



Report on Corporate Governance and Ownership Structures Report on Remuneration

This is an English translation of the Italian original "Relazione su Governo Societario e Assetti Proprietari – Relazione sulle Remunerazioni" and has been prepared solely for the convenience of the reader.

Report on Corporate Governance and Ownership Structures Report on Remuneration

Intesa Sanpaolo S.p.A. Registered office: Piazza San Carlo, 156 10121 Torino Secondary registered office: Via Monte di Pietà, 8 20121 Milano Share capital 8,545,561,614.72 Euro Torino Company Register and Fiscal Code 00799960158 VAT number 10810700152 included in the National Register of Banks No. 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund, and Parent Company of "Intesa Sanpaolo" banking group, included in the National Register of Banking Groups.

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Glossary

AGCM:

Autorità Garante della Concorrenza e del Mercato, the Italian Competition Authority, independent institution responsible for ensuring compliance with rules prohibiting non-competition agreements between undertakings, abuses of dominant position and mergers deemed to create or strengthen dominant positions to the detriment of competition (also see the website www.agcm.it)

Bank of Italy:

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

Italian Stock Exchange or Borsa Italiana:

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

c.c.:

Italian Civil Code

Parent Company:

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

Corporate Governance Code or Code:

the "Corporate Governance Code" issued by Borsa Italiana and published in March 2006 on corporate governance principles applicable to companies quoted on the stock exchange

Consob:

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

Manager responsible for preparing the Company's financial reports:

Manager responsible for preparing the Company's financial reports

Supervisory Provisions:

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

Supervisory Provisions on remuneration:

"Provisions regarding remuneration and incentive policies and practices in banks and in banking groups", issued by the Bank of Italy on 30 March 2011

Supervisory Provisions on corporate governance:

"Supervisory provisions concerning banks' organisation and corporate governance", adopted by the Bank of Italy on 4 March 2008, and subsequent note issued by the Bank of Italy on 11 January 2012 on the application of such Provisions

Financial Stability Board or FSB:

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

Banking Group or Intesa Sanpaolo Banking Group:

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

Group or Intesa Sanpaolo Group:

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

Intesa Sanpaolo or Company or Bank:

Intesa Sanpaolo S.p.A.

Joint Bank of Italy/Consob Regulation:

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

Borsa Italiana Regulations:

regulations governing markets organised and managed by Borsa Italiana

Issuers' Regulation:

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

Consob Regulation on related parties:

regulation issued by Consob with resolution 17221 of 12 March 2010 (and subsequent amendments), containing provisions relating to transactions with related parties by companies using the venture capital market directly or through subsidiaries

Report on Governance:

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

Report on Remuneration:

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

Articles of Association:

Intesa Sanpaolo's Articles of Association (available in the Governance section of the website group.intesasanpaolo.com)

Consolidated Law on Banking:

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

Consolidated Law on Finance (CLF):

Italian Legislative Decree no. 58 of 24 February 1998 – Consolidated Law on Finance

Report on Corporate Governance and Ownership Structures

15 March 2012

Introduction

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

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

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

Within this framework and following a general introduction, the Report describes the ownership structures, the levels of compliance with the Corporate Governance Code, and identifies the rare cases of discordance with the latter and the reasons supporting them, also considering the peculiarity of the dual management and control model, as well as the governing bodies of the various company functions and the system of interrelations that ensure cohesiveness within the overall picture.

Specifically, the Report is divided into four parts, according to the structure already adopted for the 2011 Report.

Part I provides a brief description of the Bank and its corporate governance model, together with a description of the Group’s structure. Part II discloses information on the ownership structure, except for certain information that has been included in Part III for the purposes of greater clarity. Part III contains more precise information on the Bank’s dual governance model, corporate governance and compliance with the Corporate Governance Code adopted. Lastly, Part IV contains a series of tables providing summary information on the structure of the Supervisory Board and Management Board.

Further information on the implementation of Article 7 of the Code is also included in the Report on Remuneration.

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

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

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

Unless otherwise stated, the information contained in this Report is updated as at 15 March 2012, the date of its approval by the Management Board and of the relative acknowledgement by the Supervisory Board.

This Report was audited for consistency by the independent auditors Reconta Ernst & Young, in accordance with the aforementioned Article 123-bis. Their findings are published in the Independent Auditors’ Reports, prepared in accordance with Article 14 of Italian Legislative Decree no. 39/2010, annexed to the Parent Company and consolidated 2011 financial statements.



Adoption of the Corporate Governance Code

Intesa Sanpaolo has adopted the Corporate Governance Code available on the Borsa Italiana website (under Borsa Italiana/Rules/Corporate Governance). Consequently, the governance structure adopted by the Bank is also shaped by the aims and instructions contained in the same, with a view to ensuring the effective and transparent separation of the roles and responsibilities of its Corporate bodies, and, in particular, also in accordance with supervisory provisions, checks and balances between strategic supervision, management and control functions.

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

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

12.P.1.

Furthermore, the Bank is aware that efficient corporate governance is essential for the pursuit of its objectives, and it constantly updates its corporate governance structure in order to bring it in line not only with the changing regulations but with best practices as well.

All the above, with no prejudice to strict compliance with the overall regulatory framework and, in particular, the supervisory provisions issued by the Bank of Italy and regulations contained in the Consolidated Law on Banking, pursuant to which, Intesa Sanpaolo, as a bank, must however shape its organisational structure.

On 5 December 2011 Borsa Italiana published the new edition of the Corporate Governance Code as updated to reflect the regulatory action adopted with respect to the 2006 edition as well as the most recent national and international best practices.

Issuers are asked to apply the new recommendations by the end of the financial year beginning during 2012, including the relative information in the corporate governance report to be published during the subsequent year. Information on adoption of the plan for the replacement of executive directors, on the other hand, must be included in the report to be published in 2012.

Analysis of the new elements did not identify any misalignment with Intesa Sanpaolo's governance which, as usual, must take into account the adjustments necessary for the specific characteristics of the dual system.

The Corporate Governance Code, which this Report on Governance refers to, is the one in force as at the date of the latter's approval.



