with its managers and employees in advance (i.e. prior to termination of the employment agreement) that govern compensation to be granted in the event of early termination of the employment agreement.

⁴ It refers to: (i) the circumstance according to which an entity, or several entities bound by a shareholders' agreement governing the voting powers at Intesa Sanpaolo Shareholders' Meeting, is, or becomes, directly or indirectly, the beneficial owner of more than 50% of the voting rights that may be exercised at Intesa Sanpaolo Shareholders' Meeting; or (ii) the sale, lease, assignment, transfer or other types of sale (other than merger, consolidation or other business combination), in a transaction or a series of related transactions of all (or almost all) of Intesa Sanpaolo assets to one or more entities that are not Intesa Sanpaolo shareholders at the date of this Prospectus, or (iii) a change in Intesa Sanpaolo ownership structure, or other similar circumstance, such that an entity, or several entities bound by a shareholders' agreement governing the voting powers at Intesa Sanpaolo Shareholders' Meeting, becomes able to express the majority of Intesa Sanpaolo management and control bodies, or to change Intesa Sanpaolo corporate purpose, or even to transform Intesa Sanpaolo into a non-commercial bank, including, without limitation, through a merger or acquisition of a stake in the share capital of Intesa Sanpaolo; each of the above cases, to the extent that it does not constitute Nationalisation, as defined in Section VI, Chapter 4, Paragraph 4.3.2 of the Prospectus.

⁵ This is understood as the circumstance whereby (i) by virtue of the entry into force of a law or regulation (including, without limitation, the tax legislation) (each an "Applicable Regulation"), or (ii) as a result of a ruling, order or order by a judicial authority, or a decision or notice by a regulatory authority (expressly including CONSOB, the Bank of Italy and the Borsa Italiana), including of a mere interpretative nature (expressly including any decision by a tax authority), one or more terms, conditions or characteristics of the Certificate, or the fulfilment of one or more of the obligations arising from the Certificate, is, or becomes, in whole or in part, unlawful, illegal, or howsoever contrary to or partially contrary to an Applicable Regulation.

In recent years, the Bank has signed specific agreements with the trade unions with regard to the “solidarity fund”, applied to employees of all levels, including executives, which also governs the treatment of sums payable to personnel on termination of the employment agreement in the event of extraordinary transactions and/or company reorganisations.

5.8.1. Criteria and maximum limits for the determination of severance payments in the event of termination of the employment agreement

According to the Supervisory Provisions on remuneration, the severance payment agreed in view of or upon early termination of the employment agreement or early termination of office for the amount exceeding the provisions of the national collective bargaining agreement concerning payments related to the duration of the notice period constitutes the so-called golden parachutes, including any compensation paid according to the non-competition agreement.

If the severance payment is included in this category, the Group provides for it to be paid according to the methods set for the short-term variable remuneration, for each cluster, in compliance with the requirements of the Supervisory Provisions on remuneration.

In particular, for Top Risk Takers not belonging to the Corporate Control Functions at the time of terminating the employment agreement, the severance payment exceeding the provisions of the national collective bargaining agreement as payment related to the duration of the notice period:

- 40% upfront at the time of terminating the employment agreement, of which:
 - 20% in cash
 - 20% in shares, subject to a two-year holding period
- 60% deferred, of which:
 - 20% in cash in the year following the one of termination of the employment agreement
 - 30% in shares, in equal amounts, in the second, third and fourth years following the one of termination of the employment agreement, subject to a 6-month holding period
 - 10% in cash, five years following the one of termination of the employment agreement

For Top Risk Takers belonging to the Corporate Control Functions and for all the remaining Risk Takers (as identified at the time of terminating the employment agreement), the severance payment exceeding the provisions of the national collective bargaining agreement as payment related to the duration of the notice period is attributed as follows:

- 60% upfront at the time of terminating the employment agreement, of which:
 - 30% in cash
 - 30% in shares, subject to a two-year holding period
- 40% deferred, of which:
 - 20% in cash in the year following the one of termination of the employment agreement
 - 20% in shares, in equal amounts, in the second and third years following the one of termination of the employment agreement, subject to a 6-month holding period.

Each deferred portion of said severance payment reflects the provisions laid down in the Incentive System, indeed, subject to an ex-post adjustment mechanism - the so-called malus condition - described in paragraph 5.6.e, according to which the relative amount recognised and the number of financial instruments assigned, if any, may be reduced, even to zero, in the year to which the deferred portion refers, in relation to the level of achievement of the minimum conditions set by the Regulator (see 5.6.a), namely:

1. Common Equity Tier Ratio at least equal to the limit envisaged in the RAF;
2. Net Stable Funding Ratio (NSFR) at least equal to the limit envisaged in the RAF;
3. No loss or positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank’s own liabilities, from the fair value measurement of Bank’s liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

In particular, if either condition 1 or 2 does not occur individually, the deferred portion is reduced by 50%; if condition 3 is not met, the deferred portion is brought down to zero.

6.C.1.c)

For Top Risk Takers, in parallel with the provisions for activation of the Incentive System, a fourth condition – in addition to the three mentioned above – is also envisaged, relating to verification of the

LCR compared to the RAF limits. As regards this cluster, if either condition 1 or 2 or that relating to the LCR does not occur individually, the deferred portion is reduced by one third; if condition 3 is not met, the deferred portion is brought down to zero.

The severance payment awarded for values below 80,000 euro is assigned entirely in cash and upfront.

Finally, pursuant to the Supervisory Provisions on remuneration, a maximum limit to the payment in question equal to 24 monthly payments of the fixed remuneration⁶, including payment related to the duration of the notice period as laid down by the national collective bargaining agreement, is submitted to the approval of the Shareholders' Meeting for a binding resolution.

The adoption of said maximum limit may result in a maximum severance payment equal to 3.3 million euro.

5.9. Discretionary pension benefits

6.C.1.f)

Discretionary pension benefits, when recognised, are assigned to beneficiaries in accordance with the regulations in force and, therefore:

- in the case of resources who are not entitled to receive a pension, shall be invested in Intesa Sanpaolo shares or other related instruments, held by the bank for a period of at least five years and subject to ex-post adjustment mechanisms related to the Group's performance net of risk;
- in the case of resources entitled to a pension, shall be invested in Intesa Sanpaolo shares or other related instruments and held by the bank for a period of at least five years.

⁶ The fixed remuneration includes the gross annual remuneration and any role allowance and/or remuneration received for the office and not paid.

Section II

PART I – GENERAL INFORMATION

Description of remuneration items and consistency with the relevant policy

The remuneration of Board Members, General Managers and the other Key Managers consists of:

Art. 123-ter (4), (a)
CLF

- a) a **fixed component** including, for:
 - 1. Supervisory Board Members, the remuneration resolved by the Shareholders' Meeting, including remuneration for special offices and attendance fees;
 - 2. Management Board Members, the remuneration resolved by the Supervisory Board in accordance with the specific remuneration policies approved by the Shareholders' Meeting, including remuneration for special offices;
 - 3. General Managers and the other Key Managers, the gross remuneration amount defined individually based on the contractual agreement, the role held, the responsibilities assigned, and the specific experience and expertise acquired by the manager, including any indemnity;
- b) a short-term variable component (not due to Supervisory Board Members or non-executive Management Board Members), linked to performance and aligned to short and long-term results actually achieved by the Bank and by the overall Group, as resulting from application of the incentive systems approved by the relative corporate bodies in accordance with the remuneration policies in force; as required by the remuneration Supervisory Provisions, the short-term variable component is assigned through the annual incentive plan also financial instrument-based addressed to the so-called Risk Takers, approved by the Management Board and the Supervisory Board - each within its remit - in coherence with remuneration policies;
- c) a long-term variable component, introduced in 2014 at the launch of 2014-2017 Business Plan through the Leveraged Employee Co-Investment Plans ("LECOIP Plans"), based on instruments associated with Intesa Sanpaolo shares, and assigned, as provided by the Plans, to the executive Management Board Members chosen among the Group Executives and to the other Key Managers;
- d) a component resulting from valuation of **benefits** assigned to the General Managers and the other Key Managers, including the amount paid by the company into the manager's supplementary pension fund and the premiums (taxable) paid by the Bank for the relative insurance coverage; the statements do not include any other benefits granted to said personnel (for example, a company car) that are not taxable, also due to specific conditions under company policy (for example, if a monetary contribution by the manager is required).

6.C.2

No prior agreements are envisaged to govern benefits or in terms of severance payments to be paid upon termination of the employment agreement to Board Members, General Managers and the other Key Managers, to which the provisions in the previous paragraphs 2.4, 3.5 and 5.8 of Section I apply.



PART II – QUANTITATIVE ANALYTICAL TABLES

Remuneration

Table No. 1: Remuneration paid to members of the Supervisory Board and Management Board, General Managers and the other Key Managers

(thousands of euro)

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (x)	Profit-sharing					
Giovanni Bazoli	Chairman of the Supervisory Board	01/01/2014	31/12/2014	800							800		
	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Chairman of the Strategy Committee	01/01/2014	19/12/2014		(**)	9					9		
	Chairman of the Nominations Committee	01/01/2014	19/12/2014		(**)	4					4		
	Member of the Nominations Committee	19/12/2014	31/12/2014								-		
Mario Bertolissi	Deputy Chairperson of the Supervisory Board	01/01/2014	31/12/2014	100							100		
	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Member of the Strategy Committee	01/01/2014	19/12/2014			9					9		
	Member of the Nominations Committee	01/01/2014	19/12/2014			4					4		
	Chairman of the Nominations Committee	19/02/2014	31/12/2014		(**)								

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (x)	Profit-sharing					
Gianfranco Carbonato	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Deputy Chairperson of the Supervisory Board	01/01/2014	31/12/2014	100							100		
	Member of the Nominations Committee	01/01/2014	31/12/2014		-	4					4		
	Member of the Strategy Committee	01/01/2014	19/12/2014		-	9					9		
Gianluigi Baccolini	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Member of the Nominations Committee	01/01/2014	31/12/2014		-	4					4		
	Member of the Financial Statements Committee	01/01/2014	19/12/2014			34					34		
	Member of the Remuneration Committee	19/12/2014	31/12/2014		-	-					-		
Francesco Bianchi	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Member of the Strategy Committee	01/01/2014	19/12/2014			9					9		
	Member of the Committee for transactions with related parties	19/12/2014	31/12/2014			-					-		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement	
							Bonuses and other incentives (x)	Profit-sharing						
Rosalba Casiraghi	Supervisory Board Member	01/01/2014	31/12/2014	100							100			
	Member of the Remuneration Committee	01/01/2014	19/12/2014			25					25			
	Member of the Control Committee	01/01/2014	19/12/2014			90					90			
	Member of the Internal Control Committee	19/12/2014	31/12/2014			-					-			
	Participation in Management Board meetings	01/01/2014	31/12/2014			29					29			
	a) NUOVO TRASPORTO VIAGGIATORI S.p.A. - Chairman of the Board of Auditors	01/01/2014	31/12/2014	43								43		
	NH Hoteles S.A. - Director	01/01/2014	18/12/2014	37								37		
Carlo Corradini	Supervisory Board Member	01/01/2014	31/12/2014	100							100			
	Member of the Control Committee	01/01/2014	19/12/2014		-	92					92			
	Alternate Member of the Committee for transactions with related parties	01/01/2014	19/12/2014		-	-					-			
	Member of the Committee for transactions with related parties	19/12/2014	31/12/2014			4					4			
	Member of the Internal Control Committee	19/12/2014	31/12/2014											
	Participation in Management Board meetings	01/01/2014	31/12/2014		-	36					36			

