
Report of the Supervisory Board to the Shareholders' Meeting on the supervisory activities performed in 2015

pursuant to Article 153 of Legislative Decree of 24 February 1998, no. 58 and Art. 25.1.3, letter d),
of the Articles of Association

Dear Shareholders,

with this Report the Supervisory Board concludes its mandate as a strategic supervisory, steering and oversight Body of the dual corporate governance system that Intesa Sanpaolo adopted in 2006.

In fact, with a resolution passed with a very large majority last 26 February, the Extraordinary Shareholders Meeting approved the adoption of the one-tier system, endorsing its prospective potential and suitability to embody the development of the Bank's governance structure in continuation and consistently with what has so far been tested with positive results.

The Supervisory Board wholeheartedly welcomed this choice, having supported the change in the belief that the centralisation under one single Body of all the functions currently attributed to the two Boards could allow that body to effectively pursue, on the one hand, greater efficiency in carrying out its management function and, on the other, protection of its immediacy, incisiveness and forward looking vision whilst performing its oversight function together with that of strategic supervision.

Moreover it must not be forgotten that the new corporate governance system becomes part of a properly structured, functional and effective system of controls, the overall endurance whereof was confirmed by the good results of the Supervisory Review and Evaluation Process ("SREP") carried out in 2015 by the European Central Bank ("ECB"), which also paid particular attention to the effectiveness of governance and risk control (Thematic Review on Risk Governance and Appetite). For this purpose, representatives of the Authority attended some Board meetings and met with the Chairman of the Supervisory Board, the Chairmen of the Risk Committee and the Internal Control Committee, as well as other Members of the Supervisory Board.

The SREP ended with an assessment of general adequacy of the controls and processes for risk management and with a confirmation of the Bank's capital soundness. Specifically, the ECB's decision concerning the capital requirements to be complied with as from 1 January 2016 requires a capital ratio at consolidated level of 9.5% in terms of Common Equity Tier 1 ratio ("CET1"), versus a value of 9% for 2015, apparently in accordance with stricter criteria for the entire European banking system. It should be noted that Intesa Sanpaolo's capital ratios at consolidated level as at 31 December 2015, taking into account approximately 2,361 million euro of dividends accrued, amounted to 13% in terms of CET1 calculated according to the transition criteria in force for 2015 and 13.1% in terms of pro-forma CET1 calculated according to standard criteria.

The supervisory audits referred to above - like the other findings that are accounted for in the Report - have consolidated relations with the Joint Supervisory Team ("JST"), which represents the most continuous and direct partner of the corporate Bodies and Management of the Bank within the context of the Single Supervisory Mechanism ("SSM"), through which the ECB carries out specific tasks relating to prudential supervision of credit institutions in cooperation with the national Authorities of participating countries. In 2015 the comparison allowed attention points and areas for improvement to emerge, in relation to which Intesa Sanpaolo has already launched and planned initiatives that will enable it to strengthen its leading position in the European financial context.

Finally it should be noted that on the 25 January 2016 the Bank of Italy announced that it had

identified the Intesa Sanpaolo Group as a systemically important institution at domestic level.

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Art. 153, paragraph 1, of Legislative Decree 58/1998, ("Consolidated Law on Finance"), requires the Supervisory Board to report to the Shareholders' Meeting, called pursuant to Art. 2364-bis of the Italian Civil Code, on the supervisory activities performed and any omissions or reprehensible facts found. This requirement is also stated in Art. 25.1.3 letter d) of the Articles of Association.

In the first part of this document, the Supervisory Board, reporting on the activities performed in view of approval of the Parent Company's and consolidated financial statements, illustrates the supervisory activities performed in 2015 pursuant to Art. 149, paragraph 1, of the Consolidated Law on Finance and the Articles of Association. The Report was prepared taking into account the Consob recommendations on the matter and, in particular, Communication 1025564 of 6 April 2001 and subsequent updates, expressly referred to in the text.

The second part of the document provides brief comments on the other functions of the Supervisory Board assigned by law and by the Articles of Association, with particular reference to:

- (i) the results of auditing carried out by the Internal Auditing Department on the Intesa Sanpaolo Group's remuneration systems and practices in 2015;
- (ii) the Allowance for charitable contributions and cultural initiatives;
- (iii) the results for 2015 and the proposal for distribution of profit.

In light of the above, the Supervisory Board:

- a) confirms that on 15 March 2016 it examined the "Report on Corporate Governance and Ownership Structures" approved on 23 February 2016 by the Management Board, pursuant to Art. 123-bis of the Consolidated Law on Finance;
- b) points out, also in relation to its duties specifically attributed by law and by the Articles of Association with regard to approval of the Parent Company's and consolidated financial statements, that:
 - on 5 February 2016, the Management Board approved the consolidated results as at 31 December 2015, following introduction of the regulation on supervisory reporting, which requires reports to be sent to the European Banking Authority ("EBA") within 42 days from the end of the quarter in question; on 23 February 2016, the Management Board approved the draft Parent Company's and consolidated financial statements as at 31 December 2015 which, together with the Reports on operations, were made available to the Supervisory Board on the same date;
 - the Board has verified, including with the aid of the relevant Committees appointed within the Board, the information obtained from KPMG S.p.A. ("External Auditors" or "Independent Auditors") and compliance with the legal and regulatory provisions on the presentation, structure and format of said financial statements, which contain the information required by the Bank of Italy, Consob and ISVAP;
 - the Board has verified that the Reports on operations for 2015, accompanying the aforementioned draft financial statements, comply with the laws and regulations in force and that they fully describe the operations and situation of the Bank and the aggregate of companies included in consolidation;
 - the Board has examined said documents, which are clearly drawn up and represent the balance sheet, cash flows and income statement of the Bank and the Group and the economic result for the year, as well as the business performance for the year, providing information on the main risks and uncertainties that the Bank and the Group are exposed to;
 - on 23 February 2016 the Managing Director and the Manager responsible for preparing the Company's financial reports released the certifications pursuant to Art. 154-bis, paragraph 5 of the Consolidated Law on Finance;
 - on 3 March 2016 the External Auditors issued the Report pursuant to Art. 19 of

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- Legislative Decree 39/2010 on the fundamental issues arising from the audit, the annual confirmation of the independence of the Independent Auditors pursuant to Art. 17, paragraph 9, letter a) of the aforementioned Decree, as well as the Audit Reports on the Parent Company's financial statements and the consolidated financial statements as at 31 December 2015, with no exceptions;
- c) by resolution of 15 March 2016, approved the financial statements of Intesa Sanpaolo and the consolidated financial statements as at 31 December 2015;
 - d) states that no significant facts have emerged from the supervisory activities performed requiring disclosure to the Supervisory Authorities.

PART I

REPORT ON THE SUPERVISORY ACTIVITIES OF THE SUPERVISORY BOARD PURSUANT TO ART. 153 OF THE CONSOLIDATED LAW ON FINANCE

1. Supervision of compliance with the law and the Articles of Association

The Supervisory Board has monitored compliance with the law in general.

From this viewpoint, with a resolution of 31 July 2015, the Supervisory Board - in place of the Shareholders' Meeting, as these are adjustments to regulatory requirements - adapted the text of the Articles of Association to the provisions of the Bank of Italy as set out in Circular 285/2013, which were updated in relation to remuneration policies and practices and incentives for banks.

Likewise in this respect the Board, in light of the evolution of primary and secondary legislation and the indications given by the Supervisory Authority at the time of delivery of the inspection report, at the proposal of the Management Board and after involvement of the Remuneration Committee, approved:

- (i) the Guidelines on Group remuneration and incentives which include, amongst others, the principles and general rules on which the Group's remuneration and incentives system is based, identifying the roles and responsibilities of the Bodies and structures responsible for its preparation, approval and implementation;
- (ii) the Rules to identify staff who have a substantial impact on the Group's risk profile that illustrate, in particular, the rationales adopted, in line with the provisions of the delegated Regulations (EU) 604 of 4 March 2014, for the purposes of identifying the key personnel;
- (iii) the Group's remuneration and incentive policies which detail the remuneration and incentives system for the 2015 financial year, in accordance with the above mentioned Guidelines and Rules.

These documents have been drawn up, with the contribution of all the relevant business functions, taking into account the main indications arising from the document "Draft Guidelines on sound remuneration policies", published in December 2015, which is to be implemented as of 1 January 2017.

The Board, moreover, in order to guarantee compliance with the provisions on Whistleblowing pursuant to Circular 285/2013, issued by the Bank of Italy at the end of 2015, has adopted specific rules on the subject to allow staff to report any deeds or facts which might constitute a breach of the rules that govern the banking business. In particular, the Supervisory Provisions on the subject identify the minimum requirements necessary for the definition of these internal reporting systems, leaving each individual bank free to choose the most appropriate technical and operational solutions.

The guidelines provide that whistleblowing systems - which in any case guarantee the confidentiality and protection of the personal data of the person reporting and of the reported person - must be approved by the Body with a strategic supervision function, whilst in order to ensure effective operation of the procedures, the identification of a responsible party is required.

In order to promote the practical use of such systems, the Provisions also require that banks explain the adopted reporting processes to their staff and draw up an annual summary

report on the results of the work carried out as a result of any reports made.

The rules adopted by Intesa Sanpaolo comply with the requirements of the Bank of Italy.

With reference to the adoption by the Bank of the one-tier corporate governance system, at the end of 2014 the Supervisory Board had established within its midst an internal Governance Committee, tasked with examining the characteristics of the different corporate governance systems and checking for any margins for improvement of the dual system or bringing to light the reasons for a possible change. The Board was kept constantly informed on the activities carried out by the Committee, it examined its findings in depth accepting its conclusions as its own and consequently appointing the Management Board to prepare the new text of the Articles of Association and the related updating of the Corporate Governance Plan. The already mentioned approval of the new Articles of Association, after being sent to the Supervisory Authority together with the Corporate Governance Plan will allow the Shareholders' Meeting, convened in ordinary session on 27 April 2016, to appoint the corporate Bodies ending their term of office on the basis of the new governance system.