Part I – Profile of the Company and the Group

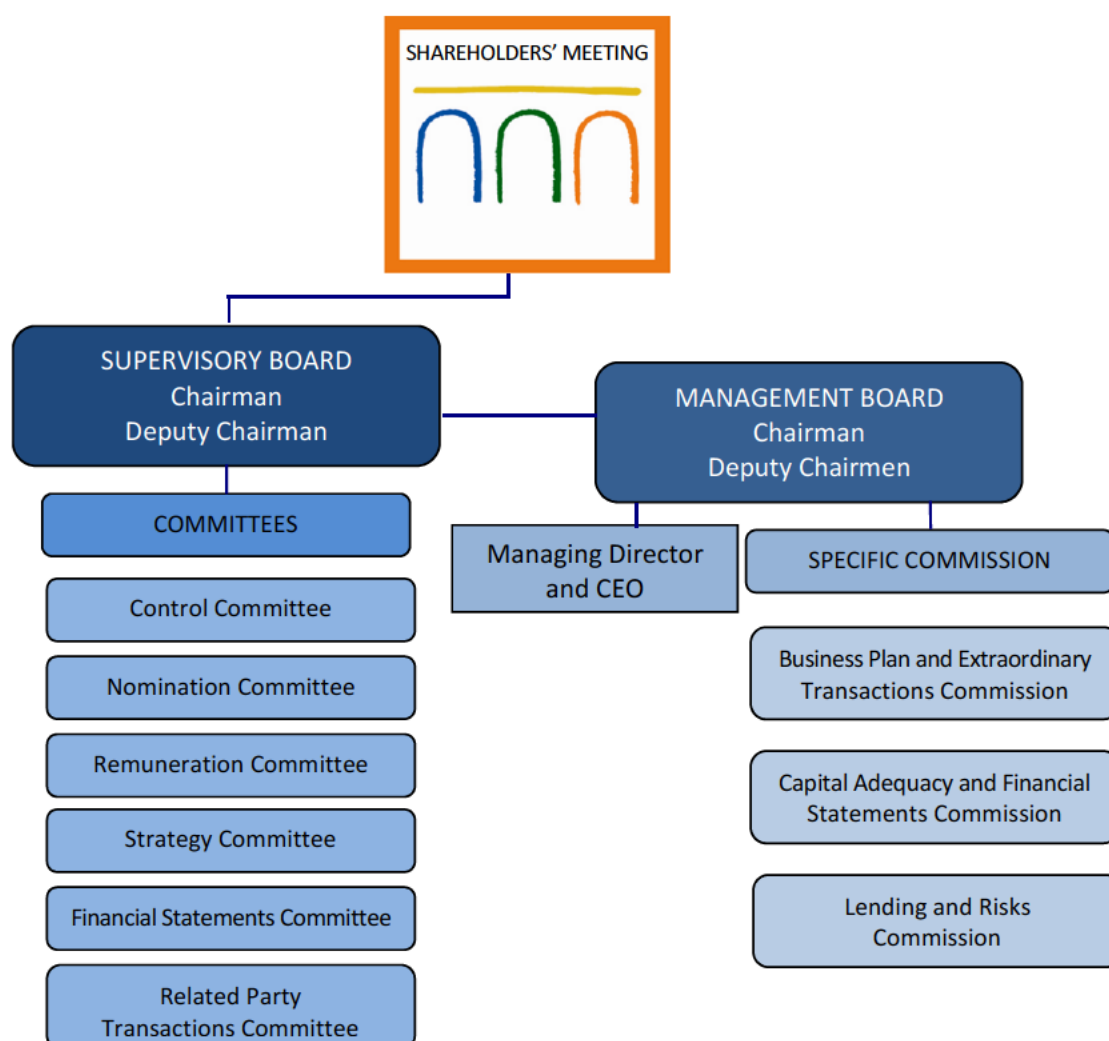
Intesa Sanpaolo is a Bank quoted on the MTA market (Mercato Telematico Azionario) organised and managed by Borsa Italiana. The purpose of the Company is the deposit-taking and the carrying out of all forms of lending activities, both directly and through its subsidiaries, together with any other transactions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

Intesa Sanpaolo Corporate Governance

The Intesa Sanpaolo corporate governance structure is based on the dual management and control model, characterised by a Supervisory Board and a Management Board.

In particular, also in the light of adoption of the Corporate Governance Code, the Intesa Sanpaolo management and control system is articulated in the Corporate bodies set out below, whose assigned duties and regulations comply with law, regulations, relevant resolutions made by competent Authorities, the Articles of Association and internal Rules.

General information on corporate governance and details of the Corporate bodies are contained in specific sections of the third part of the Report.



The Intesa Sanpaolo Group

The role of the Parent Company and management and coordination activities

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

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

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

Intesa Sanpaolo verifies compliance with and adoption of the provisions issued as instructed by the Bank of Italy by individual members of the Banking Group, to ensure observance of supervisory, regulatory and prudential reporting regulations, without prejudice to the responsibility of the subsidiaries' corporate bodies for ensuring the accuracy of information flows, as well as the adequacy of production and control procedures of the figures provided.

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

Currently the role of sub-holding is covered by Banca CR Firenze and Banca Fideuram, over which Intesa Sanpaolo exercises management and coordination, which in turn manage and coordinate their own subsidiaries.

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

Intesa Sanpaolo is at the helm of this financial conglomerate and, as such, is also required to ensure compliance with the regulations on prudential supervision.

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

In this context, note that Intesa Sanpaolo also exercises these activities over the insurance company Intesa Sanpaolo Vita, which, pursuant to Legislative Decree 209/2005 (the “Private Insurance Code”) and related enactment provisions, is parent company of the Intesa Sanpaolo Vita Insurance Group.

In its capacity as Parent Company, Intesa Sanpaolo adopts specific risk management procedures and internal control mechanisms for the coordinated and unified management of the Group's various companies, with a view to guaranteeing compliance with statutory requirements, ensuring sound and prudent management, safeguarding the profitability and value of the Parent Company's investments and the investments of each Group company, and warding off any potential threat to the capital base of each Group entity.

Group Regulations

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

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

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

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

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

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

For the main Intesa Sanpaolo Group subsidiaries and the related business areas, reference should be made to the Bank website group.intesasanpaolo.com Section About us/Organisational structure.



Part II – Ownership Structures

Introduction

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

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

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

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

Share capital

Share capital subscribed and paid-in totals 8,545,561,614.72 euro, divided into 16,433,772,336 shares of a nominal value of 0.52 euro each, of which 15,501,281,775 ordinary shares (equal to 94.32% of share capital) and 932,490,561 non-convertible savings shares (equal to 5.68% of share capital).

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

The Extraordinary Shareholders' Meeting of 1 December 2006 resolved to increase share capital by a maximum of 15,835,003.08 euro through the issue of a maximum 30,451,929 ordinary shares reserved for executives of the merged company Sanpaolo Imi S.p.A. and its subsidiaries through stock option plans already approved by the Board of Directors of Sanpaolo Imi S.p.A.

As at 31 December 2011 and until next April, one incentive plan remains for 23,051,000 shares, totalling 11,986,520 euro. The subscription price for this option has been fixed at 3.9511 euro per share.

With the exception of this one stock option plan, no other share-based payment schemes are in place.

The Articles of Association do not delegate any powers to the Management Board for share capital increases pursuant to Article 2443 of the Italian Civil Code or powers to issue equity-related financial instruments.

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

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

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

Ordinary shares and savings shares

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

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

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

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

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

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

- a) a dividend of up to 5% of the nominal value of the non-convertible savings shares shall be distributed to non-convertible savings shares. If in a financial year the dividend is less than 5% of the nominal value

of the non-convertible savings shares, the difference shall be added to the preferred dividend paid in the following two accounting periods;

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

Securities Traded on Non-European Markets

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

Treasury shares

Art. 123-bis (1), (m) CLF As at 31 December 2011 the Bank's share portfolio contained no treasury shares. Limited packets of shares are held by other Group companies as part of their own ordinary banking and financial activities.