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (x)	Profit-sharing					
Franco Dalla Sega	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Secretary of the Supervisory Board	01/01/2014	31/12/2014	100							100		
	Chairman of the Committee for transactions with related parties	01/01/2014	31/12/2014		(**)	31					31		
	a) R.C.S. MEDIAGROUP S.p.A. - Standing Auditor / Member of the Surveillance Body	01/01/2014	08/05/2014	20							20		
Piergiuseppe Dolcini	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Member of the Remuneration Committee	01/01/2014	19/12/2014			25					25		
	Chairman of the Remuneration Committee	19/12/2014	31/12/2014		(**)								
Jean-Paul Fitoussi	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Member of the Strategy Committee	01/01/2014	19/12/2014		-	5					5		
	Member of the Risk Committee	19/01/2014	31/12/2014										
	a) PIRELLI & C. S.p.A.- Director	01/01/2014	12/06/2014	22							22		
	a) TELECOM ITALIA S.p.A.- Member of the Control and Risk Committee	01/01/2014	16/04/2014										
	a) TELECOM ITALIA S.p.A.- Director / Member of the Nominations and Remuneration Committee	01/01/2014	31/12/2014	110	47						157		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (x)	Profit-sharing					
Edoardo Gaffeo	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Member of the Control Committee	01/01/2014	19/12/2014		-	92					92		
	Member of the Internal Control Committee	19/12/2014	31/12/2014										
	Member of the Remuneration Committee	19/12/2014	31/12/2014										
Pietro Garibaldi	Participation in Management Board meetings	01/01/2014	31/12/2014		-	30					30		
	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Member of the Financial Statements Committee	01/01/2014	19/12/2014		-	36					36		
Rossella Locatelli	Member of the Committee for transactions with related parties	01/01/2014	19/12/2014		-	32					32		
	Member of the Risk Committee	19/12/2014	31/12/2014										
	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
Rossella Locatelli	Chairwoman of the Financial Statements Committee	01/01/2014	19/12/2014		(**)	36					36		
	Member of the Risk Committee	19/12/2014	31/12/2014										

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (x)	Profit-sharing					
Giulio Stefano Lubatti	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Chairman of the Internal Control Committee	19/12/2014	31/12/2014		(**)								
	Member of the Risk Committee	19/12/2014	31/12/2014										
	Chairman of the Control Committee	01/01/2014	19/12/2014		(**)	90					90		
	Participation in Management Board meetings	01/01/2014	31/12/2014		-	36					36		
	a) BANCO DI NAPOLI S.p.A. - Chairman of the Board of Auditors	01/01/2014	31/12/2014	85		3					88		
a) EURIZON CAPITAL SGR S.p.A. - Chairman of the Board of Auditors	01/01/2014	02/04/2014	20							20			
Marco Mangiagalli	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Chairman of the Remuneration Committee	01/01/2014	19/12/2014		(**)	25					25		
	Member of the Committee for transactions with related parties	01/01/2014	19/12/2014			31					31		
	Chairman of the Risk Committee	19/12/2014	31/12/2014		(**)	-					-		
Iacopo Mazzei	Supervisory Board Member	01/01/2014	31/12/2014	100							100		
	Member of the Nominations Committee	01/01/2014	31/12/2014		-	4					4		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
Beatrice Ramasco	Supervisory Board Member	01/01/2014	31/12/2014	100						100		
	Member of the Control Committee	01/01/2014	19/12/2014			92				92		
	Member of the Internal Control Committee Participation in Management Board meetings	19/12/2014 01/01/2014	31/12/2014 31/12/2014			36				36		
Marcella Sarale	Supervisory Board Member	01/01/2014	31/12/2014	100						100		
	Member of the Financial Statements Committee	01/01/2014	19/12/2014			36				36		
	Member of the Committee for transactions with related parties	19/12/2014	31/12/2014		-	-				-		
Monica Schiraldi	Supervisory Board Member	01/01/2014	31/12/2014	100						100		
	Member of the Financial Statements Committee	01/01/2014	19/12/2014			36				36		
	Member of the Committee for transactions with related parties	19/12/2014	31/12/2014		-					-		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (x)	Profit-sharing					
Gian Maria Gros-Pietro	Chairman of the Management Board	01/01/2014	31/12/2014	800							800		
	Management Board Member	01/01/2014	31/12/2014	100							100		
Marcello Sala	Senior Deputy Chairperson of the Management Board	01/01/2014	31/12/2014	150							150		
	Management Board Member / Executive Board Member	01/01/2014	31/12/2014	100			34				134		
	Additional Remuneration (*)	01/01/2014	31/12/2014	150							150		
	a) BANK OF ALEXANDRIA S.A.E. – Deputy Chairperson	01/01/2014	06/03/2014	9							9		
Giovanni Costa	Deputy Chairperson of the Management Board	01/01/2014	31/12/2014	150							150		
	Management Board Member / Executive Board Member	01/01/2014	31/12/2014	100			34				134		
	a) CASSA DI RISPARMIO DEL VENETO S.p.A. - Chairman of the Board of Directors	01/01/2014	30/01/2014	64		1					65		
Carlo Messina	General Manager	01/01/2014	31/12/2014	1,284			390		59	119(xx)	1,852	784	
	Managing Director and Chief Executive Officer	01/01/2014	31/12/2014	350							350		
	Management Board Member / Executive Board Member	01/01/2014	31/12/2014	g)									
Stefano Del Punta	Management Board Member / Executive Board Member	22/05/2014	31/12/2014	g)									
	Chief Financial Officer	01/01/2014	31/12/2014	611			230		30	69 (xx)	940	438	
a)	BANCA IMI S.p.A. – Director	23/01/2014	31/12/2014	b)							-		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (x)	Profit-sharing					
Carla Patrizia Ferrari	Management Board Member	01/01/2014	31/12/2014	100			-			100	81 (1)		
Piera Filippi	Management Board Member	01/01/2014	31/12/2014	100						100			
Gaetano Micciché	General Manager	01/01/2014	31/12/2014	1,193			413		52	110 (xx)	1,768	296	
	Management Board Member / Executive Board Member	01/01/2014	31/12/2014	g)						-			
	a) BANCA IMI S.p.A. - Managing Director	01/01/2014	31/12/2014	c)						-			
	a) TELECOM ITALIA S.p.A. - Director	01/01/2014	16/04/2014	c)						-			
a) PIRELLI & C. S.p.A. - Director / Member of the Strategy Committee	01/01/2014	31/12/2014	c)							-			
Giuseppe Morbidelli	Management Board Member	01/01/2014	31/12/2014	100						100			
	a) BANCA CR FIRENZE S.p.A. - Chairman of the Board of Directors	01/01/2014	31/12/2014	250						250			
Bruno Picca	Management Board Member / Executive Board Member	01/01/2014	31/12/2014	g)						-			
	Chief Risk Officer	01/01/2014	31/12/2014	944			144		63	35 (xx)	1,290	102	
	a) INTESA SANPAOLO GROUP SERVICES S.c.p.A. - Director	01/01/2014	31/12/2014							-			

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of the employment agreement
							Bonuses and other incentives (x)	Profit-sharing					
Enrico Tommaso Cucchiani	General Manager	01/01/2014	31/03/2014	415					84		499		
Francesco Micheli	Management Board Member / Executive Board Member	01/01/2014	15/05/2014	g)							-		
	Chief Operating Officer	01/01/2014	31/05/2014	400			-		31		431		700 e)
	a) INTESA SANPAOLO GROUP SERVICES S.c.p.A. – Director	01/01/2014	30/05/2014								-		
Key managers (****)	Total remuneration in the company drawing up the financial statements			5,238			1,943		267	328 (xx)	7,776	2,260	1,000 f)
	Total remuneration and attendance fees in subsidiaries and associates			2,646 d)			342		90		3,307 d)	825	

a) Remuneration/Attendance fees in subsidiaries and associates.

b) Remuneration for offices held in subsidiaries and/or associates as representatives of Intesa Sanpaolo S.p.A., which amounts to 28 thousand euro, has not been included in this item, as it was fully transferred to the Bank.

c) Remuneration for offices held in subsidiaries and/or associates as representatives of Intesa Sanpaolo S.p.A., which amounts to 193 thousand euro, has not been included in this item, as it was fully transferred to the Bank.

d) Additional remuneration for offices held in subsidiaries and/or associates as representatives of Intesa Sanpaolo S.p.A., which amounts to 375 thousand euro, has not been included in this item, as it was fully transferred to the Parent Company and to Key managers' companies in the amount of 459 thousand euro.

e) Exit incentives inclusive of all benefits due under the national collective bargaining agreement for executives of the credit sector.

f) Non-competition Agreement to be paid by 2017 of which 500 thousand euro disbursed in 2014.

g) The Executive Management Board Members chosen from among Executives of the Intesa Sanpaolo Group waived the remuneration due for their office.

(1) Shares deriving from the 2011 Incentive System by way of an upfront portion in shares in relation to the employment agreement in force at the time.

(*) Mr. Sala receives an additional remuneration for the office assigned by the Management Board for the development of International Relations and Internationalisation Projects of the Bank and of the Group.

(**) The Chairmen of the Committee waived the remuneration due to them.

(***) Remuneration refers to 15 Key Managers, 14 of which still in office as at 31 December 2014.

(x) The amounts shown refer to the 2012 Incentive System deferred portions pay outs and the upfront portion in cash granted for 2014 performance (see table 3B for details).

(xx) Allowance paid in order to cover tax and contributions obligations linked to the time horizon of LECOIP Long-term Co-Investment Plan shares granting.