The Corporate Governance Plan related to the adoption of the new Articles of Association, in which the structuring of the Bank's new governance has been explained in detail, was approved by the Supervisory Board after a favourable opinion given by the Internal Control Committee, in coordination with the Risk Committee, in compliance with the Supervisory Provisions on corporate governance (Circular 285/2013).

With regard to its own suitability in terms of powers, size, composition and performance, in its meeting of 23 February 2016, the Supervisory Board conducted a self-assessment using, in continuity with the previous year, the review carried out by a primary external consultant and based on the specific Internal Regulations that defines the implementation parameters, areas and objectives and outlines the self-assessment process of the Boards, in relation to their qualitative and quantitative composition and their operation and, as far as the Supervisory Board is concerned, the self-assessment process of the Committees.

The self-assessment exercise of the Supervisory Board involved both questionnaires for all Board Members, with differing content based on role (with the results processed anonymously), as well as individual interviews on the operating, efficiency and effectiveness profiles of the Board.

In addition to analysing the activities that the Board carried out during the year, the self-assessment also examined the areas for improvement with respect to the weaknesses that emerged in the previous self-assessment, with particular reference to carrying out induction activity which, during 2015, was focused on the issue of corporate governance and the above mentioned further examinations carried out by the Governance Committee.

As part of the board review process of both Boards, the representatives highlighted some good practices worthy of being preserved in the new corporate model as well.

The qualitative and quantitative results of the questionnaires and interviews confirmed the suitability of the Board and the high level of overall compliance with the provisions of the Code of Corporate Governance ("Code"), with the guidelines of the EBA, with the provisions of Section VI of the Supervisory Provisions on corporate governance (Circular 285/2013) and with the best practices of other listed companies, in as far as comparable with the Bank.

The Supervisory Board has therefore expressed an assessment of adequacy with regard to the powers, size, composition and functioning of the Board and its Committees.

In accordance with the requirements of the Supervisory Provisions and the internal regulations, the Board also conducted the usual verification of requirements for each Member by the current legal, statutory and regulatory provisions, as well as by the Code. In this respect, see the Report on Corporate Governance and Ownership Structures.

On the basis of the results of the self-assessment referred to above, the Supervisory Provisions and other specific indications provided by the ECB and the Bank of Italy, the Supervisory Board and the Management Board, in light of the recent adoption of a new governance model and in view of the forthcoming renewal of the corporate Bodies have prepared a specific document to identify the criteria for the qualitative and quantitative composition of the new Board of Directors, whilst also taking into account the specific functions that the

one-tier system assigns to some of its Members. The document was published to support the submission of the lists of candidates and includes recommendations aimed at ensuring that, for the purposes of the appointment of Intesa Sanpaolo's directors, the shareholders may formulate proposals in line with the areas for improvement identified by the Boards, the applicable national and EU supervisory legislation as well as the recommendations contained in the guidelines issued on the matter.

With reference to the internal controls system, the information system and business continuity, during 2015 and over the first months of 2016 - with the support of the Internal Control Committee and the Risk Committee - the Supervisory Board approved the proposal for updating the Internal Integrated Control Systems Regulations ("IICS Regulations"), in relation to which please refer to paragraph 3 below and the business continuity plan.

Moreover, the Supervisory Board, with the assistance of the Internal Control Committee and the Risk Committee within their respective areas of responsibility:

- examined the periodic report drawn up by the Corporate Affairs Department in accordance with the Group's current policies on investments in non-financial companies; Regarding this matter, the Board was also informed about transactions involving the acquisition of shareholdings, or other indirect equity investments, aimed at debt recovery;
- examined the annual report of the control functions pursuant to the terms of the IICS Regulations and the report of the Compliance department on the implementation parameters and on compliance with the regulations of the investment plan for Group employees (LECOIP), which was sent to the Bank of Italy as required at the time of issue of the provision authorizing the changes to the articles and the repurchase of Intesa Sanpaolo shares in order to implement the said Plan;
- adopted the Group Rules in the matter of tax compliance and updated the Group Compliance Guidelines;
- with the contribution of the Nominations Committee, it appointed the new Chief Compliance Officer and Group Risk Manager as well as the new head of the Internal Auditing Department (see point 3.2).

Particular attention was paid to compliance with anti-money laundering legislation, with the support of the Surveillance Body pursuant to Legislative Decree 231/2001 ("Surveillance Body"), which is responsible for the operation, effectiveness and compliance of the "Organisational Management and Control Model" adopted by the Bank in accordance with the aforementioned Decree. In this area, the Board updated the Guidelines for combating money laundering and the financing of terrorism and for managing embargoes (see point 3.2.2).

With the support of the Internal Control Committee, the Supervisory Board was informed about the fulfilments connected with the enactment of the Foreign Account Tax Compliance Act (FATCA) legislation, to identify all US investors who hold financial accounts with financial institutions located outside the United States. In this regard, the Board was informed that each of the financial institutions of the Group is compliant with the legislation and that all the Group entities, included in the identified area of application, have sent the first notice to their US customers pursuant to the terms and conditions and the schedule defined by the respective local Authorities and by the American Tax Authority (IRS), without any significant critical issues being found.

Again with reference to compliance with US financial legislation, the Supervisory Board was informed, through the Risk Committee, of the need to comply with a series of regulatory obligations underlying the Dodd-Frank Act which imposes registration as a Swap Dealer with the Commodity Futures Trading Commission (the Authority responsible for overseeing this activity) on any banks wishing to trade with American counterparties in Over-the-Counter (OTC) derivatives. In this context the Board, with the support of the Internal Control Committee, analysed the aspects connected with the introduction of the Volcker Rule - which is part of the Dodd-Frank Act - and of the measures taken by Intesa Sanpaolo in order to ensure its own compliance with the legislation, amongst which the adoption of an intricate Compliance Program. The Group is subject to the Dodd-Frank Act and the Volcker Rule because of the presence of the Intesa Sanpaolo Branch in New York and the US subsidiary

Banca IMI Securities.

With regard specifically to the New York branch, the Supervisory Board took note that the Department of Financial Services of the State of New York - in agreement with the Federal Reserve Bank of New York - extended the Transaction Review carried out in 2007 and 2008, using a new independent consultancy firm and extending the period under analysis. In this regard, the consultant was asked to analyse the payments for the years 2005 and 2006 as well as to examine the current anti-money laundering policies and procedures in place at the New York branch. With regard to transactions carried out in 2005 and 2006, the consultant's analysis is expected to be completed in 2016. With reference instead to the analysis of the anti-money laundering policies and procedures in place, the preliminary results showed a strong culture of compliance within the branch, adequacy of the system of rules and controls and an absence of omitted reports of suspicious transactions and violations of Office of Foreign Assets Control (OFAC) regulations. On this subject, the final report should be delivered within spring 2016. On the basis of the evidence available, Intesa Sanpaolo has already prepared a proposed action plan to address any identified matters requiring attention. The US authorities, acknowledging the work done, have expressed their appreciation for the full cooperation approach demonstrated by the Bank.

The Supervisory Board also verifies on an ongoing basis compliance with the Articles of Association.

On this matter, during 2015, having taken note of the reduction in the number of Members of the Management Board following the resignation of two Members, the Board - with the support of the Nominations Committee and a legal opinion - did not consider it necessary to integrate the Board in view of the full and complete renewal of the Bank's governance in spring 2016 and the position previously expressed by the Bank of Italy with regard to the progressive adoption of the Supervisory Provisions concerning corporate governance and, in particular, the composition of its Bodies.

In relation to candidate Members of the new Board of Directors, the Supervisory Board will check, with the support of the Internal Control Committee and in accordance with Art. 14 of the Articles of Association, approved by the Extraordinary Shareholders Meeting of 26 February 2016, the slates submitted by the shareholders and the absence of any connections between same.

With reference to the provisions of art. 2408 of the Italian Civil Code, it should be noted that, in 2015, the Chairman of the Supervisory Board received a complaint from a shareholder concerning alleged damage caused to the Bank as a consequence of its agreement with the restructuring plan of the company Risanamento. The Supervisory Board, through the Internal Control Committee, investigated all the aspects identified by the shareholder, also by making use of the competent structures of the Bank - including the Internal Auditing Department - which provided adequate supporting documentation. Following this verification, no anomalies were found in the Bank's operations worthy of being challenged.

A further complaint was received pursuant to Art. 2408 of the Italian Civil Code, in the first months of 2016, following the events that involved a Member of the Supervisory Board in relation to the appointment held by same at companies outside the Group. In this connection, as a precautionary measure, the person in question has suspended himself from the position of Board Member. The internal enquiries are ongoing and the Bank's Board of Statutory Auditors reserves the right to report thereon in the next report to the Shareholders' Meeting pursuant to Art. 153 of the Consolidated Law on Finance. From the first evidence, the complaint appears to appertain to facts that do not concern the management of Intesa Sanpaolo and, therefore, is irrelevant.

The further complaint lodged by the same shareholder after the Extraordinary Shareholders' Meeting of last 26 February on the conduct of the investigation and, in particular, the impossibility of examining the application for revocation of the Board Member, is also completely unfounded, as argued by the Chairman of the Supervisory Board at the same Meeting.

With regard to complaints submitted to the Supervisory Board or directly to its Members, in 2015 a total of 18 complaints were received regarding the Bank's core business operations.

5)
Complaints

6)
Protests

Via the responsible functions, notified by the Customers Service and Complaints Service, each report was suitably verified, also concerning the necessary reply and, in some cases, reaching an agreement with the complainant. On the whole, the assessment conducted on such complaints did not bring to light any significant omissions or irregularities.