Share Transfers

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

Art. 123-bis (1), (e) CLF No employee stock ownership scheme has been adopted at Intesa Sanpaolo.

Shareholder Base

Main Shareholders

Art. 123-bis (1), (c) CLF According to records in the Shareholders' Register and other available information, there are approximately 316,000 Intesa Sanpaolo shareholders. The table below provides the list of shareholders which, pursuant to Article 120 of the Consolidated Law on Finance and other information received by the Bank, directly and/or indirectly hold more than 2% of ordinary share capital.

Declaring Company	Direct shareholder (if other than the declaring company)	% of ordinary share capital
Compagnia di San Paolo	----	9.718%
Crédit Agricole S.A.*	----	3.819%
Assicurazioni Generali S.p.A.	Assicurazioni Generali S.p.A.	3.812%
	other group companies	1.264%
		2.548%
Fondazione C.R. Padova e Rovigo	----	4.839%
Fondazione Cariplo	----	4.948%
Ente C.R. Firenze	----	3.320%
Blackrock Inc.	----	2.430%
Fondazione C.R. in Bologna	----	2.023%

* See the following section on Shareholders' agreements.

Shareholders' agreements

On 17 February 2010, Crédit Agricole S.A. undertook specific commitments with respect to the ordinary shares held in the Bank, through signing of an agreement with Intesa Sanpaolo.

Art. 123-bis (1), (g) CLF Undertaking of these commitments is part of the non-compliance proceedings against Intesa Sanpaolo launched by AGCM, pursuant to Article 19, paragraph 1 of Italian Law 287/1990.

While taking no stand as to whether the Commitments, which concern the exercise of voting rights by Crédit Agricole, constitute a "shareholders' agreement", in the exclusive interests of providing complete information, these Commitments were disclosed on 22 February 2010.

Art. 123-bis (1), (f) CLF An abridged form of the Commitments (published in their entirety on the website www.consob.it) is reported below.

I. ORDINARY INTESA SANPAOLO ("ISP") SHARES HELD BY CREDIT AGRICOLE ("CA") EXCEEDING 5.00% OF THE ORDINARY SHARE CAPITAL ("Restricted Shares")

CA hereby undertakes, commencing from the date of the Commitments:

- (i) not to represent the Restricted Shares in any ISP Shareholders' Meeting;*
- (ii) not to exercise the voting rights attaching to the Restricted Shares.*

II. PROVISIONS WITH RESPECT TO THE SURPLUS SHAREHOLDING

CA hereby undertakes the following commitments with respect to the "Surplus Shareholding", designating all ordinary ISP shares, excluding the Restricted Shares, held at any time by CA and/or its Affiliates and representing more than [xxx]% of the ordinary share capital of ISP, with the exception of ISP shares held by CA and/or its Affiliates on behalf of their customers.*

Suspension of the Surplus Shareholding voting rights

- (a) CA shall refrain from exercising the voting rights attaching to the Surplus Shareholding after [xx/yy] *2011 (the "Term"), if at said date the Surplus Shareholding has not been sold in full.*
- (b) In relation to the provisions of point (a) above, CA shall deposit all shares constituting the Surplus Shareholding held at that time by it or its Affiliates in a securities escrow account opened with a premier Italian or European bank (not representing an Affiliate) by and no later than thirty days from the Term; at the same time CA shall give binding, irrevocable instructions, to be approved in advance by AGCM before the Term, to the custodian bank not to release the shares constituting the Surplus Shareholding for participation at ISP shareholders' meetings and not to exercise the voting rights attaching to said shares.*

Exercise of rights attaching to the Surplus Shareholding pending the Term

- (a) Within thirty days, CA shall grant an irrevocable mandate to a monitoring trustee, approved by AGCM, for the nomination of candidates for election to the Supervisory Board, to be exercised solely and exclusively at the ISP ordinary shareholders' meeting to be held at the end of April 2010, and for the exercise until the end of the Term of the voting rights attaching to the Surplus Shareholding, with the sole objective of raising the value of the shares.*
- (b) The mandate granted to the monitoring trustee shall comply with the specimen agreed upon by the parties.*
- (c) The monitoring trustee shall refrain from exercising the voting rights attaching to the Surplus Shareholding on sensitive matters concerning antitrust matters, as identified in the mandate.*
- (d) Solely and exclusively in relation to the ISP ordinary shareholders' meeting to be called for the end of April 2010 for the election of a new Supervisory Board, CA shall, by way of the monitoring trustee, nominate a list of candidates for the office consisting exclusively of one "effective" nominee for the office and one "alternate" nominee, both of whom shall be distinguished, independent of CA, not members of any management and control body of a company engaged in the Italian banking/finance sector, eligible for independent status, with respect to both ISP and Crédit Agricole, under the "Corporate Governance Code for listed companies", and approved by AGCM.*
- (e) At the ISP shareholders' meeting called to elect the new Supervisory Board, CA shall vote in favour of the list of candidates nominated as per point (d) above with all the votes attaching to the ordinary shares it holds that are not Restricted Shares.*

III. REMAINING SHARES

With regard to any remaining ordinary ISP shares held that are not Restricted Shares or part of the Surplus Shareholding, CA shall:

- (a) not nominate lists of candidates for election to the ISP Supervisory Board, without prejudice to the provisions indicated for the ISP ordinary shareholders' meeting to be called at the end of April 2010 for the election of a new Supervisory Board;*
- (b) not participate in voting for the election of a Supervisory Board.*

CA shall undertake all the Commitments on behalf of itself and its Affiliates, designating any company directly or indirectly controlled by, or with control over, or subject to the joint control of CA, in accordance with Article 7 of Law 287 dated 10 October 1990.

The Commitments shall take effect commencing as of their signing (i.e. 17 February 2010) and shall be binding until their complete performance.

** omitted as required by AGCM (Italian Competition Authority)*

Furthermore, in December, Crédit Agricole disclosed its intention to forgo, in the spring of 2011, the consultations with Jean-Paul Fitoussi, in accordance with the Commitments, given the reclassification of its investment in Intesa Sanpaolo as available for sale.

Moreover, in fulfilment of the Commitments, on 15 June 2011, Crédit Agricole placed the Surplus Shareholding in a time deposit opened in a bank selected in accordance with the Commitments.

With its decision of 13 July 2011, AGCM concluded the non-compliance proceedings against Intesa Sanpaolo, without imposing any pecuniary penalty.

There are no additional existing shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance.

"Change of control" clauses

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

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

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

Allocated Assets

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

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

The dual management and control system

Intesa Sanpaolo adopts the dual management and control model, consisting of a supervisory board and a management board, pursuant to Articles 2409-octies et seq of the Italian Civil Code and Articles 147-ter et seq of the Consolidated Law on Finance.

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

In general terms, the Supervisory Board, in addition to performing control duties typical of the board of statutory auditors, is also charged, according to the regulatory provisions, with certain duties traditionally attributed to the shareholders' meeting and, on the basis of a provision of the Articles of Association adopted in accordance with Article 2409-terdecies, f-bis) of the Italian Civil Code, with strategic supervisory functions.