Table No. 2: Stock options granted to members of the Management Board, General Managers and the other Key Managers

A	B	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options expired during the year	Options held at end of the year	Options for the year	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Name and Surname	Office	Plan	Number of options	Exercise price	Possible exercise period (from - to)	Number of options	Exercise price	Possible exercise period (from - to)	Fair value at assignment date	Assignment date	Market price of underlying shares upon assignment of options	Number of options	Exercise price	Market price of underlying shares at exercise date	Number of options	Number of options	Fair value

Table No. 3A: Incentive plans based on financial instruments other than stock options, in favour of members of the Management Board, General Managers and other Key Managers

(thousands of euro)

A Name and surname	B Office	(1) Plan	Financial instruments assigned in previous years and not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assigned	Financial instruments for the year	
			(2) Number and type of financial instruments	(3) Vesting period	(4) Number and type of financial instruments	(5) Fair value at assignment date	(6) Vesting period	(7) Assignment date	(8) Market price at assignment	(9) Number and type of financial instruments	(10) Number and type of financial instruments	(11) Value at maturity date	(12) Fair value
Carlo Messina	Managing Director and Chief Executive Officer General Manager	2011 Incentive	227,586	Mar.2015/ Jun.2016						-	195,074	462	462
		2012 Incentive	379,075	Mar.2015/ Jun.2017						-	-	-	-
		2013 Incentive	-	-						-	-	-	-
		2014 Incentive			(*)	475	Mar.2015/ Jun.2020	(*)	(*)				190
		LECOIP Plans 2014 2018			266,667 (X)	527	Dec.2014/ Apr. 2018	1 Dec. 2014	-				132
Stefano Del Punta	Management Board Member / Executive Management Board Member Chief Financial Officer	2011 Incentive	124,034	Mar.2015/ Jun.2016						-	106,315	252	252
		2012 Incentive	227,445	Mar.2015/ Jun.2017						-	-	-	-
		2013 Incentive	-		-	-	-	-	-	-	-	-	-
		2014 Incentive			(*)	275	Mar.2015/ Jun. 2020	(*)	(*)				110
		LECOIP Plans 2014 2018			153,812 (X)	304	Dec.2014/ Apr. 2018	1 Dec. 2014	-				76

A Name and surname	B Office	(1) Plan	Financial instruments assigned in previous years and not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assigned		Financial instruments for the year	
			(2) Number and type of financial instruments	(3) Vesting period	(4) Number and type of financial instruments	(5) Fair value at assignment date	(6) Vesting period	(7) Assignment date	(8) Market price at assignment	(9) Number and type of financial instruments	(10) Number and type of financial instruments	(11) Value at maturity date	(12) Fair value	
Carla Patrizia Ferrari	Management Board Member	2011 Incentive									-	34,138 (1)	81	81
Gaetano Miccichè	Management Board Member/ Executive Management Board Member General Manager	2011 Incentive	-								-	-	-	-
		2012 Incentive	454,890	Mar.2015/ Jun.2017							-	-	-	-
		2013 Incentive	-								-	-	-	
		2014 Incentive			(*)	433	Mar.2015/ Jun. 2020	(*)	(*)					173
		LECOIP Plans 2014 2018			249,450 (X)	493	Dec.2014/ Apr. 2018	1 Dec. 2014					123	
Enrico Tommaso Cucchiani	General Manager	2012 Incentive									682,335 (**)			

A Name and surname	B Office	(1) Plan	Financial instruments assigned in previous years and not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assigned	Financial instruments for the year	
			(2) Number and type of financial instruments	(3) Vesting period	(4) Number and type of financial instruments	(5) Fair value at assignment date	(6) Vesting period	(7) Assignment date	(8) Market price at assignment	(9) Number and type of financial instruments	(10) Number and type of financial instruments	(11) Value at maturity date	(12) Fair value
Bruno Picca	Management Board Member / Executive Management Board Member Chief Risk Officer	2011 Incentive	102,413	Mar.2015/ Jun.2016						-	87,783	208	208
		2012 Incentive	151,630	Mar.2015/ Jun.2017						-	-	-	-
		2013 Incentive	-							-	-	-	-
		2014 Incentive			(*)	107	Mar.2015/ Jun. 2018	(*)	(*)				64
		LECOIP Plans 2014 2018			77,687 (X)	153	Dec.2014/ Apr. 2018	1 Dec. 2014	-				38
Francesco Micheli	Management Board Member / Executive Management Board Member Chief Operating Officer	2011 Incentive	-	-						-	-	-	-
		2012 Incentive	-	-						-	-	-	-
		2013 Incentive	-	-	-	-	-	-	-	-	-	-	-

A Name and surname	B Office	(1) Plan	Financial instruments assigned in previous years and not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assigned		Financial instruments for the year	
			(2) Number and type of financial instruments	(3) Vesting period	(4) Number and type of financial instruments	(5) Fair value at assignment date	(6) Vesting period	(7) Assignment date	(8) Market price at assignment	(9) Number and type of financial instruments	(10) Number and type of financial instruments	(11) Value at maturity date	(12) Fair value	
Key managers (***) (Remuneration assigned by Intesa Sanpaolo)		2011 Incentive	567,497	Mar.2015/ Jun.2016							-	538,461	1,276	1,276
		2012 Incentive	1,671,671	Mar.2015/ Jun.2017							-	-	-	
		2014 Incentive			(*)	1.904	Mar.2015/ Jun. 2018	(*)	(*)					798
		LECOIP Plans 2014 2018				1,172,723 (X)	2.347 Dec.2014/ Apr. 2018		1 Dec. 2014					
Key managers (***) (Remuneration assigned by subsidiaries)		2011 Incentive	113,683	Mar.2015/ Jun.2016							-	219,398	520	520
		2012 Incentive	746,775	Mar.2015/ Jun.2017										
		2014 Incentive			(*)	598	Mar.2015/ Jun. 2018	(*)	(*)					239
		LECOIP Plans 2014 2018				116,014 (X)	266 Dec.2014/ Apr. 2018		1 Dec. 2014					

(1) Shares deriving from the 2011 Incentive System by way of an upfront portion in shares in relation to the employment agreement existing at the time.

(*) The figures on granted shares with respect to the incentive based on 2014 results will be available following the resolutions of the Ordinary Shareholders' Meeting called on 27 April 2015.

(**) During 2014, Mr. Cucchiani requested payment of the amounts granted from the application of the 2012 Incentive System.

N.B.: The figures indicated refer to the remuneration assigned by Intesa Sanpaolo or, where indicated, by subsidiaries; the granting of variable remuneration by associates is not envisaged.

(x) The number indicated represents the number of ISP share underlying the "protected capital".

(***) Remuneration refers to 15 Key Managers, 14 of which still in office as at 31 December 2014.

Table No. 3B: Monetary incentive plans in favour of Management Board Members, General Managers and other Key Managers

(thousands of euro)

A Name and surname	B Office	(1) Plan	(2) Bonus for the year			(3) Bonus for previous years			(4) Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Marcello Sala	Senior Deputy Chairperson of the Management Board / Executive Board Member	2011 Incentive				-	-	-	
		2012 Incentive				-	14	14	
		2013 Incentive				-	-	-	
		2014 Incentive	20	30	Mar.2015/June 2018				
Giovanni Costa	Deputy Chairperson of the Management Board / Executive Board Member	2011 Incentive				-	-	-	
		2012 Incentive				-	14	14	
		2013 Incentive	-	-	-				
		2014 Incentive	20	30	Mar.2015/June 2018				
Carlo Messina	Managing Director and Chief Executive Officer General Manager	2011 Incentive				-	-	100	
		2012 Incentive				-	200	100	
		2013 Incentive				-	-	-	
		2014 Incentive	190	285	Mar.2015/June 2020				

A Name and surname	B Office	(1) Plan	(2) Bonus for the year			(3) Bonus for previous years			(4) Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Stefano Del Punta	Management Board Member / Executive Board Member Chief Financial Officer	2011 Incentive				-	-	54	
		2012 Incentive				-	120	60	
		2013 Incentive							
		2014 Incentive	110	165	Mar.2015/June 2020	-	-	-	
Carla Patrizia Ferrari (1)	Management Board Member	2011 Incentive				-	-	8	
Gaetano Miccichè	Management Board Member / Executive Board Member General Manager	2011 Incentive				-	-	-	
		2012 Incentive				-	240	120	
		2013 Incentive				-	-	-	
		2014 Incentive	173	260	Mar.2015/June 2020				
Bruno Picca	Management Board Member / Executive Board Member Chief Risk Officer	2011 Incentive				-	-	45	
		2012 Incentive				-	80	40	
		2013 Incentive				-	-	-	
		2014 Incentive	64	43	Mar.2015/June 2018				
Enrico Tommaso Cucchiani	General Manager	2012 Incentive				540 (*)	-	-	

A Name and surname	B Office	(1) Plan	(2) Bonus for the year			(3) Bonus for previous years			(4) Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still deferred	
Francesco Micheli	Management Board Member / Executive Board Member Chief Operating Officer	2011 Incentive				-	-	-	
		2012 Incentive				-	-	-	
		2013 Incentive				-	-	-	
Key managers (****) (Remuneration assigned by Intesa Sanpaolo)		2011 Incentive				-	-	200	
		2012 Incentive				-	1,145	573	
		2013 Incentive				-	-	-	
		2014 Incentive	798	1,106	Mar.2015/June 2018				
Key managers (****) (Remuneration assigned by subsidiaries)		2011 Incentive				-	-	50	
		2012 Incentive				-	103	51	
		2013 Incentive				-	-	-	
		2014 Incentive	239	359	Mar.2015/June 2018				

(*) During 2014, Mr. Cucchiani requested payment of the amounts granted from the application of the 2012 Incentive System.

(****) Remuneration refers to 15 Key Managers, 14 of which still in office as at 31 December 2014.

(1) Portion deriving from the 2011 Incentive System in relation to the employment agreement existing at the time.

Equity investments

Table No. 1: Equity investments of Supervisory Board and Management Board Members and of General Managers

Name and surname	Office	Subsidiary	Number of shares held at the end of prior year (*)	Number of shares purchased	Number of shares sold	Number of shares held at the end of current year (*)
Carla Patrizia Ferrari	Management Board Member	Intesa Sanpaolo ordinary shares		34,138 (**)		34,138
Piera Filippi	Management Board Member	Intesa Sanpaolo ordinary shares	2,200			2,200
Edoardo Gaffeo	Supervisory Board Member	Intesa Sanpaolo ordinary shares	417 (a)	402		819
Marco Mangiagalli	Supervisory Board Member	Intesa Sanpaolo ordinary shares	3,720			3,720
Iacopo Mazzei	Supervisory Board Member	Intesa Sanpaolo ordinary shares	52,856 (b)			52,856
Carlo Messina (x)	Managing Director and Chief Executive Officer	Intesa Sanpaolo ordinary shares		195,074 (***)		195,074
Gaetano Micciché (xx)	Management Board Member and General Manager	Intesa Sanpaolo ordinary shares	570,553			570,553
Francesco Micheli (1)	Management Board Member	Intesa Sanpaolo ordinary shares	1,800,124			1,800,124
Bruno Picca (xxx)	Management Board Member	Intesa Sanpaolo ordinary shares		87,783 (***)	37,783	50,000
Stefano Del Punta (2) (xxxx)	Management Board Member	Intesa Sanpaolo ordinary shares	2,314	106,315 (***)		108,629

(1) in office until 15 May 2014

(2) in office from 22 May 2014

(a) shares owned by spouse

(b) shares held indirectly

(*) or start / end date of the office, if different from the reference period specified

(**) shares deriving from the 2011 Incentive System by way of an upfront portion in shares in relation to the employment agreement in force at the time

(***) shares deriving from the 2011 Incentive System by way of an upfront portion in shares

(x) For the sake of completeness, it should be noted that Mr. Messina is a Bank employee and as such has subscribed the LECOIP Plans - the characteristics of which are described in this Report – thereby receiving the Risk Taker LECOIP Certificate, whose "protected capital" amounts to 610,268 euro. Instrumental ISP share purchase/sale transactions were carried out to subscribe said amount as shown in the Prospectus, also published in the Investor Relations section of the ISP Group website.