Moreover, the Supervisory Board expressed the opinions that the Articles of Association attribute to the control body, with reference in particular to the appointment of the Manager Responsible for preparing the Company's financial reports, pursuant to Art. 154-bis of the Consolidated Law on Finance.

9)
Opinions

The Bank's Corporate Bodies met regularly during 2015, with the following meetings held:

- 1 Shareholders' Meeting;
- 14 Supervisory Board meetings;
- 21 Management Board meetings, attended, in accordance with the Articles of Association, by the Members of the Internal Control Committee and the Board Director and Secretary, whereas the Chairman and the other Members of the Supervisory Board did not attend;
- 48 Internal Control Committee meetings;
- 5 Nomination Committee meetings;
- 17 Remuneration Committee meetings;
- 38 Risk Committee meetings;
- 15 meetings of the Committee for transactions with related parties;
- 24 Governance Committee meetings.

10)
Meetings

As already mentioned, the Members of the collective Bodies have also been involved in seminar type activities, dedicated in particular to risk control and corporate governance.

2. Supervision of compliance with the principles of correct management

The Supervisory Board confirms that, also with the aid of its Committees, and within its area of responsibility, it has acquired information on and supervised compliance with the principles of correct management, through information gathering and regular meetings with the heads of the main company functions, together with the Manager responsible for preparing the Company's financial reports.

The Board, as part of the strategic supervisory duties assigned to it by the Articles of Association, has:

- acquired reports, usually on a quarterly basis, in compliance with Art. 150, paragraph 1 of the Consolidated Law on Finance, on activities performed and on transactions with a major economic, financial and capital impact carried out by the Bank and its subsidiaries, including related-party transactions. On this point, the Supervisory Board and the Committees are assisted by the constant information flows between the Bank's departments and the Managing Director, between the latter and the Management Board and between the Management Board and the Supervisory Board. This exchange of information is boosted by regular meetings between the Internal Control Committee and the Managing Director, mainly aimed at ensuring the smooth operation and effectiveness of the internal control system, and by said Committee's six-monthly reports on activities submitted to the Chairman of the Management Board and the Managing Director;
- supervised, also via the internal control functions, the observance of the obligations envisaged for such transactions according to law and the Articles of Association, confirming that they are not manifestly imprudent, hazardous, in conflict of interest, in contrast with resolutions taken by the Shareholders' Meeting, or in any event likely to compromise the integrity of the shareholders' equity. In this respect, during 2015, after examination by the Risk Committee, the Supervisory Board approved the updated Group Guidelines on the governance of the most significant transactions;
- received information from the Management Board on the checks carried out on the performance of foreign branches, so as to carry out an overall evaluation of their performance in terms of income produced and risks assumed.

Specifically, with regard to the supervision of compliance with the principles of correct

management, the Supervisory Board is required to:

- (i) assess and examine the causes and remedies for any management irregularities, performance deviations and shortfalls in the organisation and accounting structures.

To this end, the Supervisory Board received regular information from the Management Board in relation to the main data on operations for the period and industry comparison.

In light of the information received, no atypical and/or unusual transactions were carried out with third parties, related parties or intragroup that could give rise to doubts concerning the fairness/completeness of the financial statements, conflicts of interest, the safeguarding of company assets, or the protection of minority interests.

In its Reports on operations and in the Notes to the draft Parent Company's and consolidated financial statements as at 31 December 2015, the Management Board adequately reported and illustrated the most significant intragroup related-party transactions (which, under the Group Procedures regulating the conduct of related party transactions of Intesa Sanpaolo S.p.A. and Group associated entities, are exempt from the special decision-making procedure and from the obligation to publish a market disclosure document), of an ordinary or recurring nature and specific transactions;

- (ii) assess the appropriateness of the general rules and criteria established by the Management Board for the approval and execution of transactions with related parties and associated entities and on conflicts of interest in general.

With specific reference to transactions with related parties and associated entities – which are based on the civil code corporate provisions (Articles 2391 and 2391-bis of the Italian Civil Code), the Consob Regulation adopted by resolution 17221 of 12 March 2010 as subsequently amended, and the regulations issued by the Bank of Italy on activities involving risks and conflicts of interest of banks and banking groups with respect to associated entities – the role assigned to the Committee established for this purpose within the Supervisory Board is confirmed.

This Committee - which has no authority to examine the remuneration of related parties, a matter that falls under the competence of the Remuneration Committee - examined 43 transactions in 2015, of which 40 were classified as less significant, and 2 “framework resolutions” (of which 1 intragroup) in the credit segment which were prudentially considered as most significant transactions, as well as 1 non-binding approval in favour of a subsidiary for a most significant transaction. The Committee issued a favourable, reasoned, non-binding opinion for each transaction.

As to legal compliance on conflicts of interest, the Bank has put in place a comprehensive set of rules ensuring compliance with the relevant legislation. The company regulations underwent verification by the internal control functions in 2015 as well, leading to approval of the update of the rules in the matter of personal transactions.

- (iii) receive notification from the Management Board Members of their interests, in their own name or on behalf of third parties, in relation to the Management Board decisions, together with any relevant information necessary to appreciate the size and extent of the interest.

To this end, the Members of the Supervisory Board, in accordance with the aforementioned provisions of Art. 136 of the Consolidated Law on Banking, took part in the casting of the favourable vote required for the effectiveness of the Management Board resolutions in 2015 as well.

In accordance with the Articles of Association, the Supervisory Board Members who have an interest, in their own name or on behalf of third parties, in any transaction of the Bank that is deemed significant under the Articles of Association (such as a strategic transaction), must provide notification of such specifying the nature, terms, origin and extent of the interest. The Supervisory Board resolution must adequately set out the reasons for the transaction and its suitability for the Bank. In 2015 no operation of this type was submitted to the Board.

In view of the above, the Supervisory Board confirms that the principles of correct

2)
*Atypical or
unusual
transactions*

3)
*Appropriate
ness of
information*

2.3)
*Intragroup
transactions
and
transactions
with
related
parties*

11)
*Principles
of
correct
managem
ent*

management have been continuously applied.

3. Supervision of the adequacy of the company's organisational structure as regards aspects under its scope of responsibility and of the internal control system

3.1 *The adequacy of the organisational structure*

The "Report on Corporate Governance and Ownership Structures", to which reference is made, describes Intesa Sanpaolo's operational structure, the functioning of which is defined by specific Group Regulations that are the reference discipline for relations between Intesa Sanpaolo and Group companies, as well as between the latter, in accordance with supervisory regulations, which assign responsibility for the overall consistency of governance to the Parent Company, through management and coordination activities.

During 2015, in compliance with the provisions of the 2014-2017 Business Plan, work continued on the development and reorganization of said structure, divided into Business Units, Areas of Responsibility and Head Office Departments. Please note that the Plan, having confirmed the business model of a bank focussed on supporting the real economy and divisional organization, provided for interventions on all management levers in order to enhance existing activities, develop new growth drivers and efficiently utilize its capital.

In view of this, in the framework of the main project initiatives aimed at achieving the Plan's objectives, the following organisational changes should be noted:

- Chief Risk Officer Governance Area: reorganisation of the entire area with the division of responsibilities between the Group Risk Manager, who makes use of specific specialist Divisions to carry out his functions and the Internal Validation Service; prospective organisational development;
- Chief Compliance Officer Governance Area: created in order to implement, from an organisational viewpoint, the new Supervisory Provisions on controls. Among others, the new Anti-money laundering Department answers to this Area;
- Internal Auditing Department: reorganisation of the Department following the appointment of the new Manager;
- Chief Financial Officer Governance Area: creation of the Data Office Department, reorganisation of the Treasury Department, of the Budget and Control Department and of the Administration and Tax Department following the appointment of the new Manager responsible for preparing the Company's financial reports;
- Chief Operating Officer Governance Area: reorganisation of Intesa Sanpaolo Group Services and the Human Resources Department;
- Chief Lending Officer Governance Area: examination of the new lending process organisation;
- Corporate and Investment Banking Division: continuation of the organisational changes in the various divisional areas;
- Banca dei Territori Division: appointment of the new head;
- Safety and Protection Unit: appointment of the new head.

With regard to the Group companies, please note the organisational restructuring of the consumer credit sector through the integration into Intesa Sanpaolo of the relative captive business and doubtful loans of Intesa Sanpaolo Personal Finance, now renamed Accedo and dedicated to the development of salary-deducted loans and special purpose loans. The corporate restructuring also took shape with the merger by incorporation into Intesa Sanpaolo of Banca di Trento e Bolzano, Banca Monte Parma, Cassa di Risparmio di Civitavecchia, Cassa di Risparmio di Rieti and Cassa di Risparmio della Provincia di Viterbo.

The Group's international development action also continued through the creation of Intesa Sanpaolo Brasil SA - Banco Multiplo and the start of the project to set up a Wealth Management Company in the People's Republic of China.

The Supervisory Board – with the aid of the Internal Control Committee and the Risk Committee – continued to examine the main governance and business units of Intesa Sanpaolo and the Group companies. Particular attention was paid to the organisational

structure, the risk management mechanisms and the supporting procedures for the business carried on and the systems required for operations.

In this context, in 2015, the Internal Control Committee met with the officers of:

- the International and Regulatory Affairs Department, to obtain further information about the new Provisions of the Bank of Italy in consultation on penalties and administrative sanctioning procedure;
- the Chief Lending Officer Governance Area to examine the new Regulations of the Group Credit Committee;
- the Banca dei Territori Division, to analyse the Division's new control model and the state of progress of the work for its implementation;
- the Chief Operating Officer Governance Area to obtain detailed information about methods of management of human resources, the organisation, the IT systems, training as well as policy and coordination procedures of the Group companies;
- the Chief Compliance Officer Governance Area to assess the new organisational model;
- the Internal Auditing Department, following the internal reorganisation as a result of the appointment of the new head, to also assess the audit performed on the Banca dei Territori Division;
- the Human Resources Department, with the aim of carrying out a study on the organisational structure of the Department, remuneration and incentives system, staff rotation policy, succession plans and training delivered to employees. Certain aspects of the meeting were also examined by the Committee in a Surveillance Body capacity within its area of responsibility.