The Management Board, on the other hand, has full and exclusive power over company management and, to the extent of its separate duties, provides strategic supervisory support. In compliance with the general guidelines and programmes approved, the Management Board has exclusive power over ordinary and extraordinary company management.

The model implemented by Intesa Sanpaolo ensures that both bodies liaise in the implementation of strategic supervision in a framework of transparent, well-defined duties, in which proposals prepared by the Management Board are submitted for approval of the Supervisory Board.

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

As already indicated in past Corporate Governance Reports, certain provisions of the Code concerning the board of directors and individual directors under the traditional system are considered applicable to the Management Board and Supervisory Board each as a whole as well as to their individual members, given that the Articles of Association assign significant powers of strategic supervision to the latter. Moreover, provisions concerning control bodies have been applied to the Supervisory Board, as well as provisions concerning the management of operations have been applied to the Management Board.

12.C.1.

The Supervisory Board

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

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

1.P.1.
10.P.3. The Supervisory Board has adopted its own Regulations which, among other things, aim to outline – in accordance with the applicable laws in force – its responsibilities, as well as govern its organisation and operating methods, also taking into account the principles and criteria of the Corporate Governance Code. The Regulations apply to the Supervisory Board jointly as a whole and severally to the Chairman and Members of the Board, who as such contribute to forming the decisions of the Board.

Duties of the Supervisory Board

The Supervisory Board is assigned tasks that are traditionally reserved to the Shareholders' Meeting, such as the appointment, revocation and determination of remuneration of Members of the Management Board.

The Supervisory Board is also responsible for approving the Parent Company's and consolidated financial statements. This significant duty is completed after a thorough examination of the draft financial statements submitted by the Management Board. When examining the Parent Company's financial statements, the Supervisory Board also analyses the proposed allocation of profit as formulated by the Management Board and expresses its opinion to the Shareholders' Meeting in its report on supervisory activities, as per Article 153 of the Consolidated Law on Finance.

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

1.C.1.
a) and f) Accordingly, the Supervisory Board, pursuant to the Articles of Association and upon proposal of the Management Board:

- decides upon general planning and the strategic steering of the Company and the Group;
- approves the business and/or financial plans and budgets of the Company and the Group and their amendment, if any;
- authorises strategic transactions, as identified in the Articles of Association;
- approves strategic guidelines and policies regarding risk management, without prejudice to the Management Board's responsibility for action taken.

In particular, the Supervisory Board authorises:

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

Furthermore, the Supervisory Board may represent to the Management Board its opinion, in order for relevant proposals to be drafted, with reference to significant strategic transactions. The Supervisory Board has not yet exercised this right.

The Supervisory Board receives, at least every three months, reports regarding, amongst other things, the general development of operations, transactions with a major economic, financial and capital impact, and

transactions with related parties and, on a monthly basis, reports on the key performance data for the period compared with system data.

The Supervisory Board is also tasked with approving, on the recommendation of the Management Board:

- risk management policies, including non-compliance risk and internal controls and, in accordance with provisions on prudential supervision, the methods by which risks are detected and assessed, including the adoption of internal risk measurement systems to determine capital requirements and specific guidelines;
- the remuneration policies for employees and other staff.

With regard to the Internal Capital Adequacy Assessment Process or ICAAP, the Supervisory Board, on the recommendation of the Management Board, approves the general guidelines of the internal process, ensures timely adaptation to significant changes in the strategic guidelines, organisational structure and operational environment and promotes use of the ICAAP's results for strategic purposes and business decisions. In this context, the Supervisory Board, on the recommendation of the Management Board, approves the Group's risk appetite. It also approves, on the recommendation of the Management Board, the ICAAP Report (prepared annually and when exceptional circumstances require a review of the process) to be submitted to the Bank of Italy, the total internal capital and the final opinion on adequacy of the current and prospective regulatory capital, along with supporting documentation, to be submitted to the Supervisory Authority using the required procedures.

In 2011, a complete ICAAP Report was prepared using current data as at the end of 2010 and prospective data for the end of 2011-2015, and was submitted to the Supervisory Authority by the scheduled deadline of 30 April 2011. The Supervisory Board's resolution to approve the report was based on an in-depth look at the process itself, the assessment outcomes of the process and the process report, with the support of the Control Committee.

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

1.C.1. b)

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

8.P.3.
1.C.1. b)

As part of control activities, the Supervisory Board monitors the independence of the audit firm, in liaison with the Control Committee, pursuant to Article 19 of Italian Legislative Decree no. 39/2010.

10.C.5.

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

According to the provisions of Article 154-bis of the Consolidated Law on Finance, another task of the Supervisory Board is to express an opinion on the appointment of the Manager responsible for preparing the Company's financial reports and, pursuant to the Articles of Association, of the heads of the internal control functions. In this respect, the Supervisory Board has expressed its opinion regarding appointment of the head of the new anti-money laundering function.

According to a specific provision of the Articles of Association, and in compliance with law, where necessary the Supervisory Board can adapt the Articles of Association to regulatory provisions and resolve upon related changes. Accordingly, through resolution of 8 February 2011, the Supervisory Board exercised this right to amend the Articles of Association, aligning them to the mandatory provisions introduced into Italian law with Legislative Decree 27 dated 27 January 2010, implementing Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies.

Lastly, according to a specific provision of the Articles of Association and a consolidated tradition in support of culture and charities, the Supervisory Board is also required to resolve upon the cultural

initiatives of the Bank and Group and manage the “Allowance for charitable, social and cultural contributions”, set up by the Shareholders’ Meeting from the allocation of a part of net income. In this respect, the Supervisory Board adopted a specific regulation that identifies the principles and application criteria for the management of the aforementioned Allowance, detailing provisions as to relevant tasks which for this purpose attributed by the Articles of Association to the Supervisory Board and its Chairman.

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

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

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

Composition of the Supervisory Board

Composition and appointment

3.C.3. The Supervisory Board is composed of a minimum of 15 and a maximum of 21 members, including non-shareholders, appointed by the Shareholders’ Meeting; the Articles of Association require that at least ten members be independent pursuant to the Code.

Art. 123-bis (2), (d) CLF The Supervisory Board in office at the date of publication of this Report is composed of 19 members:

Giovanni Bazoli – Chairman
 Mario Bertolissi - Deputy Chairman
 Luigi Arturo Bianchi
 Rosalba Casiraghi
 Franco Dalla Sega – Secretary
 Gianluca Ferrero
 Jean-Paul Fitoussi
 Pietro Garibaldi
 Guido Ghisolfi
 Giulio Stefano Lubatti
 Marco Mangiagalli
 Gianni Marchesini
 Fabio Pasquini
 Eugenio Pavarani
 Gianluca Ponzellini
 Gianguido Sacchi Morsiani
 Marco Spadacini
 Livio Torio
 Riccardo Varaldo

The Bank website (“Governance” section) provides brief biographical and professional notes on the Members in office. More comprehensive information on the personal and professional background of each Member is available in the documentation published in the Bank's website upon appointment.