(xx) For the sake of completeness, it should be noted that Mr. Micciché is a Bank employee and as such has subscribed the LECOIP Plans - the characteristics of which are described in this Report – thereby receiving the Risk Taker LECOIP Certificate, whose "protected capital" amounts to 570,868 euro. Instrumental ISP share purchase/sale transactions were carried out to subscribe said amount as shown in the Prospectus, also published in the Investor Relations section of the ISP Group website.

(xxx) For the sake of completeness, it should be noted that Mr. Picca is a Bank employee and as such has subscribed the LECOIP Plans - the characteristics of which are described in this Report – thereby receiving the Risk Taker LECOIP Certificate, whose "protected capital" amounts to 177,787 euro. Instrumental ISP share purchase/sale transactions were carried out to subscribe said amount as shown in the Prospectus, also published in the Investor Relations section of the ISP Group website.

(xxxx) For the sake of completeness, it should be noted that Mr. Del Punta is a Bank employee and as such has subscribed the LECOIP Plans - the characteristics of which are described in this Report – thereby receiving the Risk Taker LECOIP Certificate, whose "protected capital" amounts to 352,000 euro. Instrumental ISP share purchase/sale transactions were carried out to subscribe said amount as shown in the Prospectus, also published in the Investor Relations section of the ISP Group website.

Table No. 2: Equity investments of other Key Managers

Number of other key managers	Subsidiary	Number of shares held at the end of prior year (*)	Number of shares purchased	Number of shares sold	Number of shares held at the end of current year (*)
15	(**) Intesa Sanpaolo ordinary shares	1,689,064 (a)	656,677 (***)	298,831	2,046,910
	(x) Intesa Sanpaolo rnc.	5,000 (a)			5,000

(*) Or start / end date of the office, if different from the reference period specified.

(**) Total number of other Key Managers who do not yet hold any equity investments.

(***) Shares deriving from the 2011 Incentive System by way of an upfront portion in shares.

(a) Of which 10,743 ordinary shares and 5,000 savings shares owned by spouse.

(x) For the sake of completeness, it should be noted that the other Key Managers are Bank employees and as such 10 of them have subscribed the LECOIP Plans - the characteristics of which are described in this Report – thereby receiving the Risk Taker LECOIP Certificate, whose total "protected capital" amounts to 3,251,700 euro. Instrumental ISP share purchase/sale transactions were carried out to subscribe said amount as shown in the Prospectus, also published in the Investor Relations section of the ISP Group website.

N.B.: The values at the beginning and end of the period vary depending on the changes in the composition of Key Managers.

PART III – AGGREGATE QUANTITATIVE INFORMATION PURSUANT TO THE SUPERVISORY PROVISIONS OF THE BANK OF ITALY

The 2014 incentive system for Top Management and Risk Takers

Introduction

Intesa Sanpaolo's remuneration and incentive policies were approved by the Supervisory Board, based on a proposal by the Management Board on 27 March 2014 and subject, as to their responsibilities, to the advisory vote of the Shareholders' Meeting of 8 May 2014. The Management and Supervisory Boards, each within its remit, approved the financing of the incentive system for Top Management and so-called Risk Takers (hereinafter also referred to as the "System"), implementing the above-mentioned policies, on August, 1st and September, 9th 2014.

The System is fully consistent with the remuneration Supervisory Provisions, with particular reference to:

- the identification of the so-called "Material Risk Takers", meaning those whose decisions have a significant impact on the Bank's risk profile, to which specific remuneration rules must be applied in terms of payment of variable remuneration;
- the ratio between variable and fixed remuneration, appropriately balanced;
- the structure of the variable component, of which:
 - a) at least 40% must be subject to deferred payment systems for not less than 3 years (this can be raised to 60% for not less than 5 years for executive directors, top managers and heads of the main business lines, corporate functions or geographical areas, as well as those who report directly to bodies with strategic supervisory duties);
 - b) at least 50% must be paid out in shares or instruments linked to shares; this percentage is applied, in the same proportion, to deferred variable component as well as to the upfront component;
- the presence of a specific retention mechanism (of at least 2 years for the upfront component, shorter for the deferred one) for financial instruments pursuant to point b);

Recipients

The System is addressed to the so-called Risk Takers, defined in application of EBA Regulatory Technical Standards and identified, by the Members of the Management Board and the Supervisory Board, as the Chief Executive Officer, the General Manager, other Key Managers, Top Heads of the Corporate Control Functions and those whose activities have a significant impact on the institution's risk profile.

Therefore, recipients include Executives who have regular access to inside information and have the power to make management decisions which may affect the issuer's evolution and outlook.

Plan rationale

Incentive plans are designed, in general terms, to retain employees and support their motivation to achieve long-term corporate goals. Where they include financial instrument-based remuneration, they also strengthen the alignment of Management conduct, Shareholders' interests and medium-/long-term results, also allowing executives' direct participation in corporate risk.

In this context, these plans are a completing part of Intesa Sanpaolo Group remuneration system for Management and other employees; in a long-term sustainable development and a strong accountability of all stakeholders framework, they operate fully in line with Intesa Sanpaolo investment in human capital development, by fostering the achievement of targets identified by the competent corporate functions among the indicators that best reflect Group profitability over time, also taking into account risks assumed, cost of capital, liquidity and capitalisation level required to handle the activities implemented.

The structure of the incentive mechanism is also functional for being compliant with the Supervisory Provisions in force, when these require that at least 50% of the variable component granted by Risk Takers has to be assigned in shares or related instruments.

Characteristics of the financial instruments to be assigned

The System provides for a bonus granted to recipients identified above composed by 50% of cash and 50% of Intesa Sanpaolo ordinary shares, which shall be purchased on the MTA market (mercato telematico azionario) in compliance with the delegated powers duly given by the Shareholders' Meeting.

60% of the entire bonus of Risk Takers and Top Risk Takers belonging to the cluster of the Corporate Control Functions (percentage reduced to 40% for the Chief Executive Officer and other Top Risk Takers) shall be paid out in the year following the year the bonus refers to (upfront portion) according to the same cash/shares ratio as above.

The remainder, equal to 60% for Top Risk Takers, excluding those belonging to the Corporate Control Functions, and to 40% for the remaining Risk Takers, shall be granted on a pro-rata basis in the following years as follows:

- for Top Risk Takers, excluding those in the Corporate Control Functions: the deferral period is equal to 5 years, through payment by instalments of 20% of the entire bonus in the first year (100% in cash) and 10% of the entire bonus in the following four years (the first three in financial instruments and the last in cash);
- for the other Risk Takers: the deferral period is equal to 3 years, through payment by instalments of 20% of the entire bonus in the first year (100% in cash) and 10% of the entire bonus in the following two years in financial instruments.

As prescribed in Supervisory Provisions, each portion of the bonus granted in shares is subject to a 2-year retention period for the upfront portion and a shorter period (6 months) for the deferred portions. The retention period starts from the accrual date of the bonus. The Supervisory Provisions also state that interests can be calculated, in line with market rates, on the deferred portions paid in cash.

The shares accrued in each case shall be delivered only at the end of the retention period described above and, but for the cases described below, subject to continuation of employment in any company of the Group.

In the light of the above, on the basis of the powers delegated by the Shareholders' Meeting, the shares to be purchased may be delivered to the recipients starting from 2016 (for the upfront portion) and until 2019 (for the last deferred portion due to Top Risk Takers not belonging to the Corporate Control Functions).

In any event, incentives granted to Risk Takers lower than or equal to 80,000 euro gross are paid entirely in cash and upfront, considering that the amounts resulting from the application of the regulations in terms of deferral, pay out in shares and holding period would be quite insignificant in both absolute and relative terms with respect to total remuneration collected, would represent an invalidation of the principle that inspires the mechanism (correlation between the amount of the incentive and assumption of risks).

As by this time a traditional practice in the Group and in compliance with regulators' indications (based on which the ratio between the variable and fixed remuneration "must be opportunely balanced, exactly determined and carefully assessed in relation to the characteristics of the intermediary and of the various categories of personnel"), the potential paid out bonus is related to the level of each recipient's fixed remuneration.

More in details, already from 2013 and anticipating Provisions timing request, recipients may receive a variable remuneration - inclusive of the bonus granted through the Incentive System and the annual amount resulting from the LECOIP Co-Investment Plans¹ - at the most equal to 50% of the remuneration pay mix, down from the previous 60% in relation to the ratio between the variable and the fixed component of remuneration. In the light of regulator's indications, the Heads of the Corporate Control Functions, even if they are included under Key Managers, may benefit from a variable remuneration - also counting the annual portion resulting of LECOIP Co-Investment Plans - granted by the Incentive System,

¹ They are approved by the Shareholders' Meeting on 8 May 2014 and represent the long-term variable component, based on instruments associated with Intesa Sanpaolo shares, introduced at the time of launch of the 2014-2017 Business Plan through the Leveraged Employee Co-Investment Plans ("LECOIP Plans").

with the same characteristics as the one paid to the remaining Risk Takers, but more limited and equal to, at most, 33% of the fixed remuneration².

The granting of incentives to recipients is funded by a structured bonus pool mechanism. In full harmony with the criteria of bonuses paid amount and actual performance achieved symmetry, the total amount of the incentives at Group level is linked to the trend of an economic indicator, the Income before tax from continuing operations, appropriately adjusted (approximately +/- 10%) in relation to an evaluation of the performance of Intesa Sanpaolo relative to a panel of its international and domestic peers, identified based on comparability in terms of size, business mix, capital and talent markets.

The activation of the bonus pool at Group and department level is based on the exceeding of the so-called "access threshold", expressed ex ante as the minimum value of the relative Income before tax from continuing operations.

Financial sustainability principle is ensured, in accordance with the requirements of the Regulator, by three preliminary conditions:

1. Common Equity Tier Ratio (CET1) at least equal to the limit envisaged in the RAF;
2. Net Stable Funding Ratio (NSFR) at least equal to the limit envisaged in the RAF;
3. No loss or positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

Non-achievement of even only one of the above conditions results in the non-activation of the incentive systems for the Group personnel.