During 2015, the Internal Control Committee, together with the Risk Committee, also held meetings with the heads of:

- the Insurance Hub to examine the strategic lines, organisational parameters and internal controls system of the Insurance Division, as well as the progress of work on Solvency 2;
- the head of the Capital Light Bank to examine the mission, strategic aspects, organisational structure, operations and results of the Business Unit as well as to obtain an update on the K-Equity project;
- the International Subsidiary Banks Division to assess the development strategy of the Group's international presence, in particular in Hungary and Russia, the first and second level controls system, the IT systems and the loans disbursed by foreign subsidiaries in currencies other than the local one;
- the Private Banking Division to examine the organisational development of the sector, the strategic aspects, the aspects relating to the controls system, compliance with Mifid regulations, the control of operational and reputational risks and to examine the Division's lending policies;
- the Asset Management Division in order to examine the Division's structure and mission, its main operating data, strategic aspects, internal control system, risk monitoring, performance fee mechanisms, products building process and investment policies.

The Internal Auditing Department generally participated in the meetings, supporting the Committee's work by illustrating data on the issues covered.

The Risk Committee also individually met:

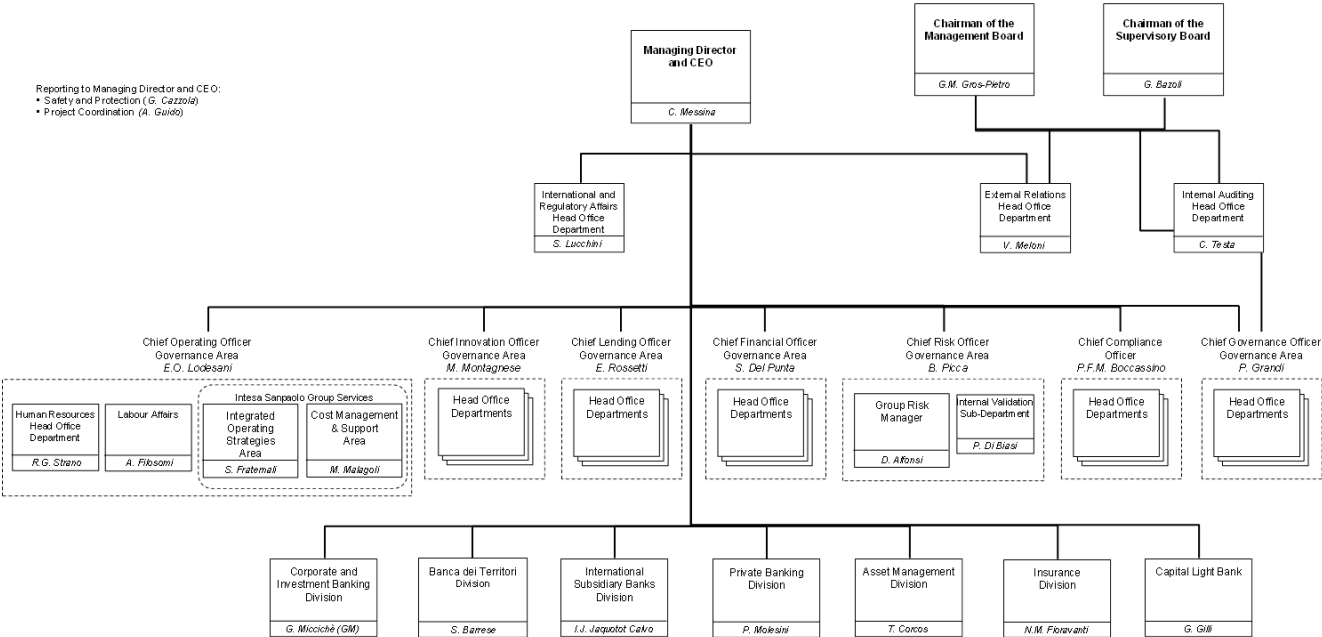
- the Chief Lending Officer, to examine - for the aspects within his remit - the lending process, the organisational structure and the operations of this Governance Area as well as the system of delegated powers in respect of loan disbursement and the operations of the Credit Committee. The Committee also focused on how to measure non-performing loans and on the conversion of loans into equity;
- the Chief Financial Officer, in order to obtain information on segment reporting (with particular reference to the "Corporate Centre" results) as well as of Internal Fund Transfer Pricing management procedures (with a focus on implementing rules);
- the head of the Capital Light Bank, for the assessments within his remit with regard to the strategic relevance of some Group investments in infrastructure.

Finally the Risk Committee examined, in the presence of the Chief Risk Officer, the updating

of the Group Financial Risks Committee Regulations and the Group Risk Governance Committee Regulations (the latter also together with the Head of the Corporate Affairs Department) and received information about the development plan for the Group technological model from the ICT Department.

With reference to the internal control system, the organisational model based on three separate levels of governance (business management, risk and compliance management and internal audit) and characterised by segregation of the management functions from the risk control ones, was confirmed in 2015 as well. The Internal Control Committee verified the proper functioning of the Bank's internal control functions, also assessing their qualitative and quantitative composition.

The organisational chart of Intesa Sanpaolo S.p.A. as at today's date is shown below.



3.2 Adequacy of the internal control system

As already noted in previous Reports, the internal control system is made up of three levels of controls:

- (i) line controls conducted by operational structures (by the person performing the relevant activity plus hierarchical controls), incorporated into procedures or back-office activities;
- (ii) second level controls under the Chief Risk Officer and the Chief Compliance Officer, which currently include:
 - risk management controls, entrusted to a specific function (Group Risk Manager), which are aimed at contributing to the definition of risk measurement methodologies, at verifying compliance with the limits assigned to the various operating departments and at controlling the consistency of the operations of individual productive areas with the assigned risk-return targets;
 - validation of internal models, whether already implemented or under development, carried out by a dedicated function (Internal Validation Service) tasked with assessing on an ongoing basis risk management and measurement systems in terms of models, processes and IT infrastructure, and their continuing compliance with regulatory

13)
Internal
Control
System

- requirements, operational needs and reference market developments;
- second level controls on compliance with regulations (entrusted to the Chief Compliance Officer), which are intended to avoid incurring legal or administrative sanctions, significant financial losses or damage to the Bank's reputation as a result of violation of mandatory regulations or self-regulation; these include anti-money laundering controls, entrusted to a specific function (Anti-Money Laundering Department), with the task of ensuring oversight of the risk of non-compliance with anti-money laundering rules, countering the financing of terrorism and management of embargoes;

(iii) internal auditing activities managed by the Internal Auditing Department, an independent structure from the operational structures that performs third level controls, whose aim is to identify any anomalous operations and breaches of procedures and regulations, and to assess the overall functioning of the internal control system.

The control system is described in detail in the Report on Corporate Governance and Ownership Structures, to which reference should be made, and involves the participation of the Corporate Bodies, the Manager responsible for preparing the Company's financial reports, the specific internal control functions, and also of the Surveillance Body, discussed in more detail below. The Independent Auditors, within their area of responsibility, also form part of the control system.

This system includes the important role of the Internal Control Committee as a permanent reference point for the internal control structures and functions; this allows a close link with the Supervisory Board, the body which heads the overall control system. In this role, the Supervisory Board receives a continuous flow of information through the operations of the Committees and from the managers of the control functions.

As already stated, during the year the IICS Regulations were also updated, which define the key principles and the responsibilities of the Bodies and control functions, and identify coordination methods and information flows to encourage integration of the internal control system at Group level. The document implements, amongst others, some organisational changes that occurred in connection with the review of the structure of the Corporate Control Functions.

3.2.1 Activities of the heads of the internal control functions

First it should be noted that the Risk Committee holds regular meetings with the Chief Risk Officer, during which there are in-depth considerations of the risks to which the Group is exposed, including from a forward-looking point of view.

Interaction with the Governance Area for which he is responsible also takes place through meetings with the Group Risk Manager and the Internal Validation Service.

In 2015 the Group Risk Manager submitted the following to the appropriate Board committees:

- the risk Tableau de Bord on a quarterly basis, with monitoring of the overall Group risk - and examination of the capital adequacy, liquidity and specific risks - and confirming its consistency with the risk appetite determined by the Bodies;
- the critical issues Tableau de Bord, the Annual Report of activities carried out and the plan for the following year;
- the progress of the corrective actions plan required by the Bank of Italy, as well as progress of the roll-out of the internal measurement systems for credit, operational and market risk for calculating capital requirements, providing the required updates and examinations.

Moreover, the Group Risk Manager structures provided the relevant Committees with specific reports and explanations on:

- the quarterly update of the action plan on counterparty risk;
- the Risk Management involvement in relation to Most Significant Transactions;
- the Continuous Linked Settlement system with reference to the structure, the contingency and risk mitigation measures as well as the use of the system in Intesa Sanpaolo, in the presence of the Chief Financial Officer;
- the response to the letter of the ECB on the progress of the works that are consequent to

the Asset Quality Review, with the support of the Administration and Tax Department, the Personnel and Organisation Department, the Capital Light Bank, the International and Regulatory Affairs Department and the Chief Lending Officer;

- the in-depth study on the insurance coverage policies for operational risks;
- the in-depth study about the content of the Forward Looking Assessment of Own Risk Report (FLAOR) concerning the Group Insurance Hub;
- in-depth study on the governance of the Group's reputational risks;
- the report provided for by Art. 13 of the joint Consob-Bank of Italy Regulations pursuant to Art. 6 paragraph 2-bis of the Consolidated Law on Finance, relating to the provision of investment services and activities;
- the development of the loan portfolio, with details of its dynamics, composition, quality and the developments in non-performing loans;
- the periodic assessment of the consistency between external and internal ratings, as required by the Bank of Italy;

Internal Validation, as required by the Supervisory Authority and within the scope of its functions, submitted the periodic Tableau de Bord, the plan for the following year as well as the annual reports on the results of the assessments on the progress of the roll-out of the internal risk measurement systems and on the solidity of the ICAAP/ILAAP process to the relevant board Committees and to the Supervisory Board.