All of the Members - except Guido Ghisolfi and Eugenio Pavarani, as specified below - were elected, for the years 2010, 2011 and 2012, through list voting, by the Bank’s Ordinary Shareholders’ Meeting held on 30 April 2010, upon determination of their number, pursuant to Article 23 of the Articles of Association and the related regulatory provisions.

With reference to the appointment of Supervisory Board Members, the current Articles of Association provides that candidates may be nominated in lists by a number of shareholders representing at least 0.5% of the ordinary share capital, unless otherwise required by laws in force. In determining the minimum percentage of share capital required for the nomination of candidate lists for election to management and control bodies, Consob, in its resolution 18083 dated 25 January 2012, set the minimum for Intesa Sanpaolo at 0.5%, which coincides with the provisions of the Articles of Association.

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

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

6.P.1.
6.C.1.
10.P.1.
10.C.1.

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

The control Body, with the support of the Control Committee, is required to examine the lists of candidates filed with the Bank, as well as the absence of affiliations.

Application of the Supervisory Board appointments procedure guarantees the election of all Members by a proportional list voting mechanism and ensures that minority shareholders are represented as prescribed by law for quoted companies, i.e. at least one Member must be elected by minority shareholders that have no direct or indirect link with shareholders presenting or voting on the list receiving most votes. Nine of the current Supervisory Board members are from minority lists.

The Articles of Association contemplate a supplementary mechanism in the event that an insufficient number of Board Members have been elected that do not meet the independence criteria provided for by the Code and/or the registration and professional practice requirements for auditors, as well as specific provisions in the event that only one list or no lists are filed.

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

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

Finally, following the introduction of Italian Law 120/2011 on equal access to the administrative and control bodies of companies quoted on regulated markets (the so-called "quote rose" in Italian, literally "pink percentage" or percentage reserved for females), at least one-fifth of the members of the Supervisory Board must be of the minority gender.

Term of office, replacement and removal

Members of the Supervisory Board remain in office for three financial years, with their term of office expiring at the date of the subsequent Shareholders' Meeting provided for by Article 2364-bis, paragraph 2, of the Italian Civil Code, and they may be re-appointed.

The term of office for the current Supervisory Board Members covers the years 2010/2011/2012.

Where during the year a member of the Supervisory Board leaves service for whatever reason, he/she is to be substituted by the first non-appointed candidate belonging to the list on which the outgoing Supervisory Board member was nominated, or the second non-appointed candidate if the first does not meet the requirements, set forth by law, regulation or the Articles of Association, of the member leaving service. If for whatever reason this is not possible, the Board member who left service will be substituted

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

without delay by the Ordinary Shareholders' Meeting with resolution passed by a simple majority of votes cast upon the proposal of the parties with voting right attending the Meeting.

The substitution of the Supervisory Board member must in any case ensure that at least one Board member nominated by minority interests is appointed, applying the procedures contemplated by regulations in force where necessary.

The procedures envisaged by the Articles of Association for the replacement of Board Members were applied in full with the appointment of Eugenio Pavarani and Guido Ghisolfi as Supervisory Board Members, following their acceptance of office on 20 July and 16 November 2011, respectively. These Members, fulfilling the legal and regulatory requirements, were in fact the first non-appointed candidates of the list to which Ferdinando Targetti and Elsa Fornero, who left their office, belonged.

The terms of all Supervisory Board Members, including those who were appointed during the course of the term, will expire simultaneously on the date of the Shareholders' Meeting convened pursuant to the aforementioned Article 2364-bis of the Italian Civil Code, in relation to the proposal for the allocation of net income for 2012.

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

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

Chairman and Deputy Chairmen

The Shareholders' Meeting of 30 April 2010 appointed Giovanni Bazoli as Chairman, confirming the office already held.

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

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

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

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

- a) the corporate Bodies and their operations;
- b) the Bank's strategies and general guidelines;
- c) supervision and control duties;
- d) external relations.

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

With regard to duties relating to strategies and general guidelines, amongst other things, the Chairman requests and receives information on specific Bank and Group management aspects and on management

performance and outlook in general from the Chairman of the Management Board and the Managing Director.

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

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

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

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

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

The Articles of Association require the Shareholders' Meeting to appoint two Deputy Chairmen for the Supervisory Board. The exercise of their duties is also regulated by the Articles of Association and Supervisory Board Regulations, in the case of the absence or unavailability of the Chairman. The Shareholders' Meeting of 30 April 2010 appointed Elsa Fornero and Mario Bertolissi as Deputy Chairmen. Following the termination of office by Elsa Fornero, there remains only one Deputy Chairman in office.

Requirements of integrity and professionalism

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

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

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

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

Within 30 days of appointment, the Supervisory Board verifies that each Member meets such requirements, in compliance with supervisory provisions issued by the Bank of Italy, together with the

requirement of independence pursuant to Article 148, paragraph 3 of the Consolidated Law on Finance. The Board also verifies the grounds for independence according to criteria indicated in the Corporate Governance Code with regard to individuals declaring possession of such grounds at the time of appointment. For each Member, the Supervisory Board has verified compliance with said requirements of independence, based on documentation provided by the parties involved, as requested by the Bank. This verification was also carried out in 2011, following integration of the Supervisory Board, with acceptance of office by Eugenio Pavarani and Guido Ghisolfi.

Management or control positions of Supervisory Board Members

1.C.2.
10.C.3. Each Board Member is responsible for examining and assessing the conditions which enable him/her to perform his/her duties diligently and dedicating the time necessary, also with regard to membership of Supervisory Board Committees.

1.C.3. With regard to rules on the accumulation of offices by Supervisory Board Members, the Board has not set a maximum number of offices that can be held since Board Members are subject to the accumulation of office limits envisaged in current pro tempore legal and regulatory provisions or in the Articles of Association.

The Articles of Association have adopted the rules pursuant to Article 148-bis of the Consolidated Law on Finance, applying to Supervisory Board Members cases of incompatibility as well as the limits to the number of offices provided for by law, regulations and the Articles of Association in force at the time of acceptance of office, without prejudice to different binding provisions set forth by law.

As members of the control board of a quoted company, Supervisory Board Members are required to comply with the Consob reporting requirements in regard to the number of offices held in joint-stock companies upon appointment, along with all subsequent variations (new offices, terminations, approval of financial statement data) within the deadlines and according to the instructions envisaged by the Issuers' Regulation. In accordance with the provisions of Article 144-quinquiesdecies of the Issuers' Regulation, as amended by Resolution 17326 of 13 May 2010, Consob discloses on its website information regarding management or control offices held by members of control bodies of quoted companies and with widely-distributed shares. The information disclosed by Consob reflects the content of declarations provided by the Supervisory Board Members, who have sole responsibility for the accuracy of publicly disclosed information. With Resolution 18079 of 20 January 2012, Consob integrated Article 144-quaterdecies of the Issuers' Regulation and envisaged that those holding the office of member of the control body of only one issuer (quoted company or company with widely-distributed shares) be exonerated from compliance with the aforementioned reporting requirements on offices in joint-stock companies.