Top Risk Takers are subject to a further condition represented by the Liquidity Coverage Ratio (LCR), the level of which must be at least equal to the limit envisaged in the RAF.

Once the above-mentioned conditions have been exceeded, the total amount due to the recipients is defined, in compliance with the Group and Division/Business Unit bonus pools, based on the position reached by each Manager in the "internal ranking" of their specific Division/Business Unit. This ranking is obtained by ordering the scores of the results of the individual scorecards, which measure performance at several levels, both quantitative (profitability, growth, productivity, cost of risk/sustainability) and qualitative (2014-2017 Business Plan projects, strategic actions and managerial qualities).

Moreover, each deferred portion is subject to ex-post adjustment mechanism – the "malus conditions" – according to which the relative amount to be paid out and the number of financial instruments to be assigned, if any, may be reduced, even down to zero, in the year to which the deferred portion refers, in relation to the level of achievement of the minimum conditions set by the Regulator, namely:

1. Common Equity Tier Ratio at least equal to the limit envisaged in the RAF;
2. Net Stable Funding Ratio (NSFR) at least equal to the limit envisaged in the RAF;
3. No loss or positive Income before tax from continuing operations, net of any contribution of profits from the buyback of Bank's own liabilities, from the fair value measurement of Bank's liabilities and from income components arising from accounting policies following changes to the internal model on core deposits.

In particular, if either condition 1 or 2 does not occur individually, the deferred portion is reduced by 50%; if condition 3 is not met, the deferred portion is brought down to zero.

For Top Risk Takers, in parallel with the provisions for activation of the Incentive System, a fourth condition – in addition to the three mentioned above – is also envisaged, relating to verification of the LCR compared to the RAF limits. As regards this cluster, if either condition 1 or 2 or that relating to the LCR does not occur individually, the deferred portion is reduced by one third; if condition 3 is not met, the deferred portion is brought down to zero.

² Including the role allowance representing a portion of fixed remuneration, assigned according to the period holding that role, paid monthly and not counted in the calculation for employee termination indemnities and supplementary pension (if the fund has a Base Salary calculation basis). Social security contributions are calculated on the amount paid.

6.P.2.
6.C.1. d)
6.C.2

6.C.1.c)

Quantitative information broken down by business area

At Group level, thereby considering employees of all grades and employees of the international subsidiaries, the total variable component allocated in the financial statements to reward 2014 results, including the contractual portion or company bonus of the amount relating to the 2014-2017 LECOIP Plans, is equal to approximately 1.8% of the Group's operating income, about 0.7% of the shareholders' equity, about 0.05% of total assets and about 6.1% of the total cost of labour. Comparison of such figures with 2013 is not significant following the lack of activation of the Incentive System, whereas they are essentially stable compared to those of the 2012 financial year.

More specifically, 83% of the above variable component comprises the sums available for the payment of the annual incentive, 8% comprises the amount pertaining to 2014 of the 2014-2017 LECOIP Plans and 9% comprises sums payable by way of company bonus. As in past years, distribution of the amounts allocated in the financial statements for payment of the variable component referring to 2013 results gives priority to resources belonging to the business sectors most exposed to market variations (asset management, finance and investment banking), consistently with the results of specialised surveys of a sample of Italian and European banking groups which, due to size and composition of the business, constitute the reference benchmarking for Intesa Sanpaolo.

COMPARISON OF PERCENT DISTRIBUTION OF STAFF, FIXED COST AND VARIABLE COMPONENT FOR 2014			
	Staff	Fixed cost 2014	Variable component 2014
Head Office Departments (including Top Management)	13%	15%	26%
Banca dei Territori	52%	61%	24%
Corporate & Investment Banking	3%	6%	17%
Private Hub	3%	5%	13%
Asset Management	1%	1%	5%
Insurance	1%	1%	2%
International Subsidiary Banks	27%	11%	13%

Quantitative information broken down by various categories of "key personnel"

(thousands of euro)

Cluster (as at 31/12/2014)	No.	Percentage Ratio between Variable Remuneration and Fixed Remuneration		Total Remuneration 2014			Detail of Short-Term Variable Component for 2014				Variable deferred amount from prior years ^c :		Variable deferred amount and upfront shares from prior years paid and granted during 2014
		Theoretical	Actual ^b	Fixed Remu- nerati- on	Short- term Variable Remuner- ation	Long-term Variable Remunerat- ion ^b	Upfront Cash	Upfront Shares	Deferred Cash	Deferred Shares	Accrued following 2014 performance	Not Accrued	
CEO (Carlo Messina) ¹	1	Max 100%	100%	1,630	950	352	190	190	285	285	200	100	662
MD, Other Key Managers ²	17	Max 100%	84%	9,811	6,514	2,228	1,289	1,289	1,934	1,934	608	304	2,263
Heads of the Corporate Control Functions ³	6	Max 33%	28%	3,268	708	208	212	212	142	142	223	112	523
Other individuals who, individually or collectively, take on significant risk ⁴	250	Max 100% Max 33% ⁵	68%	49,584	23,476	10,227	9,420	5,837	3,891	3,847	3,333	1,666	7,884

¹ The amount indicated under the column "Fixed Remuneration" also includes remuneration received as member of the Management Board.

² Excluding 3 Key Managers who are included under Heads of Corporate Control Functions. Remuneration refers to 17 Key Managers, 14 of which still in office as at 31 December 2014.

³ The amount indicated under the column "Fixed Remuneration" also includes any amounts paid as role allowances.

⁴ Verified on the basis of the EBA Regulatory Technical Standards for the identification of Material Risk Takers.

⁵ Maximum theoretical amounts differentiated according to whether or not they belong to the Corporate Control Functions or similar roles (e.g. Human Resources). The amount indicated under the column "Fixed Remuneration" also includes any amounts paid as role allowances.

^a The actual Ratio between Variable Remuneration to Fixed Remuneration takes into account all the components of the remuneration, whether short or long-term.

^b The amount shown includes the annual component of LECOIP long-term Co-Investment Plans, of: "protected capital" at fair value, option evaluation (B&S) and the so-called Sell to cover.

^c The amounts shown include the value, at the incentive amount definition date, of the shares attributed to Management in previous years as part of the incentive plans, where such amounts of shares may actually be granted only in the following years due to retention periods and they are anyway always subject, except in specific cases, to continuation of employment.

As shown in the table above, amounts accrued during the year but assigned in prior years (2012 Incentive System for the deferred portion paid in cash and 2011 Incentive System for the upfront bonus amount paid in shares) were paid during 2014.

Therefore, taking into account the fixed remuneration levels recognised, a total of 8 Managers, in office as at 31 December 2014, received total remuneration for 2014 of at least 1 million euro. In particular:

- 1 Manager with total remuneration between 2 and 2.5 million euro;
- 7 Managers with total remuneration of between 1 and 1.5 million euro.

In terms of the information required on employee termination indemnities defined during the year, it is specified that during 2014 there were 2 cases of termination of Key Managers and 4 additional cases of Managers under the Risk Takers category.

The total amount of termination indemnities payable to the above 6 Managers amounted to 1,987.5 thousand euro, the highest of which was 700 thousand euro, in application of the Executives' Agreement of 17 March 2014.

9 Managers under the "Risk Takers" category were recruited on the market in 2014.

PART IV – INTERNAL AUDITING DEPARTMENT ASSESSMENT OF THE INCENTIVE SYSTEM

The Internal Auditing Head Office Department of Intesa Sanpaolo has carried out the planned audit, aimed at analysing the operational practices followed in defining the incentive system for 2014, in accordance with the Policies resolved by the Bodies and the relative Provisions issued by the Bank of Italy.

The audit was broken down in order to examine the operational phases of the process: quantification and approval of the main components of the incentive system (economic requirements, provisions, certification of results achieved, allocation of the bonus pool to the Departments, incentives for top Risk Takers and Heads of the Control Functions); pay out of incentives to the departments.

As envisaged, the remuneration policies, the principles of the incentive system, the financing methods for the bonus pool and the relative activation thresholds were approved by the Boards, each within its remit.

The 2014 incentive system, which already adopted a number of the changes introduced by CRD IV (such as the Cap for variable remuneration at 100% of base salary and Relevant Bonus threshold reduction), was refined in terms of activation thresholds within risk "appetite" indicators.

The structure has been assessed as compliant with Regulations by the Compliance Department.

Further adjustments will be submitted to the attention of the Boards in order to adopt, in accordance with the deadlines envisaged by the transitional regime of the Provisions, all of the guidelines of the Supervisory Authority, including the "rules" to identify Risk Takers.

The threshold defined by the rules for Group bonus pool activation were achieved, in accordance with the Income before tax from continuing operations and RAF indicators (CET1R and NSFR), and it was therefore financed according to the pre-established application methods.

Certification of the performance levels achieved by a number of top Risk Takers, summarised in assessment forms, was submitted to the Boards for approval.

The Group bonus pool was therefore allocated to divisions/business units on the basis of the results achieved.

Based on the observations made, the Internal Auditing Department expressed an opinion of overall adequacy of the operational procedure followed, in accordance with the policies and profiles defined, and made a number of recommendations to improve the overall set of internal operating procedures, timing for completion of the management objective forms and monitoring of the Lecoip Plan throughout the entire accrual period.

The audit process will be completed with the assessments on accuracy of the effective pay out process, including the deferred portion, in order to ensure alignment with what was defined and approved by the relevant corporate bodies.

It is noted that the remuneration and incentive policies and practices were the subject of an inspection by the Bank of Italy between October and December 2014. As at the date of preparation of this document, however, the report had not yet been received.

In addition to the information presented in the Report on Remuneration illustrated for the Shareholders' Meeting on 8 May 2014, the targeted management measures implemented during the second part of the year using the available provisions as at the end of 2013 for employment costs were also assessed, for departments whose results were higher than the expected budget. These assessments confirmed the granting of "retention bonuses" coherently with the resolutions made in 2014 and in compliance with provided regulations.