The Chief Compliance Officer delivered the institutional and periodic reports within his remit to the relevant Board Committees, including the annual report on the activities carried out with the relative Tableau de Bord, and the action plan of the actions required under the supervisory regulations of the Bank of Italy, the report pursuant to Art. 16 of the joint Consob-Bank of Italy Regulations pursuant to Art. 6, paragraph 2-bis, of the Consolidated Law on Finance, the report on complaints pursuant to the supervisory instructions on transparency and the report pursuant to Legislative Decree 231/2001.

Furthermore, on request by the Committees, this function provided specific information with regard to:

- information about the specialist tax compliance controls;
- compliance with Consob communication of 22.12.2014 and the ESMA guidelines on complex products;
- the disclosure about the development of the territorial compliance checks on the Banca dei Territori Division;
- the progress of the first level compliance checks project of the Corporate and Investment Banking Division, including in the presence of said Department;
- the rules governing the provision of services to customers in non-EU countries in which Intesa Sanpaolo does not have a permanent establishment;
- the ICT risk, including with the involvement of the Group Risk Manager;
- the conduct risk.

The Anti-Money Laundering Department briefed the Committees and the Surveillance Body on their periodical and *ad hoc* reports on their activities, as better detailed in point 3.2.2.

The Internal Auditing Department is the primary structure used by the Supervisory Board to perform its supervisory duties and it often attends the Internal Control Committee meetings, in the person of its head of Department, keeping it continually updated on the work carried out and planned, in accordance with the annual audit plan approved by the Management Board and the Supervisory Board at the beginning of the year.

In performing its duties, the Department draws up and shares with the Internal Control Committee, generally on an annual basis, the Risk Assessment report, the Audit plan and the Key Performance Indicators identified by it to monitor the effectiveness of its own services.

Following its activities, at least once a year it submits its own considerations and assessments of the overall internal control system. The Annual Report of the Internal Auditing Department also satisfies reporting on branches abroad, on the governance of the SGRs and on the auditing of Group companies.

On a quarterly basis, the Department updates the Internal Control Committee and the Surveillance Body with regard to activities carried out, also using a Tableau de Bord that

highlights the main critical issues identified and the measures to resolve them; it also provides periodic reports on any action taken that has ended with a judgement of high risk.

The Internal Auditing Department also draws up the following documents:

- the annual report on the audits carried out on the methods whereby compliance of remuneration practices with the regulatory framework is assured. The results of these audits are represented in the second part of this Report, to which reference should be made;
- the annual report on internal audit activities required by Art. 14 of the Consob-Bank of Italy Joint Regulation pursuant to Art. 6, paragraph 2-bis, of the Consolidated Law on Finance;
- the analysis and self-assessment of the ICAAP/ILAAP process;
- the annual reports on the internal models that measure credit risk, market risk and operational risk;
- the report on the audits carried out on the outsourced important operative or control functions;
- the results relating to the outstanding Covered Bonds programs;
- assessment of reporting by the Special Fund for Applied Research.

During 2015, the Internal Auditing Department produced numerous further informative reports concerning evidence that had emerged over the year, among which the following should be noted:

- the disclosure about the subsidiary Fideuram Bank Lux as a result of the ECB's requests regarding the prudential requirements of the Group;
- the disclosures about the reorganisation of Mediocredito Italiano, with reference to the integration of the corporate entities merged into Mediocredito as the SME finance hub of Intesa Sanpaolo;
- the outcomes of the investigations carried out on the SEB Société Européenne de Banque and LuxGest subsidiaries;
- the update on the operations of the Audit Committees of the international banks of the Group;
- the investigations carried out on the Bank's procurement processes and its suppliers;
- the assignment of receivables of CIB Hungary to Intesa Sanpaolo subsequently securitised;
- the implementations of the Intesa Sanpaolo Private Banking controls system;
- Banca Intesa Russia's credit process;
- the outcome of the report about the Ukrainian subsidiary Pravex Bank, with particular reference to the non-performing loans and repossessed properties;
- the study carried out on the transfer of non-performing leasing contracts to Provis and the relative critical points emerging from the appraisal performed on project activities;
- the audits carried out after the operational incident that occurred at Banca IMI's Commodity Trading desk;
- the in-depth study on the placements by Banca IMI of subordinated securities issued by Banca Marche, Banca Popolare dell'Etruria e del Lazio, CariChieti and Cassa di Risparmio di Ferrara;
- the investigations into alleged irregularities perpetrated at the Banca Intesa Beograd subsidiary;
- the checks on the consumer credit sector;
- the results of the investigations relating to facts reported by the media that were witness to the Group's involvement.

In implementation of the provisions of the IICS Regulations, during the first months of 2016, the Corporate Control Functions submitted the new three levels of control Integrated Tableau de Bord, which gives an account of the main anomalies resulting from the analysis of the Tableau de Bord produced by each function, to the Internal Control Committee and the Risk Committee.

Moreover, the same functions, each to the extent of their responsibilities, carried out additional activities upon specific request by the Bank of Italy and the European Central Bank, the results of which were presented to the relevant board Committees which drew up -

where required - their own assessments to submit to the Authorities.

It should be noted that the Code of Ethics attributes to the Internal Control Committee, also in its capacity as Surveillance Body, the task of supervising compliance with the principles and values of the Code, with the aid of the delegated structures (Internal Auditing Department and Corporate Social Responsibility). In this regard, the Committee has examined the annual report produced by Corporate Social Responsibility on its implementation and has no particular observations to report.

It is also noted that the Risk Committee held a meeting with the Head of Corporate Social Responsibility in order to examine the proposed amendment to the Code of Ethics of the Group, the Guidelines of the 2015 Sustainability Report in light of the evolution hypotheses as well as the benchmarking analysis regarding the ethical indices of the main competitors.

Finally it should be noted that the Internal Control Committee, consistently with what is foreseen by the Organisational, Management and Control Model adopted by the Bank pursuant to Legislative Decree 231/2001, analysed the activities carried out by the Surveillance Bodies of the Italian companies of the Group.

3.2.2 The Surveillance Body pursuant to Legislative Decree 231/2001

Under the Organisational, Management and Control Model (the "Model") adopted by the Bank in accordance with Legislative Decree 231/2001, the Surveillance Body is the Committee that supports the Supervisory Board in performing the supervisory and control functions. Therefore, in January 2015, following the reorganization of the operations of the Supervisory Board and in continuity with the previous year, the Members of the Internal Control Committee were appointed effective Members of the Surveillance Body. The Model also requires the presence of three alternate Members.

The Surveillance Body has the task of overseeing the adequacy of, the operation of and compliance with the Model for the purposes of preventing and combating illegal activities which are subject to Legislative Decree 231/2001 regarding the administrative responsibility of the Bank as well as compliance with the provisions of Legislative Decree 231/2007 on the subject of money laundering and financing of terrorism, being endowed with powers of initiative in this sense and being able to count on an appropriation dedicated to its operation. The activity is governed by the Regulations of the Internal Control Committee and the Surveillance Body.

The Body meets regularly overseeing compliance with the requirements contained in the Model, availing itself of the Internal Auditing Department, as well as the efficiency, effectiveness and adequacy of the Model itself, with the support of the relevant Departments that report to the area of the Chief Compliance Officer, including the Anti-Money Laundering Department for supervision of the provisions of Legislative Decree 231/2007.

In 2015, the Body met 29 times to examine a number of issues regarding compliance with and application of the Model and periodically reported on its activities to the Management Board and the Supervisory Board. In particular, the Surveillance Body received disclosures on:

- the updating of the Model - presented to the Supervisory Board of 30 June - which became necessary in light of the development of external legislation (with particular reference to voluntary disclosure and the offence of anti-money laundering), of business reorganisations related to the implementation of the Business Plan and of the opportunity to introduce some interventions aimed at strengthening it;
- the periodic and *ad hoc* tasks with reference to Legislative Decree 231/2001 carried out by the Internal Auditing Department and by the relevant Departments that report to the area of the Chief Compliance Officer, including the reports on the activity carried out, the Tableau de Bord and action plans;
- the anti-money laundering safeguards, including reports made pursuant to Art. 52 of Legislative Decree 231/2007 subsequently transmitted to the Supervisory Authority, the quarterly information concerning the above notices, the periodic reports of the Anti-Money Laundering Department with the corresponding Tableau de Bord, as well as the relative action plan. In this respect, the Body has received specific information: on the progress of the work for the adaptation of the oversight systems of the foreign branches

and subsidiaries of the Corporate and Investment Banking Division as well as the related controls plan; on the outcome of the investigations conducted by the Bank on six subsidiary branches of Intesa Sanpaolo; on the inspections carried out by the Bank of Italy on the subsidiary Cassa di Risparmio del Veneto; on the outcome of the 2014 pilot model for the Global AML Risk Assessment and on the methods of calculation of the residual risk aggregated at Group level; on the solutions aimed at avoiding illegal use of virtual handling of cash;

- the project aimed at strengthening the group oversight systems with regard to anti-corruption;
- the disciplinary measures and training delivered to employees on the subject of administrative liability of institutions and anti-money laundering legislation, which this year also took place through the exemplification of case studies of suspicious reports;
- the assessment of the company's health and safety management system in construction sites, of the oversight of the risks in the context of privacy and those related to health and safety in the workplace; in this respect, the Surveillance Body received a detailed update from the head of the Safety and Protection Unit in regard to the litigations pending.