In accordance with Supervisory Board Regulations and in line with the Supervisory Provisions on corporate governance, Supervisory Board Members cannot accept office in any corporate body other than control bodies with other Group Companies or within the financial conglomerate, or within companies in which the Bank holds direct or indirect strategic investments, equal to 10% of the share capital or the voting rights at the shareholders' meetings of the company or 5% of the banking group's consolidated regulatory capital. Each Member respects this provision.

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

Upon initial application of the above, Supervisory Board Members holding incompatible offices must choose which ones to give up within 120 days of the date of the conversion law coming into force (26 April 2012). If no decision is made, all incompatible offices will be forfeited.

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

Independent members

All Members of the Supervisory Board are required to satisfy the independence criteria of Article 148, paragraph 3, of the Consolidated Law on Finance. Accordingly, the law requires, inter alia, the absence of any self-employment or established employment, or any other relations of an economic or professional nature between the Member and the Bank or its subsidiaries, parent companies or companies subject to common control, which could otherwise compromise independence.

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

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

Before approving this Report, all the Members of the Supervisory Board confirmed, upon request by the Bank, that they continue to satisfy all the independence criteria mentioned above.

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

3.P.1.

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

3.C.1.
3.C.2.
10.C.2.

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

3.C.5.

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

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

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

3.P.2.
3.C.4.
10.C.2.

The last verification was carried out prior to approval of this Report on 14 February 2012. All Supervisory Board Members - based on declarations made by each of them - were found to be in possession of the independence criteria pursuant to Article 148, paragraph 3 of the Consolidated Law on Finance. With respect to the requirements of the Code, the following 18 Members were determined to be independent: Mario Bertolissi, Luigi Arturo Bianchi, Rosalba Casiraghi, Franco Dalla Sega, Gianluca Ferrero, Jean-Paul Fitoussi, Pietro Garibaldi, Guido Ghisolfi, Giulio Stefano Lubatti, Marco Mangiagalli, Gianni Marchesini, Fabio Pasquini, Gianluca Ponzellini, Gianguido Sacchi Morsiani, Marco Spadacini, Eugenio Pavarani, Livio Torio and Riccardo Varaldo.

Their number allows them to participate in all the Committees established by the Board, in order to make full use of their respective professional competences in relation to the specific duties attributed to each Committee. In this regard, the composition of the Committees, particularly the Control Committee and Remuneration Committee, also proves compliant with the provisions of Articles of Association, as amended to comply with the Supervisory Provisions on corporate governance, and the Related Party Transactions Committee with the Consob Regulation on related parties.

3.C.3.

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

3.C.6. The Supervisory Board Regulations envisage the option that at least once a year the independent Members of the Board should meet in the absence of other Members, pursuant to the Code, following call by the more senior independent Board Member in age terms, that minutes of the meeting are drafted and reported to the next full meeting of the Supervisory Board. As at the date of approval of this Report, the independent Members have not yet felt the need to hold such a meeting, also given the composition of the Board.

Supervisory Board's Internal Committees: composition and duties

5.P.1.
5.C.1.
a), b) and c) In accordance with its previous term, the Supervisory Board has established six Committees, three of which specifically envisaged by the Articles of Association (Remuneration Committee, Nomination Committee and Control Committee):

- 6.P.2. • Nomination Committee, currently composed of 5 members, among which the Chairman of the Supervisory Board, who chairs it; currently 4 members are independent pursuant to the Code;
- 7.P.3. • Remuneration Committee, currently composed of 3 members, all independent according to the Code; 2 members are enrolled with the Register of Auditors and have practised the legal audit of accounts for a period of at least three years;
- 8.P.4. • Control Committee, currently composed of 5 members, all independent pursuant to the Code, of which 4 are enrolled with the Register of Auditors and have practised the legal audit of accounts for a period of at least three years;
- Strategy Committee, currently composed of 5 members, among which the Chairman of the Supervisory Board, who chairs it; 4 members are independent pursuant to the Code and 1 is enrolled with the Register of Auditors and has practised the legal audit of accounts for a period of at least three years;
- Financial Statements Committee, currently composed of 5 members, all independent pursuant to the Code, of which two are enrolled with the Register of Auditors and have practised the legal audit of accounts for a period of at least three years.

The Supervisory Board also comprises the Related Party Transactions Committee, in line with the Intesa Sanpaolo Group Procedures regulating the conduct of related party transactions ", adopted by the Bank to adapt its governance to the Consob Regulation on related parties. This committee, operational from 1 January 2011, is dedicated exclusively to transactions with related parties of the Bank, except for those regarding remuneration. It is composed of 3 effective members and one alternate member, all independent according to the Code; 2 effective members and the alternate member are enrolled with the Register of Auditors and have practised the legal audit of accounts for a period of at least three years.

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

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

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

With regard to their specific specialist duties, the Committees play an important role in the research, analysis and in-depth study of matters put forth before the Supervisory Board. Such activities – also expressed in the formulation of proposals, recommendations, assessments and opinions – facilitate the task of the Supervisory Board in making reasoned decisions, without limiting the powers and

responsibilities of the Board, and rather increasing the effectiveness and efficiency of its work, particularly with regard to the discussion of sensitive matters which could be a source of conflict of interest.

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

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

5.C.1. d)

Each Committee may ask the Bank Structures and, where permitted in its Regulations, those of Subsidiaries, for access to any information considered necessary to perform its assigned duties. Such access may (except for the Nomination Committee) be direct or via the General Secretariat of the Supervisory Board and also, where envisaged, via Structures established for this purpose (the Control Committee also makes use of the Internal Auditing and Compliance Departments).

5.C.1. e)

Every Committee meeting receives the support of preliminary work performed by the General Secretariat of the Supervisory Board. Committees can also make use of external consultants, the right to do so being explicitly indicated in each set of regulations, except those pertaining to the Nomination Committee.

Individuals who are not part of a committee may attend Committee meetings provided they are invited by the Committee concerned, and only in relation to specific items on the agenda.

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

The Chairman of the Supervisory Board - with the exception of the Related Party Transactions Committee - has the right to participate in the work of any Committee that he is not a member of, without voting rights. This right, however, was not exercised in 2011 either, with a view to preserving the Chairman's role of maintaining a fair balance among all the many duties and responsibilities of the Supervisory Board. The same right envisaged for the Chairman of the Supervisory Board in relation to each Committee is also reserved to the Secretary of the Board and to the Head of the General Secretariat of the Supervisory Board, who normally participate in the work of the Committees. For the Related Party Transactions Committee, this right is contemplated for the Head of the General Secretariat of the Supervisory Board.

5.C.1. f)

Detailed information regarding each Committee in office, its composition, its duties and the tasks attributed to each are listed below, in addition to details on its meetings and the attendance of its members.

5.C.1. g)

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

Nomination Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Giovanni Bazoli – Chairman			100%
Mario Bertolissi		X	100%
Elsa Fornero (up to 15.11.11)		X	0%
Gian Guido Sacchi Morsiani (from 24.11.11)		X	100%
Pietro Garibaldi		X	100%
Riccardo Varaldo		X	100%

In accordance with the provisions of the Articles of Association, the current Nomination Committee consists of a majority of Board Members satisfying the independence criteria envisaged by the Code.