Appendix

Table No. 1: Check List

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
1. ROLE OF THE BOARD OF DIRECTORS				
1.P.1. Listed companies are governed by a Board of Directors that meets at regular intervals, adopts an organisation and a modus operandi which enable it to perform its functions in an effective manner.	✓			Page 27, 51 (S.B.) Page 54, 62 (M.B.)
1.P.2. The directors act and make decisions with full knowledge of the facts and autonomously pursuing and placing priority on the objective of creating value for the shareholders over a medium-long term period.	✓			Page 51, 52 (S.B.) Page 56, 62 (M.B.)
1.C.1. The Board of Directors shall:				
a) examine and approve the strategic, operational and financial plans of both the issuer and the corporate group it heads, monitoring periodically the related implementation; it defines the issuer's corporate governance and the relevant group structure;	✓			Page 28 (S.B.) Page 54 (M.B.)
b) define the risk profile, both as to nature and level of risks, in a manner consistent with the issuer's strategic objectives;	✓			Page 28 (S.B.)
c) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer as well as of its strategically significant subsidiaries in particular with regard to the internal control system and risk management;	✓			Page 28, 41 (S.B.) Page 54 (M.B.)
d) specify the frequency, in any case no less than once every three months, with which the delegated bodies must report to the Board on the activities performed in the exercise of the powers delegated to them;	✓			Page 66 (M.B.)
e) evaluate the general performance of the company, paying particular attention to the information received from the delegated bodies and periodically comparing the results achieved with those planned;	✓			Page 28 (S.B.) Page 56, 66 (M.B.)
f) resolve upon transactions to be carried out by the issuer or its controlled companies having a significant impact on the issuer's strategies, profitability, assets and liabilities or financial position; to this end, the Board shall establish general criteria for identifying the material transactions;	✓			Page 28 (S.B.) Page 55 (M.B.)
g) perform at least annually an evaluation of the performance of the Board of Directors and its committees, as well as their size and composition, taking into account the professional competence, experience (including managerial experience) gender of its members and number of years as director. Where the Board of Directors avails of consultants for such a self-assessment, the Corporate Governance Report shall provide information on their identity and other services, if any, performed by such consultants to the issuer or to companies having a control relationship with the issuer;	✓			Page 68 (S.B.) Page 68 (M.B.)
h) taking into account the outcome of the evaluation mentioned under the previous item g), report its view to shareholders on the professional profiles deemed appropriate for the composition of the Board of Directors, prior to its nomination;	✓			No conditions occurred to apply the principle

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
<p>i) provide information in the Corporate Governance Report on (1) its composition, indicating for each member the relevant role held within the Board of Directors (including by way of example, chairman or chief executive officer, as defined by article 2), the main professional characteristics as well as the duration of his/her office since the first appointment; (2) the application of article 1 of this Code and, in particular, on the number and average duration of meetings of the Board and of the executive committee, if any, held during the fiscal year, as well as the related percentage of attendance of each director; (3) how the self-assessment procedure as at previous item g) has developed;</p>	✓			Page 29, 30, 32, 38, 40, 42, 43, 45, 46, 47, 49, 52, 68 (S.B.) Page 54, 56, 57, 58, 59, 60, 65, 68 (M.B.)
<p>j) in order to ensure the correct handling of corporate information, adopt, upon proposal of the managing director or the chairman of the Board of Directors, internal procedures for the internal handling and disclosure to third parties of information concerning the issuer, having special regard to price sensitive information.</p>	✓			Page 90, 92
<p>1.C.2. The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the commitment relating to their own work and professional activity, the number of offices held as director or statutory auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The Board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or statutory auditor held by the directors in the above-mentioned companies and include them in the Corporate Governance Report;</p>	✓			Page 34 (S.B.) Page 61, 62 (M.B.)
<p>1.C.3. The Board shall issue guidelines regarding the maximum number of offices as director or statutory auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties, taking into account the attendance by the directors to the committees set up within the Board. To this end, the Board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group.</p>	✓			Page 34 (S.B.) Page 61 (M.B.)
<p>1.C.4. If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the Board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.</p>			✓	Page 61 (M.B.)
<p>1.C.5. The chairman of the Board of Directors shall ensure that the documentation relating to the agenda of the Board are made available to directors and statutory auditors in a timely manner prior to the Board meeting. The Board of Directors shall provide information in the Corporate Governance Report on the promptness and completeness of the pre-meeting information, providing details, inter alia, on the prior notice usually deemed adequate for the supply of documents and specifying whether such prior notice has been usually observed.</p>	✓			Page 51 (S.B.) Page 62 (M.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
1.C.6. The chairman of the Board of Directors, also upon request of one or more directors, may request to the managing directors that certain executives of the issuer or the companies belonging to its group, in charge of the pertinent management areas related to the Board agenda, attend the meetings of the Board, in order to provide appropriate supplemental information on the items on the agenda.	✓			Page 52 (S.B.) Page 64 (M.B.)

2. COMPOSITION OF THE BOARD OF DIRECTORS

2.P.1. The Board of Directors shall be made up of executive and non-executive directors, who should be adequately competent and professional.	✓			Page 58, 61 (M.B.)
2.P.2. Non-executive directors shall bring their specific expertise to Board discussions and contribute to the adoption of fully informed decisions paying particular care to the areas where conflicts of interest may exist.	✓			Page 52 (S.B.) Page 58, 64 (M.B.)
2.P.3. The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of Board's decisions.	✓			Page 58, 61, 64 (M.B.)
2.P.4. It is appropriate to avoid the concentration of corporate offices in one single individual.	✓			Page 58 (M.B.)
2.P.5. Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the Corporate Governance Report on the reasons for such organisational choice.	✓			Page 58 (M.B.)
2.C.1. The following are qualified executive directors for the issuer: <ul style="list-style-type: none"> - the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers or when they play a specific role in the definition of the business strategies; - the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer; - the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer. The granting of deputy powers or powers in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, provided however, that such powers are not actually exercised with considerable frequency.	✓			Page 58 (M.B.)
2.C.2. The directors shall know the duties and responsibilities relating to their office. <p>The chairman of the Board of Directors shall use his best efforts for causing the directors and the statutory auditors, after the election and during their mandate, to participate in initiatives aimed at providing them with an adequate knowledge of the business sector in which the issuer runs its activity, of the corporate dynamics and the relevant evolutions, as well as the relevant regulatory and self-regulatory framework.</p>	✓			Page 51 (S.B.) Page 63 (M.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
<p>2.C.3. The Board shall designate an independent director as lead independent director, in the following circumstances: (i) in the event that the chairman of the Board of Directors is the chief executive officer of the company; (ii) in the event that the office of chairman is held by the person controlling the issuer.</p> <p>The Board of Directors of issuers belonging to FTSE-Mib index shall designate a lead independent director if so requested by the majority of independent directors, except in the case of a different and grounded assessment carried out by the Board to be reported in the Corporate Governance Report.</p>		✓		Page 36 (S.B.)
<p>2.C.4. The lead independent director:</p> <p>a) represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below;</p> <p>b) cooperates with the Chairman of the Board of Directors in order to guarantee that directors receive timely and complete information.</p>		✓		Page 36 (S.B.)
<p>2.C.5. The chief executive officer of issuer (A) shall not be appointed director of another issuer (B) not belonging to the same corporate group, in the event that the chief executive officer of issuer (B) is a director of issuer (A).</p>		✓		Page 62 (M.B.)

3. INDEPENDENT DIRECTORS

<p>3.P.1. An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, directly or indirectly or on behalf of third parties, nor have recently maintained any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.</p>	✓			Page 35 (S.B.) Page 60 (M.B.)
<p>3.P.2. The directors' independence shall be assessed by the Board of Directors, after the appointment and, subsequently, on a yearly basis. The results of the assessments of the Board shall be communicated to the market.</p>	✓			Page 35 (S.B.) Page 60 (M.B.)
<p>3.C.1. The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to:</p> <p>a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or third parties, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer;</p> <p>b) if he/she is, or has been in the preceding three fiscal years, a significant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders agreement;</p>	✓			Page 35 (S.B.)

c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:

- with the issuer, one of its subsidiaries, or any of its significant representatives;

- with a subject who, also jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;

or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;

d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of non-executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Code) also in the form of participation in incentive plans linked to the company's performance, including stock option plans;

e) if he/she was a director of the issuer for more than nine years in the last twelve years;

f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;

g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer;

h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

3.C.2. For the purpose of the above, the chairman of the entity, the chairman of the Board of Directors, the executive directors and key management personnel of the relevant company or entity, must be considered as "significant representatives". ✓ Page 35 (S.B.)

3.C.3. The number and competences of independent directors shall be adequate in relation to the size of the Board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the Board, according to the indications set out in the Code. ✓ Page 29, 35 (S.B.)

As for issuers belonging to FTSE-Mib index, at least one third of the Board of Directors members shall be made up of independent directors. If such a number is not an integer, it shall be rounded down.

Anyway, independent directors shall not be less than two.

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
<p>3.C.4. After the appointment of a director who qualifies himself/herself as independent, and subsequently, upon the occurrence of circumstances affecting the independence requirement and in any case at least once a year, the Board of Directors shall evaluate, on the basis of the information provided by the same director or available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director.</p>	✓			Page 33, 35 (S.B.) Page 60, 61 (M.B.)
<p>The Board of Directors shall notify the result of its evaluations, after the appointment, through a press release to the market and, subsequently, within the Corporate Governance Report.</p>				
<p>In the documents mentioned above, the Board of Directors shall:</p>				
<p>- disclose whether they adopted criteria for assessing the independence which are different from the ones recommended by the Code, also with reference to individual directors, and if so, specifying the reasons;</p>				
<p>- describe quantitative and/or qualitative criteria used, if any, in assessing the relevance of relationships under evaluation.</p>				
<p>3.C.5. The Board of statutory auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members. The result of such controls is notified to the market in the Corporate Governance Report or in the report of the Board of statutory auditors to the shareholders' meeting.</p>	✓			Page 35 (S.B.)
<p>3.C.6. The independent directors shall meet at least once a year without the presence of the other directors.</p>	✓			Page 36 (S.B.)

4. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

<p>4.P.1. The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.</p>	✓			Page 36 (S.B.)
<p>4.C.1. The establishment and functioning of the committees governed by the Code shall meet the following criteria:</p>				
<p>a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than eight members, committees may be made up of two directors only, provided, however, that they are both independent. The committees' activities shall be coordinated by a chairman;</p>	✓			Page 36 (S.B.)
<p>b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;</p>	✓			Page 36, 37 (S.B.)
<p>c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded from a number of committees lower than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of the underlying objectives;</p>	✓			Page 36 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
d) minutes shall be drafted of the meetings of each committee;	✓			Page 37 (S.B.)
e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers. The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the Board;	✓			Page 37 (S.B.)
f) persons who are not members of the committee, including other Board members or persons belonging to issuer's structure, may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;	✓			Page 37 (S.B.)
g) the issuer shall provide adequate information, in the Corporate Governance Report, on the establishment and composition of committees, the contents of the mandate entrusted to them, as well as, on the basis of the indications provided for by each committee, the activity actually performed during the fiscal year, the number of meetings held, their average duration and the relevant percentage of participation of each member.	✓			Page 37 (S.B.)
4.C.2. The establishment of one or more committees may be avoided and the relevant duties may be assigned to the Board of Directors, under the coordination of the Chairman and provided that: (i) independent directors are at least half of the Board of Directors members; if the number of the Board members is odd, a rounding down to the lower unit shall be carried out; (ii) adequate time is dedicated during the Board meetings to actions that the Code requires the Committees to carry out, and this circumstance is disclosed in the Corporate Governance Report; (iii) as far as the control and risk committee is concerned, the issuer is neither controlled by another listed company nor it is subject to direction and coordination.			✓	Page 36 (S.B.)
The Board of Directors describes in detail in the Corporate Governance Report the reasons underlying the choice not to establish one or more committees; in particular, it provides adequate grounds for the choice not to establish the risks and control committee in consideration of the complexity level of the issuer and the sector in which it operates. In addition, the Board shall periodically reassess the choice made.				