Finally, the Body examined the results of the assessment on the Model, carried out with the support of an independent consultancy firm and intended to identify potential risk drivers in intragroup relations with foreign entities. This exercise, although not highlighting any need to change the Model, led to the identification of some areas for improvement of the governance of relations between Intesa Sanpaolo and the international subsidiaries; the Surveillance Body is committed to monitor the plan of corrective actions identified.

3.2.3 Other activities of the Supervisory Board

It should be noted that, as provided for by the provisions on prudential supervision and corporate governance, the Supervisory Board - as the Body for strategic supervision - is responsible for decisions with regard to business strategy, risk governance and the definition of the Risk Appetite Framework ("RAF"). Therefore, in line with the previous year, the Supervisory Board, taking into account the guidelines proposed by the Management Board and making use of the relevant Board committees, approved:

- the updating of the RAF and the related operating limits, with revision of the methods for calculating the maximum exposure limit for instruments of uncertain or difficult evaluation;
- the 2014/2017 quantitative results of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP);
- the 2015 Budget, monitoring trend data deviations on a periodic basis, with the support of the Risk Committee;
- the Group Recovery Plan for 2015, taking note of the audit activities carried out during 2014 and the planning of the assessments for 2015, as well as the adoption of the Guidelines for the governance of the preparation and implementation processes of the Recovery Plans;
- the evolutionary strategic lines of the IT system and the adoption of specific Data Governance Guidelines, monitoring the progress of the work for the RADAR and Big Financial Data projects;
- the proposal to raise the threshold for statistical evaluation of exposures classified as Unlikely to pay (formerly substandard loans) and doubtful loans.

The quarterly risk Tableau de Bord, the aforementioned half-yearly controls Integrated Tableau de Bord, as well as the annual summary Report of the corporate control functions were also submitted to the Supervisory Board.

The Supervisory Board also carried out audits on the use of the internal risk measurement systems and, at the proposal of the Management Board, approved the updating of the roll-out plan to the Group companies of the internal systems for the measurement of credit risk, market risk and operational risk, taking into account the annual reports of the Internal Validation and Internal Auditing Department. In particular, the Supervisory Board approved:

- the roll-out of the internal model for counterparty risk to the Securities Financing

Transactions area for management purposes and subsequently the formal submission of the application to the ECB for its authorisation of the roll-out of the use of this method for the purposes of calculating the capital requirement for Intesa Sanpaolo and Banca IMI, likewise noting the submission of the application for the roll-out of the already validated internal model on counterparty risk to the OTC derivatives business of the Banca dei Territori Division companies;

- the submission to the ECB of the application for the adoption of the new Corporate model for credit risk (so-called model change).

Continuing with the activities undertaken in previous financial years, the Supervisory Board ensured that the internal regulatory system was consistent with the current statutory and supervisory provisions as well as with the evolution of the Group's organisation. At the proposal of the Management Board and after favourable examination by the competent Committees, it approved, in particular, the adoption of the new Group Rules for the assessment of tax compliance of the products, services and transactions offered to customers, as well as the modification and updating among others:

- of the Guidelines for the approval of new products, services, launching of new activities and the introduction in new markets,
- of the Guidelines for country risk,
- of the Guidelines on Pillar 3 disclosure
- of the Rules for the provision of advisory services and of other investment services,
- of the Rules for measurement and control of interest rate risk for the Group's Banking Book;

In addition, including through the competent Board Committees, it examined the issues of strategic importance such as:

- the transparency exercise promoted by the EBA at EU level,
- initiation of the process of disposal of the Bank's stake in the capital of the Bank of Italy,
- the periodic reporting on the management of the exceptions to Internal Fund Transfer Pricing,
- the outcome of the assessment of the overall situation of ICT risk exposure.

Particular attention was paid, including through specific in-depth analyses with the support of the relevant Committees, to the investigations initiated by the Supervisory Authorities at the Parent Company and subsidiaries in 2015 and in the first quarter of 2016. Various communications from the ECB with indications of prudential supervision concerning - among other things - dividend and staff incentive policies, were also brought to the attention of the Board.

In relation to the inspections carried out by the Bank of Italy, which involved the former subsidiary Banca Monte Parma (now merged into Intesa Sanpaolo) and the handling of the complaints, the Parent Company submitted its comments on the corrective actions relating to the findings of the Supervisory Authority. Similarly, the plan was approved for the transposition of the lines of action of the IVASS - Bank of Italy Letter of 26 August 2015 on policies combined with financing. The required half-yearly monitoring was also carried out, of the action plan for the strengthening of the anti-money laundering and anti-terrorism controls of the foreign branches and subsidiaries of the Corporate and Investment Banking Division, and sent to the Bank of Italy together with the evaluations of the Supervisory Board.

In relation to the inspections carried out by the ECB, Intesa Sanpaolo expressed its considerations on the inspection report and letter of recommendations with regard to IT operational risk, with specific reference to oversight of the credit risk, formulated as a result of the inspection visit carried out in 2015. This was the first investigation since the European SSM was introduced. The Board will follow, including through its Committees and with the support of the Internal Auditing Department, the execution of the project activities, aimed at overcoming the critical issues highlighted in accordance with the deadlines laid down.

The Board has also received a notice regarding the start, in February 2016, of investigations by the ECB on the management of credit risk and counterparty risk and on the management and control of Intesa Sanpaolo's risks.

In relation to the inspections carried out by the ECB on foreign subsidiaries, the investigations

have drawn to a close on the Capital Position Calculation Accuracy of the Hungarian CIB Bank, which covered the increase of net equity and the related operational risks, including in light of recent local government measures. The relevant functions of the Parent Company are implementing the required action plan.

Periodic updates were also provided on the evolution of the restructuring and capital increase process of Praxex Bank.

The Supervisory Board, with the support of the Remuneration Committee, performed its duties and functions with regard to the remuneration policies and practices pursuant to the provisions of the Articles of Association, in accordance with any applicable regulations and in compliance with the Supervisory Provisions on this subject. In referring to the specific Report on Remuneration for greater detail, the following are highlighted:

- approval of funding of the 2015 Bonus Pool and its activation thresholds and subsequent verification of their achievement;
- confirmation of achievement of the pre-established objectives for activation of the incentive system for Risk Takers included within the scope of "key personnel" defined by the Bank of Italy, authorising recognition of the variable remuneration component;

In 2015, the information flows from the various Bank departments to the Committees – and therefore indirectly to the Supervisory Board – were ongoing. In addition to the regular reporting by the internal control functions, important information was also provided by the Manager responsible for preparing the Company's financial reports on the work carried out, the problems identified and the actions taken to address them, as well as the assessments of the internal control system for accounting and financial reporting.

On this last point, taking into account the proposals of the Management Board and making use of the relevant committees, the Supervisory Board approved:

- the proposed adjustment of KPMG's fees for the work done and to be done for the audit of the financial statements of the Parent Company, as a result of the additional activities arising from the merger of some subsidiaries and the introduction of IFRS 9;
- for future years, in line with what was done in 2015 (see point 5), the granting of the voluntary appointment to KPMG for the limited review of the consolidated interim financial statements, in light of the provisions of EU Regulation 575/2013 on the subject of inclusion of the profits for the period in Common Equity Tier 1 Capital.

Finally, as in prior years, the Supervisory Board approved the Sustainability Report of Intesa Sanpaolo, which illustrates the initiatives undertaken to combine improvement of the Bank's competitiveness with sustainable social development.

3.3 Assessment of the adequacy of the controls system

The Bank's control functions, upon conclusion of the activities carried out in 2015, as represented to the Boards in the aforesaid Summary Report, determined risk governance to be adequate overall, for the areas under their responsibility.

With regard to the above, as well as to the results of the supervisory activities conducted and the information that emerged during meetings with the Independent Auditors, the Internal Control Committee shared the assessment of the company control functions, also highlighting areas warranting analysis, in order to further bolster the operation and reliability of the control system.

With specific reference to the results of auditing of the Bank's financial statements and the consolidated financial statements as at 31 December 2015, the independent auditors confirmed that no significant shortcomings in the internal control system with regard to the financial reporting process were identified.

In view of the above, the Supervisory Board agrees with the considerations of the Internal Control Committee and highlights its commitment to monitor the areas identified, as well as the issues presented in the company control function's Integrated Tableau de Bord.

4. Supervision of the adequacy of the accounting information system and its reliability in correctly representing the operational events

4.1 Adequacy of the accounting information system

The Supervisory Board, assisted by the Risk Committee and the Internal Control Committee, supervised the efficiency and adequacy of the administration and accounting system, discussing with the Manager responsible for preparing the Company's financial reports on the main action lines and solutions adopted to implement them, also in order to correctly fulfil its duty in relation to approval of Intesa Sanpaolo's financial statements and the Group's consolidated statements.

As set forth by Legislative Decree 38 of 28 February 2005, the financial statements as at 31 December 2015 have been prepared in compliance with the accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission as provided for by Community Regulation 1606 of 19 July 2002. The financial statements have been prepared on the basis of Circular 262/2005 of the Bank of Italy, with subsequent updates on 18 November 2009, 21 January 2014 and 22 December 2014.