6.P.2.

The Nomination Committee is expected to support the Supervisory Board in the consulting, selection and propositional tasks regarding the nomination of members of the Management Board and of one or more General Managers, in accordance with the law, the Articles of Association and the supervisory regulations. The duties of this Committee will be adapted to the Supervisory Provisions of 11 January 2012 issued by the Bank of Italy, in application of the provisions concerning Banks' organisation and corporate governance of 4 March 2008.

6.C.2.

As regards its functions, the Nomination Committee:

- (i) supports the Supervisory Board in appointing the Management Board, so as to ensure that the Members of the latter are qualified and sufficient in number to perform the Board's duties. To this end, the Committee:
 - submits proposals to the Supervisory Board concerning, inter alia, the composition of the Management Board and the professional skills considered appropriate to the Management Board;
 - based on the aforementioned criteria and in compliance with the requirements of the Articles of Association and pro tempore rules in force for individuals performing bank administration duties, submits proposals to the Supervisory Board regarding the appointment of Management Board Members and the replacement of Members who for any reason whatsoever leave office;
 - submits proposals to the Supervisory Board regarding appointment of the Chairman and one or two Deputy Chairmen of the Management Board;
 - submits proposals to the Supervisory Board regarding indication to the Management Board of the candidate for appointment as Managing Director;
 - submits proposals to the Supervisory Board regarding the appointment of executive Management Board Members, for the purposes of establishing the Management Board Commissions contemplated in Article 17.2, letter s), of the Articles of Association;
- (ii) supports the Supervisory Board in expressing an opinion on the appointment and removal of one or more General Managers, pursuant to the Articles of Association.

The Nomination Committee met once during the course of 2011, to support the Supervisory Board with respect to integration of the Management Board and appointment of the new Managing Director, following the termination of office by Corrado Passera.

Remuneration Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Gianluca Ponzellini – Chairman	X	X	100%
Marco Mangiagalli		X	100%
Fabio Pasquini	X	X	100%

The Articles of Association require the majority of members of the Remuneration Committee to satisfy the independence criteria set forth in the Code.

7.P.3.

All Members of the Remuneration Committee satisfy said independence criteria and one member has adequate knowledge of and experience in finance.

The Remuneration Committee is responsible for proposing and advising the Supervisory Board on matters of remuneration, in accordance with law, the Articles of Association, and supervisory regulations. These duties have been strengthened following introduction of the Supervisory Provisions on remuneration.

Its duties include:

- submitting proposals to the Supervisory Board on the identification of criteria for the remuneration of Management Board Members, to be submitted to the shareholders' meeting for approval, taking into consideration risk management policies, corporate strategies, and the possibility of recognising a variable remuneration component, which will be linked to mechanisms aimed at ensuring a connection with effective, long-term performance;
- submitting proposals to the Supervisory Board regarding fees payable to the Members, Chairman and Deputy Chairmen of the Management Board, as well as to the Managing Director, executive

7.C.3.

- Management Board Members, as being Committee members, and Management Board Members vested with special capacities, duties or powers, on the basis of remuneration criteria and any financial instrument-based plans approved by the Shareholders' Meeting;
- assisting the Supervisory Board in the examination, for the purpose of their approval, of policies on the remuneration of employees and other staff not bound by an employment agreement, on the recommendation of the Management Board;
 - supporting the Supervisory Board in the examination of Management Board proposals that are to be submitted to the Shareholders' Meeting;
 - supporting the Supervisory Board in advising the Management Board on the remuneration of General Managers;
 - supporting the Supervisory Board in advising the Management Board on the remuneration of the Manager responsible for preparing the Company's financial reports and of the heads of control functions;
 - periodically assessing the criteria adopted for the remuneration of key senior managers in the Bank's organisational and operational structure and heads of control functions, supervising their application on the basis of information provided by the Management Board and submitting general recommendations to the Supervisory Board on such matters;
 - submitting opinions and proposals on the adoption of any stock option or stock granting plans;
 - checking the application of decisions taken by the Supervisory Board based on proposals submitted.

7.C.3.

From 1 January 2011, this Committee is also required to express its motivated opinion on remuneration matters concerning transactions with related parties, where envisaged by the Intesa Sanpaolo "Group Procedures regulating the conduct of related party transactions", adopted by the Bank in accordance with the Consob Regulation on related parties.

9.C.1.

In 2011 the Remuneration Committee held 28 meetings. With reference to the Supervisory Provisions on remuneration, the Committee provided support to the Supervisory Board for adoption of the new remuneration policies for employees and other staff of the Intesa Sanpaolo Group. Regarding issues strictly related to its area of responsibility, the Committee also submitted proposals to the Supervisory Board on the variable remuneration of the Managing Director, identifying the relative parameters, as well as implementation of the remuneration policy for Management Board Members as regards the variable component for 2011 and 2012.

7.C.5.

The Committee – which is not qualified in terms of compensation of the Board to which it belongs, as this is determined by the Shareholders' Meeting – supported the Supervisory Board in expressing an opinion regarding the variable remuneration of General Managers, heads of control functions and the Manager responsible for preparing the Company's financial reports, in relation to achievement of the 2010 budget objectives as well as to determination of the parameters for recognition of the variable remuneration for the 2011 budget. During 2011, the Committee was assisted by independent consultants.

7.C.7.
7.C.6.

For additional information on remuneration, see Title II of the Report on Remuneration.

Control Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Giulio Stefano Lubatti - Chairman	X	X	100.00%
Gianluca Ponzellini	X	X	95.65%
Rosalba Casiraghi	X	X	100%
Pietro Garibaldi		X	100%
Livio Torio	X	X	100%

The Control Committee - whose role has been strengthened in the Articles of Association also for the purposes of its stability (the Members of the Control Committee may be removed by the Shareholders' Meeting or replaced by the Supervisory Board solely with just cause) - is the permanent reference point for

the Company's organisational Structures in charge of control functions; in fact, it is from these Structures that the Committee receives periodic reports or briefings on specific situations or company trends.

- 8.C.3. f) Within the scope of the Supervisory Board, the Control Committee proposes, advises and investigates on matters regarding the internal control system, risk management and the IT accounting system, submitting opinions where required by laws in force or when expressly required by the Bank of Italy. In performing its duties, it takes into account the supervisory tasks envisaged by Article 19 of Italian Legislative Decree no. 39/2010.

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

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

With reference to the IT accounting system, the Committee supports the Supervisory Board by, among other tasks:

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

With reference to the internal control system, the Committee supports the Supervisory Board by, among other tasks:

- verifying that structures for performing risk management duties are defined by the relevant departments consistently with the strategic guidelines approved by the Supervisory Board and that said departments (in particular the Risk Management, Internal Auditing and Compliance Departments and the Anti Money Laundering function) are guaranteed an appropriate level of independence, along with adequate funding and resources, both qualitative and quantitative, for the exercise of their duties;
- 8.C.3. c) – examining periodic reports from the Risk Management, Internal Auditing and Compliance Departments and the Anti Money Laundering function, together with briefings on specific situations or company trends, and making related observations and proposing resolutions for approval by the Supervisory Board, when required;
- assessing the degree of efficiency and adequacy of the internal control system, with particular reference to risk control, the functioning of internal auditing and the IT accounting system.