5. APPOINTMENT OF DIRECTORS

5.P.1. The Board of Directors shall establish among its members a committee to propose candidates for appointment to the position of director, made up, for the majority, of independent directors.	✓			Page 36, 42 (S.B.)
5.C.1. The committee to propose candidates for appointment to the position of director shall be vested with the following functions:				
a) to express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the Board as well with regard to the topics indicated by articles 1.C.3. and 1.C.4.;	✓			Page 42 (S.B.)
b) to submit the Board of Directors candidates for directors offices in case of co-optation, should the replacement of independent directors be necessary.	✓			Page 42 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
5.C.2. The Board of Directors shall evaluate whether to adopt a plan for the succession of executive directors. In the event of adoption of such a plan, the issuer shall disclose it in the Corporate Governance Report. The review on the preparation of the above mentioned plan shall be carried out by the nomination committee or by another committee established within the Board of Directors in charge of this task.		✓		Page 58 (M.B.)
6. REMUNERATION OF DIRECTORS				
6.P.1. The remuneration of directors and key management personnel shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage the issuer.		✓		Page 115, 116 (M.B.) page 120, 124
6.P.2. The remuneration of executive directors and key management personnel shall be defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe. With regard to directors with managerial powers or performing, also de-facto, functions related to business management, as well as with regard to key management personnel, a significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance and determined consistently with the guidelines contained in the policy described in principle 6.P.4. The remuneration of non-executive directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more committees.		✓		Page 110, 130, 163 Page 116 (M.B.) Page 120, 122
6.P.3. The Board of Directors shall establish among its members a remuneration committee, made up of independent directors. Alternatively, the committee may be made up of non executive directors, the majority of which to be independent; in this case, the chairman of the committee is selected among the independent directors. At least one committee member shall have an adequate knowledge and experience in finance or remuneration policies, to be assessed by the Board of Directors at the time of his/her appointment.		✓		Page 36, 43(S.B.)
6.P.4. The Board of Directors shall, upon proposal of the remuneration committee, establish a policy for the remuneration of directors and key management personnel.		✓		Page 109 Page 113, 120 (M.B.)
6.P.5. In case of the end of office and/or the termination of the employment relationship with an executive director or a general manager, the issuer discloses, through a press release, detailed information, following the internal process leading to the assignment or recognition of indemnities and/or other benefits.		✓		No conditions occurred to apply the principle
6.C.1. The policy for the remuneration of executive directors and other directors covering particular offices shall define guidelines on the issues and consistently with the criteria detailed below: a) the non-variable component and the variable component are properly balanced according to issuer's strategic objectives and risk management policy, taking into account the business sector in which it operates and the nature of the business carried out;		✓		Page 118 (M.B.) Page 116, 118 (M.B.) Page 122, 123, 124, 126, 127, 129

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
b) upper limits for variable components shall be established;	✓			Page 124, 126, 129
c) the non-variable component shall be sufficient to reward the director when the variable component was not delivered because of the failure to achieve the performance objectives specified by the Board of Directors;	✓			Page 124, 126, 127, 129, 130, 137, 163 Page 116 (M.B.)
d) the performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components (including the objectives for the share-based compensation plans) is linked – shall be predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term;	✓			Page 122, 126, 127, 130, 163 page 118 (M.B.)
e) the payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile;	✓			Page 118 (M.B.) Page 128, 130, 132
f) contractual arrangements shall be provided in order to permit the company to reclaim, in whole or in part, the variable components of remuneration that were awarded (or to hold deferred payments), as defined on the basis of data which subsequently proved to be manifestly misstated;	✓			Page 118, 136, 138
g) indemnities eventually set out by the issuer in case of termination of directors shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance.	✓			Lacking condition to apply the principle
6.C.2. In preparing plans for share-based remuneration, the Board of Directors shall ensure that: a) shares, options and all other rights granted to directors to buy shares or to be remunerated on the basis of share price movements shall have an average vesting period of at least three years; b) the vesting referred to in paragraph a) shall be subject to predetermined and measurable performance criteria; c) directors shall retain a certain number of shares granted or purchased through the exercise of the rights referred to in paragraph a), until the end of their mandate.	✓			Page 128, 130, 132, 139, 163
6.C.3. The criteria 6.C.1 and 6.C.2 shall apply, mutatis mutandis, also to the definition – by the bodies entrusted with that task – of the remuneration of key management personnel. Any incentive plan for the person in charge of internal audit and for the person responsible for the preparation of the corporate financial documents shall be consistent with their role.	✓			Page 44 (S.B.) Page 123
6.C.4. The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons.	✓			Page 115 (M.B.)

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<p>6.C.5. The remuneration committee shall:</p> <ul style="list-style-type: none"> - periodically evaluate the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, also on the basis of the information provided by the managing directors; it shall formulate proposals to the Board of Directors in that regard; - submit proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives. 	✓			Page 43, 110 (S.B.)
<p>6.C.6. No director shall participate in meetings of the remuneration committee in which proposals are formulated to the Board of Directors relating to his/her remuneration.</p>			✓	Page 44 (S.B.)
<p>6.C.7. When using the services of an external consultant in order to obtain information on market standards for remuneration policies, the remuneration committee shall previously verify that the consultant concerned is not in a position which might compromise its independence.</p>	✓			Page 45 (S.B.)
<p>6.C.8. According to principle 6.P.5., the press release should provide:</p> <ul style="list-style-type: none"> a) adequate information on the indemnity and/or other benefits, including their amount, timing of disbursement – distinguishing both between the component immediately paid out and the one subject to deferral mechanisms and between the component received as director from the other one related to an employment relationship, if any – and “claw-back” clauses, if any, in particular with reference to: <ul style="list-style-type: none"> - indemnities for the end of office or termination of the employment relationship, specifying the circumstances of its accrual (for example, expiry, revocation or settlement agreement); - maintenance of rights related to any incentive plans, monetary or financial instruments based; - benefits (monetary and non monetary ones) subsequent to the end of office; - non-competition commitments, describing their main contents; - any other payment assigned for any reason and in any form; b) information about the compliance or non-compliance of the indemnity and/or other benefits with the remuneration policy and, in case of even a partial non-compliance with the remuneration policy, information about internal procedures applied according to Consob related party transactions’ regulation; c) information about the application, or non-application, of any mechanism that provides restrictions or corrections to the indemnity in case of termination due to the achievement of objectively inadequate results, as well as whether requests have been formulated for the reclaim of remuneration already paid out; d) information as whether the replacement of the ceased executive director or general manager is governed by any succession plan adopted by the company and, in any case, information about procedures that have been or will be applied for the replacement of the director or manager. 	✓			Page 108

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7. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

7.P.1. Each issuer shall adopt an internal control and risk management system consisting of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the main risks. Such a system shall be integral to the organizational and corporate governance framework adopted by the issuer and shall take into consideration the reference model and the best practices that are applied both at national and international level.	✓			Page 73
7.P.2. An effective internal control and risk management system contributes to the management of the company in a manner consistent with the objectives defined by the Board of Directors, promoting an informed decision-making process. It contributes to ensuring the safeguarding of corporate assets, the efficiency and effectiveness of management procedures, the reliability of financial information and the compliance with laws and regulations, including the by-laws and internal procedures.	✓			Page 73
7.P.3. The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities:	✓			Page 29 (S.B.) Page 74
a) the Board of Directors, that shall provide strategic guidance and evaluation on the overall adequacy of the system, identifying within the Board:	✓			Page 55, 60 (M.B.) Page 75
(i) one or more directors to be charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the “director in charge of the internal control and risk management system”), and	✓			Page 75 (M.B.)
(ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., to be charged with the task of supporting, on the basis of an adequate control process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports;	✓			Page 76 (S.B.)
b) the person in charge of internal audit, entrusted with the task to verify the functioning and adequacy of the internal control and risk management system;	✓			Page 74, 83
c) the other roles and business functions having specific tasks with regard to internal control and risk management, organised depending on the company’s size, complexity and risk profile;	✓			Page 74
d) the Board of statutory auditors, also as “audit committee”, which is responsible for oversight of the internal control and risk management system.	✓			Page 38, 40 (S.B.) Page 75
Each issuer shall provide for coordination methods between the above mentioned bodies in order to enhance the efficiency of the internal control and risk management system and reduce activities overlapping.				

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7.P.4. The control and risk committee is made up of independent directors. Alternatively, the committee can be made up of non executive directors, the majority of which being independent ones; in this case, the chairman of the committee is selected among the independent directors. If the issuer is controlled by another listed company or is subject to the direction and coordination activity of another company, the committee shall be made up exclusively of independent directors. At least one member of the committee is required to have an adequate experience in the area of accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.	✓			Page 36 Page 76 (S.B.)
7.C.1. The Board of Directors, with the opinion of the control and risk committee, shall:	✓			Page 75, 83
a) define the guidelines of the internal control and risk management system, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives;	✓			Page 38, 40, 47 (S.B.) Page 73
b) evaluate, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;	✓			Page 38, 40, 47 (S.B.) Page 74
c) approves, at least on an annual basis, the plan drafted by the person in charge of internal audit, after hearing the Board of statutory auditors and the director in charge of the internal control system;	✓			Page 40, 49 (S.B.)
d) describe, in the Corporate Governance Report, the main features of the internal control and risk management system, expressing the evaluation on its adequacy;	✓			Page 74
e) after hearing the Board of statutory auditors, it assesses the findings reported by the external auditor in the suggestions letter, if any, and in the report on the main issues resulting from the auditing.	✓			Page 38, 41 (S.B.)
The Board of Directors shall, upon proposal of the director in charge of the internal control and risk management system, subject to the favourable opinion of the control and risk committee, as well as after hearing the Board of statutory auditors:				
- appoint and revoke the person in charge of the internal audit function;				
- ensure that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities;				
- define the relevant remuneration consistently with company's policies.				