During the course of several meetings, the Risk Committee together with the Manager responsible for preparing the Company's financial reports and with the Independent Auditing Firm present, examined issues relating to the preparation of the 2015 financial statements and analysed the logic and processes involved in the preparation of the financial reports of the Bank and the Group, the interim Reports and the half-yearly Report. In this respect, the topics examined in detail included:

- the developments in accounting and supervisory legislation,
- the sale of the stake held in the Bank of Italy,
- the accounting criteria of the Macro Fair Value Hedge,
- extraordinary transactions,
- receivables,
- equity investments evaluation,
- documents related to the financial statements,
- legal and tax disputes,
- taxation and the Tax Rate.

In this context, the procedure was described for conducting the impairment tests of intangible assets and goodwill entered in application of IFRS 3 as well as the results of these tests. This procedure was approved by the Management Board.

The Committees also examined the following issues:

- the state of progress of the Fast Closing project,
- the IFRS 9 implementation project,
- the reorganization of the structure of the Administration Department,
- legislative initiatives of the Hungarian government with regard to the subsidiary CIB.

The relevant Committees, assisted by the Manager responsible for preparing the financial reports and taking note of the comments of the Independent Auditors, assessed the appropriateness and effective application of the administrative and accounting procedures employed to draw up the Parent Company's financial statements, the consolidated financial statements and any other financial report. The Manager responsible for preparing the Company's financial reports, with the aid of the Administrative and Financial Governance function – the structure responsible for performing the controls needed for the accounting and financial reporting – provided regular information on the implementation of the Guidelines for Administrative and Financial Governance.

In the course of the year, the Internal Control Committee also examined the planned periodic reporting in relation to the tasks entrusted to the Independent Auditors and agreed with the proposals for additional fees to be paid to KPMG. The Committee also agreed with the opportunity of giving KPMG the assignment of limited review of the consolidated interim Reports for the purposes of inclusion of the profits for the period in CET 1.

The work done enabled the Managing Director and CEO and the Manager responsible for preparing the Company's financial reports to issue the certifications required by Art. 154-bis of the Consolidated Law on Finance with reference to the annual separate and consolidated financial statements for 2015. The disclosure to the public under the provisions

of the Pillar 3 prudential supervisory regulations is provided on the Bank's internet site within the term required for publication of the financial statements.

4.2 Meetings with the Independent Auditors

The Supervisory Board, through the Internal Control Committee and the Risk Committee (also in light of the provisions of Legislative Decree 39/2010), together with the Manager responsible for preparing the Company's financial reports, met with KPMG S.p.A. 14 times in 2015, also pursuant to art. 150, paragraphs 3 and 5, of the Consolidated Law on Finance.

The meetings offered the opportunity, among other things, of examining the auditing plan and the work carried out by the independent auditors in the formulation of their opinion on the Parent Company's and the consolidated financial statements. In this context, the Independent Auditors illustrated the report prepared pursuant to Art. 19, paragraph 3, of Legislative Decree 39/2010 and certain aspects of the internal control system in relation to the financial reporting process ("Management Letter"). Through its Internal Control Committee, the Supervisory Board monitored the implementation of the improvement measures planned by the Management to address weak aspects of the internal control system.

The above-mentioned Committees also held 8 meetings with the Independent Auditors and the Manager responsible for preparing the Company's financial reports, in the early months of 2016, in preparation for the approval of the Parent Company's and consolidated financial statements as at 31 December 2015.

4.3 Reports of the Independent Auditors

On 3 March 2016, the Independent Auditors issued their Reports, pursuant to articles 14 and 16 of Legislative Decree 39/2010, on both the Parent Company's and consolidated financial statements as at 31 December 2015, with no exceptions. Specifically, the Reports confirm:

(i) that the two documents as at 31 December 2015:

- comply with International Financial Reporting Standards adopted by the European Union and with provisions issued in enactment of Art. 9 of Legislative Decree 38/2005;
- provide a true and fair presentation of the balance sheet and financial position, the income statement, and the cash flows;

(ii) the consistency of the Reports on operations and the information referred to in paragraph 4 of Art. 123-bis of Legislative Decree 58/1998, presented in the Report on Corporate Governance and Ownership Structures.

4.4 Reliability of the accounting information system in correctly representing the operational events

Based on the evidence analysed and the information provided by the Manager responsible for preparing the Company's financial reports to the Supervisory Board, concerning the efficiency and adequacy of the internal control system for financial reporting, the Bank's and the Group's administrative and accounting system can be deemed capable of ensuring a fair representation of the operational events.

5. Supervision of the independence of the Independent Auditors

In order to supervise the independence of the Independent Auditors and verify compliance with the regulatory provisions, and monitor the nature and extent of the services other than accounts auditing provided to the Bank and its subsidiaries by same and by their network, the Bank has adopted a "Group Regulation for the granting of assignments to independent auditors and for the provision of audit and other services" ("Regulation"). This Regulation governs the rules to be observed in order to ensure regularity of communication flows and ongoing monitoring of the independence of the Independent Auditors for any assigned services other than auditing, with regular reporting to the Bodies. It should also be noted that the said Independent Auditors are obliged, as ruled by current law, to monitor the permanence of their conditions of independence and to this end issue a special declaration at the same time as they issue the report on the financial statements. The adopted Regulation, the functionality of which was evaluated in relation to the concrete situations encountered in the course of multi annual application, was updated in January 2016 and lays down the principle of the "Single Auditor" for all the Intesa Sanpaolo Group, as from 1

16)
*Meetings
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Auditors*

August 2013.

KPMG S.p.A. are the Independent Auditors to whom the task was conferred by the Parent Company and other companies of the Group, to carry out the statutory audit of the annual and consolidated accounts as at 31 December 2015, as part of a mandate for the period 2012-2020, according to the provisions of law. They were also given the responsibility of checking, during the course of the period, the due keeping of the corporate accounts and correct recording of operations in the accounts; Following assessment, the auditors express, 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 that such records comply with the relevant regulations. The conferred appointment also envisages: the verification of the balance sheets and income statements of branches abroad with regard to their inclusion in the Bank's financial statements; limited review of the Half-yearly Report including limited review of half-yearly positions of branches abroad for inclusion in the Bank's Half-yearly Report; examination of information provided for the preparation of consolidated annual and half-yearly reports; audit of the financial statements of the vehicle companies and the statements of consolidated funds; review in relation to the signing of tax returns and declarations submitted to the National Guarantee Fund. As regards the 2015 financial year, it should be remembered that a mandate has been given for limited review on a voluntary basis of the consolidated forms (balance sheet and the income statement) and related explanatory notes as at 30 September 2015 drawn up pursuant to Art. 154-ter of Legislative Decree 58 of 24 February 1998, for the determination of the net income for the period of the Group for the purposes of calculating the Common Equity Tier 1 capital.

A complete picture of the amounts paid to the Auditors KPMG S.p.A. in the 2015 financial year is represented in the Annex to the financial statements entitled "Fees for auditing and the services other than auditing pursuant to art. 149-duodecies of Consob Regulation 11971", to which reference should be made.

Below is the detail of the fees relating only to the assignments other than auditing.

Fees of services other than Audit - Year 2015

Type of services	(millions of euro)			
	Intesa Sanpaolo		Group Companies ^(*)	
	KPMG	KPMG Netw ork	KPMG	KPMG Netw ork
Release of attestations (**)	1,62	-	0,52	-
Other services:				
<i>agreed upon procedures</i>	0,43	-	0,66	-
<i>social report audit</i>	0,05	-	0,07	-
<i>other</i>	-	-	0,30	-
Total	2,10	-	1,54	-

(*) Group Companies and other consolidated Subsidiaries.

(**) Including audit fees, on voluntary basis, for the "Pillar 3" disclosure.

Amounts net of VAT and expenses.

Under the Group Regulation these tasks are classified as audit related and concern tasks which - by representing an extension of the audit assignment or activities assigned under the law or by an Authority - do not entail any detriment to the continuation of the external auditor's independence. During the year, these fees almost entirely referred to audits carried out in order to issue Comfort Letters in implementation of international issue programmes (1.11 million euro) and, for the residual amount, to assessments related to certain "Pillar 3" disclosures, to verifications required, according to local legislation, in favour of international subsidiaries of the Group, and to the professional opinion issued on the Sustainability Report. As envisaged by the Group Regulations, again for the 2015 financial year there have not been any assignments of a non-audit nature conferred on the auditors KPMG S.p.A.

6. Supervision of the methods for the implementation of the corporate governance rules laid down in the Corporate Governance Code for listed companies promoted by Borsa Italiana

The "Report on Corporate Governance and Ownership Structures" – already referred to several times above and monitored by the competent Board Committees – provides a detailed description of the current two-tier management and control system of Intesa Sanpaolo and comprehensive information on the procedures used by the Bank to adapt and implement the recommendations of the Code.

In this respect it should be noted that in 2015 the Supervisory Board was informed of the changes to the Code to implement some principles of Corporate Social Responsibility, strengthen corporate principles of legality and transparency and confirm some recommendations made by the Corporate Governance Committee in its annual report.

7. Supervision of the adequacy of the instructions issued by the company to its subsidiaries pursuant to Art. 114, paragraph 2 of the Consolidated Law on Finance to comply with the legal requirements

Existing Group regulations and procedures are deemed fit for Intesa Sanpaolo to promptly meet disclosure obligations in accordance with current regulations.

In general, the information flows between the Parent Company and its subsidiaries continue to guarantee an effective exchange of information between Intesa Sanpaolo's corporate bodies and the respective bodies of the subsidiaries – also through the relevant functions - with regard to corporate governance systems and the overall performance.

In particular, also in 2015, the Supervisory Board, through the Internal Control Committee, was informed about the activities of the Boards of Auditors of the Group's Italian subsidiaries and of the Audit Committees of the foreign ones, by holding a series of dedicated meetings with the representatives of these Bodies, and it examined the methods of guidance and coordination of same with the Parent Company.

8. Conclusions summary

With regard to conclusions drawn on supervisory activities performed by the Supervisory Board as described above, reference should be made to the content of the individual headings.

It is also confirmed that no omissions, reprehensible facts or other irregularities emerged worthy of report to the Shareholders.

15)
Disclosures

18)
Conclusions

PART II

OTHER INFORMATION

1. Results of auditing carried out by the Internal Auditing Department on the Intesa Sanpaolo Group's remuneration systems and practices in 2015

The Supervisory Board reports below on the results of auditing carried out by Intesa Sanpaolo's Internal Auditing Department on the Group's remuneration systems and practices in 2015.

As required by the regulations of the Bank of Italy, the Internal Auditing Department has verified that the practice followed in determining the incentive system for the financial year 2015 was consistent with the policies and the application parameters approved by the various Bodies and with the provisions issued by the Bank of Italy on this subject (Directive CRD IV).

The checks were therefore concentrated on carrying out the process of quantification and approval of the 2015 incentive system in its main components: economic requirements, certification of results achieved, determination of the Bonus Pool and the Variable Result Bonus.

In summary, the internal audit function found that the incentive scheme framework was

approved by the Boards in 2015, that it has been assessed in accordance with the regulations by the Compliance function and that the increase in the limit of the "variable/fixed" remuneration ratio for certain segments has been approved by the Shareholders' Meeting.

Based on its findings, the Internal Auditing Department expressed an opinion on the operating practices followed of overall adequacy, which proved to be consistent with the policies and the application parameters defined for the incentive system for the financial year 2015. In relation to the improvements at the time suggested for 2015, the internal audit function found that all the indications have been transposed with appropriate corrective actions and at the same time formulated new suggestions with reference to the 2016 incentives system.

As for previous years, the Audit process will be completed with the checks on the correctness of the process of actual delivery of the incentive system and the Variable Performance Related Bonus, including the deferred part, which will be carried out in order to ascertain the effective alignment with what has been defined and approved by the competent Bodies, with particular reference to the incentivisation of Risk Takers and the managers of the Corporate Control Functions.

2. Allowance for charitable contributions and cultural initiatives

The Intesa Sanpaolo Articles of Association assign the Supervisory Board and its Chairman duties with regard to the use of the "Allowance for charitable, social and cultural contributions". A brief summary is provided below on the work carried out in 2015, in compliance with the specific Regulation on the matter, with more detailed information provided in the Sustainability Report 2015.

It should firstly be noted that the local donation system was confirmed, managed independently by the Banca dei Territori Division to support local projects of significant social and cultural value in the geographical areas of operation of the Bank and the other credit entities not equipped with an independent charity fund, or having funds with inadequate resources.

In order to plan the interventions, the Board used a specific annual plan, as usual. This instrument proved to be valid not only in managing applications, acting as both an additional "filter" in relation to the Regulation and a tool to achieve the pre-established results through donations. Selection of the applications give priority to supporting initiatives in favour of subjects in fragile conditions.

Overall, in 2015 the Fund granted 7,163,157 euro for 1,087 donation projects. Some 84% of the amounts (corresponding to 95% of the number of applications accepted) was allocated to initiatives at the national level. The impact of the territorial donations on the total disbursed was significant: 33% in terms of amount (82% in numbers). National and international disbursements for social projects represented 68% of the total amount (64% in terms of number of projects). Those of a "religious/charitable" nature were 14% in terms of amount (19% by number) and the "cultural" disbursements stood at 18% in terms of amounts disbursed (17% by number). At national level, the total amount granted was 6,019,854 euro, broken down as follows: 63% for social projects, 16% for religious/charity projects, and 21% for cultural initiatives. As to international donations, 94% of the total went to social projects, while the remaining 6% was granted to religious/missionary initiatives.

Once again in 2015 Intesa Sanpaolo's great commitment in favour of culture continued.

The full implementation of the actions envisaged by the 2014-2016 Culture Project, which identifies one of its priority actions in strengthening the Italian Galleries' museum system, was directed at affirming the important position that the Bank's museums have gained both in the city and nationally. In this sense, mention must be made of the "The Great War" exhibition, organized on the occasion of the Centenary of the First World War, for which the Piazza Scala Galleries in Milano - that received recognition from the Lombardy Regional Authority as a museum - restructured all their spaces, proposing a revisited exhibition of a "Cantiere del '900" or 19th century work site. The "Hayez" exhibition, which also opened in Milano in collaboration with public and private institutions, has tried not only to exploit the spaces that host it and its

collections, but also to shed light on an Italian artist who is crucial to our country's history of art. In Napoli, the Palazzo Zevallos Stigliano Galleries, opened the first edition of the exhibition entitled "The illustrious guest" at the end of the year, welcoming the "Ritratto d'uomo" [Portrait of a man] by Antonello da Messina, as part of an innovative art sharing operation realised together with the Fondazione Torino Musei. The new displays at the Galleries of Palazzo Leoni Montanari in Vicenza have also attracted public appreciation, with their original decorative features and a new exhibition proposal. The presentation in rotation also continued of the collection of old Greek attic ceramics (within the project entitled "Il tempo dell'antico" [Times of Old]) with an exhibition dedicated to Dionysus, which hosts the exceptional Vase of Pronomos belonging to the Archaeological Museum of Napoli.

With a view to protecting and enhancing Italy's cultural heritage, works were again lent out in 2015, participating in temporary exhibitions in Italy and abroad. Then there are several initiatives directed at the cultural heritage of the country. Amongst these, some worthy of mention are the preparation of the seventeenth edition of "Restituzioni" (the several decades long restoration program of works of art that Intesa Sanpaolo promotes and arranges in collaboration with the Ministerial Entities responsible for the protection of the archaeological, historical-artistic and architectural national heritage), the birth of CAMERA (National Centre for Photography, opened in Torino in September last year, of which the Bank is a founder member) and the restructuring of the "Casa del Manzoni" [Manzoni's House] (made possible by the Bank's financial commitment and which occurred in the fastest time possible to allow EXPO visitors access).

Lastly, as part of the "Officina delle Idee" [Ideas Workshop] of the "Progetto Cultura" [Culture Project], collaborations were established in order to support scholarships for young students and for training and research initiatives.

The Editorial and Musical Activity framework again confirmed in 2015 its commitment to share the heritage of Intesa Sanpaolo with the community, directing its initiatives towards protection, dissemination, valorisation and public use. Among the editorial initiatives, the "Musei e Gallerie di Milano" series [Museums and Galleries of Milano] gained a new edition, on the Castello Sforzesco's Museum of Ancient Art. As part of the dissemination of awareness of the opera, the 2015 edition of the editorial and musical Vox Imago series was enriched with a new title, Beethoven's Fidelio. Focussing on a consistent approach to achieving interventions aimed at formation and the dissemination of culture, since its 2012 edition, the project has included the realisation of a specific didactic section of historical and philological insight into the Opera. Formative meetings were held at the Intesa Sanpaolo museums intended for upper and lower secondary school teachers, for inclusion of the series' contents in the regular teaching activities set out in the ministerial programs.

The structure participated in the Festival of Creative Culture promoted by ABI with initiatives of its own taking place in various cities. A new series for young people in Italian and English, ArtèGioco, was also launched with a first edition dedicated to Hayez. Amongst the editorial projects, the publication of the Intesa Sanpaolo guidebooks on historical buildings owned by the Group, has continued. The 2015 edition dedicated to the Palazzo in Via Stabile at Palermo was presented at that very place at the presence of the authors and the artist who made the decorative cycle designed by Guttuso. Collaborations are also ongoing with high profile cultural and educational institutions, such as the Biblioteca Pinacoteca Ambrosiana, Manzoni's House, the Castello Sforzesco Museum in Milan, Fondazione Valla, Fondazione Feltrinelli, ABI and the Associazione Amico Libro.

In the field of musical events, partnerships have been further developed, to spread a knowledge of ancient, classical and contemporary music, with institutions of a high cultural and formative profile, such as the Alessandro Scarlatti Association of Napoli, the International Piano Festival of Brescia and Bergamo, the Milano Quartet Society, the Milano Musical Association for Contemporary Music and the Associazione Equivoci Musicali (Musical Misunderstandings Association), for the realisation of a series of free concerts at Palazzo Marino, as part of the EXPO2015 program.

3. Results for 2015 and proposal for allocation of net income

The Parent Company's and consolidated financial statements of Intesa Sanpaolo as at 31

December 2015 were approved by the Supervisory Board on 15 March 2016.

The Management Board proposes to allocate the net income of Intesa Sanpaolo S.p.A., equal to euro 2,778,285,074.56, assigning a dividend to the shares currently in circulation for the unitary amount of euro 0.151 for the non-convertible savings shares for a total of euro 140,806,074.71 and euro 0.140 to the ordinary shares for a total of 2,220,340,609.48; the total dividend is therefore equal to 2,361,146,684.19 euro. Assignment of 10,000,000 euro to the Charity Fund is also proposed, with the residual amount of 407,138,390.37 euro to Extraordinary Reserve. Dividends not distributed in respect of any treasury shares held by the Bank at the record date shall also be allocated to the extraordinary reserve.

The proposed allocation of net income, which is higher than forecast in the 2014-2017 Business Plan, makes it possible to remunerate shareholders, while maintaining an adequate capital level for the company and the Group. This is as a result of the Basel 3 series of Rules, as well as the provisions issued by the ECB. In particular, the recommendations of the ECB were taken into account on the 17 December 2015, to adopt a conservative approach in any distribution of profits. In fact, in the case of approval of the proposal by the Shareholders' Meeting, the *pro-forma* CET1 calculated according to standard criteria would sit at 13.1%, well above the 9.5% required by the Supervisory Authority.

The Supervisory Board has no objections in regard to the proposals made by the Management Board.

Torino, 15 March 2016

for the Supervisory Board
the Chairman – Giovanni Bazoli