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7.C.2. The control and risk committee, when assisting the Board of Directors shall:	✓			Page 67, 76 (S.B.)
a) evaluate together with the person responsible for the preparation of the corporate financial documents, after hearing the external auditors and the Board of statutory auditors, the correct application of the accounting principles, as well as their consistency for the purpose of the preparation of the consolidated financial statements, in any;	✓			Page 38, 48 (S.B.)
b) express opinions on specific aspects relating to the identification of the main risks for the company;	✓			Page 39, 40 (S.B.)
c) review the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the internal audit function that are particularly significant;	✓			Page 38, 49 (S.B.)
d) monitor the independence, adequacy, efficiency and effectiveness of the internal audit function;	✓			Page 39, 40 (S.B.)
e) request the internal audit function to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of statutory auditors;	✓			Page 39, 41 (S.B.)
f) report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system.	✓			Page 40 (S.B.)
7.C.3. The chairman of the Board of statutory auditors or another statutory auditor designated by this chairman shall participate in the works of the control and risk committee; the remaining statutory auditors are also allowed to participate.		✓		Page 33 (S.B.)
7.C.4. The director in charge of the internal control and risk management system, shall:	✓			Page 75, 84 (M.B.)
a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board of Directors;				
b) implement the guidelines defined by the Board of Directors, taking care of the planning, realization and management of the internal control and risk system, constantly monitoring its adequacy and effectiveness;				
c) adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;				
d) request to internal audit function to carry out reviews of specific operational areas and on the compliance of business operation with rules and internal procedures, giving simultaneous notice to the chairman of the Board of Directors, the chairman of control and risk committee and the chairman of the Board of statutory auditors;				
e) promptly report to the control and risk committee(or to the Board of Directors) issues and problems that resulted from his/her activity or of which he/she became aware in order for the committee (or the				

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Board) to take the appropriate actions.				
7.C.5. The person in charge of internal audit shall:				
a) verify, both on a continuous basis and in relation to special needs, in conformity with international professional standards, the adequacy and effective functioning of the internal control and risk management system, through an audit plan, to be approved by the Board of Directors. Such a plan shall be based on a structured analysis and ranking of the main risks;	✓			Page 83
b) not be responsible for any operational area and be subordinated to the Board of Directors;	✓			Page 29 (S.B.) Page 83
c) have direct access to all useful information for the performance of its duties;	✓			Page 83
d) draft periodic reports containing adequate information on its own activity, and on the company's risk management process, as well as about the compliance with the management plans defined for risk mitigation. Such periodic reports contain an evaluation on the adequacy of the internal control and risk management system;	✓			Page 83
e) prepare timely reports on particularly significant events;	✓			Page 83
f) submit the reports indicated under items d) and e) above to the chairman of the Board of statutory auditors, the control and risk committee and the Board of Directors, as well as to the director in charge of the internal control and risk management system.	✓			Page 84
g) verifies, as part of the audit plan, the reliability of the IT systems, including the accounting recognition systems.	✓			Page 83
7.C.6. The internal audit function may be entrusted, as a whole or by business segments, to a person external to the issuer, provided, however, that it is endowed with adequate professionalism, independence and organization. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the Corporate Governance Report.			✓	

8. STATUTORY AUDITORS

8.P.1. The statutory auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.	✓			Page 52 (S.B.)
8.P.2. The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the Board of statutory auditors.	✓			Page 27, 29 (S.B.)
8.C.1. The statutory auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of statutory auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in its Corporate Governance Report, according to manners complying with the ones provided with reference to directors.	✓			Page 33, 35 (S.B.)
8.C.2. The statutory auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent	✓			Page 34 (S.B.)

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performance of their duties.				
8.C.3. A statutory auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other statutory auditors and the chairman of the Board about the nature, the terms, origin and extent of his/her interest.	✓			Page 84 (S.B.)
8.C.4. In the framework of their activities, the statutory auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.	✓			Page 39, 41 (S.B.)
8.C.5. The Board of statutory auditors and the control and risk committee shall exchange material information on a timely basis for the performance of their respective duties.	✓			Page 38, 42 (S.B.)

9. RELATIONS WITH THE SHAREHOLDERS

9.P.1. The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.	✓			Page 93
9.P.2. The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	✓			Page 92
9.C.1. The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	✓			Page 92
9.C.2. All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting the activity performed and planned and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to adopt in an informed manner the resolutions that are the competence of the shareholders' meeting.	✓			Page 93, 94
9.C.3. The Board of Directors should propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the shareholders' meetings of the issuer, without prejudice, at the same time, to the right of each shareholder to express his or her opinion on the matters under discussion.		✓		Page 94
9.C.4. In the event of significant changes in the market capitalization of the company's shares or in the composition of its shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by-laws in respect to the majorities required for exercising actions and rights provided for the protection of minority interests.		✓		Page 94

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10. TWO TIER AND ONE TIER SYSTEMS

10.P.1. In the event of adoption of a two tier or one tier management and control system, the above articles shall apply insofar as compatible, adapting individual provisions to the particular system adopted, consistently with the objectives of good corporate governance, transparency of information and protection of investors and the markets pursued by the Code and in the light of the criteria provided by this article.	✓			Page 17, 19
10.P.2. In the event that a new management and control system is proposed, the directors shall inform the shareholders and the market with regard to the reasons for such proposal, as well as on how it is envisaged that the Code will be applied to the new management and control system.			✓	
10.P.3. In the first Corporate Governance Report published after the modification of the management and control system, the issuer shall describe in detail how the Code has been applied to such system. Such information shall be published also in the subsequent reports, indicating any amendments to the procedure followed in applying the Code to the selected management and control system.	✓			Page 19
<p>10.C.1. In the event of adoption of the two tier management and control system, the Code shall be applied according to the following criteria:</p> <p>a) except as provided in paragraph (b) below, the articles of the Code that make reference to the Board of Directors and the Board of statutory auditors, or their members, are applied, in principle, to the Management Board and Supervisory Board, or their members respectively;</p> <p>b) due to the specific options of the by-laws adopted, in the configuration of the management and supervisory bodies - also in relation to the number of their members and the powers and duties attributed to them - as well as of the specific circumstances existing, the issuer may apply the provisions concerning the Board of Directors or directors to the Supervisory Board or its members;</p> <p>c) the provisions relating to the appointment of directors provided by Article 5 of this Code shall apply, insofar as compatible, to the appointment of the members of the Supervisory Board and/or the members of the Management Board.</p>	✓			Page 19

Table No. 2: “Art 123-bis - Report on corporate governance and ownership structures”

Art 123-bis - Report on corporate governance and ownership structures	Page of the Report
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1. The management report of issuers with securities admitted to trading on regulated markets shall contain a specific section entitled: “Report on corporate governance and ownership structures”, providing detailed information on:

- a) the capital structure, including securities not traded on a regulated market in an EU Member State, with an indication of the different classes of shares and, for each class of shares, the related rights and obligations and the percentage of total share capital represented; page 23, 24
- b) any restriction on the transfer of securities, e.g. limitations in the possession of securities or the need to obtain consent from the company or other securities holders; page 24
- c) significant direct and indirect holdings, for example through pyramid structures and cross-holdings, as stated in reports submitted pursuant to article 120; page 24
- d) if known, the holders of any securities with special control rights and a description of such rights; page 23
- e) the mechanism for the exercise of voting rights in any employee share scheme where voting rights are not exercised directly by the employees; page 24
- f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for the exercise of voting rights, or systems whereby, with the company’s cooperation, the financial rights attached to the securities are separate from the holding of securities; page 95
- g) agreements known to the company pursuant to article 122; page 24
- h) any significant agreements to which the company is party and which take effect, alter or terminate upon a change of control of the company, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements; page 24
- i) agreements between companies and directors, members of the control body or supervisory council which envisage indemnities in event of resignation or dismissal without just cause, or if their employment contract should terminate as a result of a takeover bid; page 112 (S.B.)
page 118 (M.B.)
- l) rules applying to the appointment and replacement of directors and members of the control body or supervisory council, and to amendments to the articles of association if different from those applied as a supplementary measure; page 30, 31 (S.B.)
page 56, 57 (M.B.)
page 95
- m) the existence of delegated powers regarding share capital increases pursuant to article 2443 of the Italian Civil Code or powers of the directors or members of the control body to issue security-related financial instruments or to authorise the purchase of own shares. page 23 (M.B.)
page 24

2. In the same section of the report referred to in subsection 1, information shall be provided regarding:

- a) adoption of a corporate governance code of conduct issued by regulated market management companies or trade associations, giving reasons for any decision not to adopt one or more provisions, together with the corporate governance practices actually applied by the company over and above any legal or regulatory obligations. The company shall also indicate where the adopted corporate governance code of conduct may be accessed by the public; page 15, 17
- b) the main characteristics of existing risk management and internal audit systems used in relation to the financial reporting process, including consolidated reports, where applicable; page 73
- c) the operating mechanisms of the shareholders' meeting, its main powers, shareholder rights and their terms of exercise, if different from those envisaged by legal and regulatory provisions applicable as supplementary measures; page 93
- d) the composition and duties of the administrative and control bodies and their committees. page 30, 37 (S.B.)
page 56, 57, 62 (M.B.)

Table No. 3: “Art. 123-ter - Report on remuneration”

Art. 123-ter - Report on remuneration	Page of Report
1. At least twenty-one days prior to the date of the shareholders' meeting established by article 2364, paragraph two, or the shareholders' meeting established by article 2364-bis second paragraph of the Italian Civil Code, companies with listed shares shall make a report on remuneration available to the public at the company registered offices, on its internet website or in any of the other ways established by Consob regulation.	Page 108
2. The report on remuneration shall be laid out in the two sections established by paragraphs 3 and 4 and is approved by the Board of Directors. In companies adopting the dualism system, the report is approved by the supervisory board, upon proposal, limited to the section established by paragraph 4, letter b), of the management board.	Page 108
3. The first section of the report on remuneration explains:	
a) the company's policy on the remuneration of the members of the administrative bodies, general managers and executive with strategic responsibilities with reference to at least the following year;	page 112 (S.B.) page 113 (M.B.) page 120
b) the procedures used to adopt and implement this policy.	Page 109
4. The second section, which is intended for the members of the administrative and auditing bodies, general managers and, in aggregate form, without prejudice to the provisions of the regulation issued in accordance with paragraph 8, for executives with strategic responsibilities:	
a) provides a suitable representation of each of the items comprising remuneration, including treatment provided for in the event of cessation of office or termination of employment, highlighting the coherence with the company's policy in terms of remuneration approved the previous year;	page 139
b) analytically illustrates the fees paid during the financial year of reference, for any title and in any form by the company and by subsidiaries or associates, noting any components of said fees that refer to activities performed in years prior to that of reference, in addition to highlighting the fees to be paid in one or more subsequent years in exchange for the work performed in the year of reference, potentially specifying an estimated value for components that cannot objectively be quantified in the year of reference.	Page 141
5. Fee plans established by article 114-bis are attached to the report, or the report specifies the section of the company's website where these documents can be viewed.	Page 152
6. Without prejudice to the provisions of articles 2389 and 2409-terdecies, first paragraph, letter a) of the Italian Civil Code and article 114-bis, the shareholders' meeting called in accordance with article 2364, paragraph two or article 2364-bis, paragraph two, of the Italian Civil Code, resolves in favour or against the section of the report on remuneration established by paragraph 3. The resolution is not binding. The outcome of voting is made available to the public in accordance with article 125-quater, paragraph 2.	Page 108



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