The Committee also:

- promptly informs the Supervisory Board of any action or fact that may be regarded as significant under Article 52 of the Consolidated Law on Banking, and makes any necessary reports and/or reprimands to the competent bodies and/or authorities;
- supports the Supervisory Board in performing the supervisory activities required by law;
- 9.C.1. – evaluates the general rules and criteria aimed at ensuring transparency and substantial and procedural fairness in transactions with related parties; to this end, it submits, also in the interest of

- the Management Board, opinions on the Regulations adopted by Intesa Sanpaolo pursuant to the Consob Regulation on related parties;
- in liaison with the Corporate Social Responsibility Unit and the Internal Auditing Department, supervises compliance with the principles and values of the Bank's Code of Ethics;
 - cooperates with the Supervisory Board, in liaison with the Financial Statements Committee, in preparing the report on supervisory activities performed, for submission to the Shareholders' Meeting, pursuant to Article 153 of the Consolidated Law on Finance.

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

10.C.6.

In 2011, the Committee continued its meetings with the heads of the Bank's main organisational Structures and with the independent auditors, also for the purposes of Article 150 of the Consolidated Law on Finance, improving and consolidating, on a regular basis, the existing information flows, in particular from the Internal Auditing, Compliance and Risk Management Departments. Among other things, the Committee also:

- examined the report pursuant to Article 19 paragraph 3 of Italian Legislative Decree 39/2010, which introduces the requirement for the independent auditors of public interest entities to prepare a report on the fundamental issues arising from the audit, as well as any significant shortcomings that were identified;
- further examined the anti-money laundering regulations, also in light of the new implementing provisions of Italian Legislative Decree 231/07 issued by the Bank of Italy on 10 March 2011;
- analysed the strategic credit strategies of the Group and their implementation with regard to observance of the capital requirements;
- continued analysis of the various entities of the Bank and the Group.

In terms of risk management, the Committee continued its examination of the risk management policies at the Group level. In particular, with reference to:

- credit risk (the Bank received authorisation to use the advanced internal rating-based system known as AIRB for the corporate regulatory segment), the Committee continued analysis of the changes in the loan portfolio of the Parent Company and of Group banks; the Committee also examined the annual reports on the results of assessments conducted by Internal Validation and by the Internal Auditing Department ("residential mortgages for private individuals" segment) and the new Guidelines on management of credit risk mitigation techniques to support the relative disbursement and management process; updating of the validation process and of the internal model with reference to the "Supervised Intermediaries" and "small business" segments;
- market risk, the Committee examined, among other things, the annual reports on the results of assessments conducted by Internal Validation and by the Internal Auditing Department, and the changes made to the Market Risk Charter (this document outlines the set of principles, objectives, methods and instruments used to measure, control and manage market risks), as well as the response to requests by the Bank of Italy;
- operational risks, the Committee received updates on the changes in the rollout plan for the internal AMA system and examined the annual reports on the results of assessments conducted by Internal Validation and by the Internal Auditing Department;
- liquidity risk, the Committee examined the new Guidelines for Group liquidity risk management.

The Committee constantly monitored correspondence with the Supervisory Authorities, with specific reference to the Bank of Italy, Consob and AGCM, also as regards verification activities conducted by these Authorities at the Bank and Group companies. Specifically, the Committee oversaw inspections and audits, issuing opinions where required, carrying out the necessary analyses and assessments and requesting regular updates on matters and, with specific reference to the Parent Company, lent its support to the Supervisory Board for connected decisions.

Special Committee attention was paid to the internal capital adequacy assessment process of the Group (ICAAP). Therefore, the Committee examined updates of the ICAAP process results, further examining, together with the functions involved, the criteria used to define the base and stress scenarios, in light of extension of the Business Plan to 2015, as well as assessments of the process by Internal Validation and

the Internal Auditing Department. Particular attention was also paid to the capital adequacy assessment process of international subsidiaries. The complete report approved by the Supervisory Board, on recommendation from the Management Board, was sent to the Bank of Italy in accordance with the deadline indicated by the Authority (30 April 2011).

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

In 2011 the Control Committee held 46 meetings, including some joint meetings held with the Financial Statements Committee, providing detailed information at every Supervisory Board meeting, also by means of specific reports, on the activities and main findings of the Committee, and, on a half-yearly basis, reporting summarily on the effectiveness of the internal control system.

8.C.3. g) A copy of the Control Committee's half-yearly report to the Supervisory Board is issued by the Chairman of the Supervisory Board to the Chairman of the Management Board and the Managing Director in order to enhance information exchange between the bodies with strategic, management and control duties. During the year, the Committee held a series of regular meetings with the Managing Director, to ensure constant reporting of activities.

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

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

8.C.3. c) In this capacity, it approves the audit plan drawn up annually by the Internal Auditing Department.

Strategy Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Giovanni Bazoli – Chairman			100%
Mario Bertolissi - Deputy Chairman		X	100%
Elsa Fornero - Deputy Chairwoman (up to 15.11.11)		X	100%
Ferdinando Targetti (up to 9.07.11)			
Jean Paul Fitoussi (from 06.09.11)		X	100%
Gianluca Ferrero	X	X	100%
Guido Ghisolfi (from 24.11.11)		X	n/a

The Strategy Committee assists and advises the Supervisory Board in the performance of its duties as the designated Body, pursuant to Article 25.1.2 of the Articles of Association, and on the recommendation of the Management Board, in charge of: (i) decisions concerning general programmes and strategic guidelines, and (ii) the approval of business and/or financial plans and/or the budgets of the Bank and the Group; (iii) the authorisation of strategic transactions.

Among its various duties, the Strategy Committee:

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

In 2011 the Committee held 13 meetings. Its activities in 2011 included, among other things, the examination of the 2011 budget and the 2011-2013/2015 Business Plan, making specific comments to the Supervisory Board in light of their approval.

In particular, the Committee supervised definition of the new Business Plan and carried out an analysis of the related outlook. It also examined, to the extent of its competence, the Group's risk appetite for the purposes of the ICAAP.

The Committee was also involved in the assessment of the results of the specific stress test by the European Banking Authority (EBA) and further examined the situation of the financial markets and sovereign debt in light of the crisis underway.

Financial Statements Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Marco Spadacini – Chairman	X	X	100%
Jean-Paul Fitoussi (up to 05.09.11)		X	90.91%
Luigi Arturo Bianchi		X	100%
Gianni Marchesini		X	100%
Eugenio Pavarani (from 06.09.11)	X	X	100%
Gianguido Sacchi Morsiani		X	100%

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

- studies issues relating to preparation of the Parent Company's and consolidated financial statements, and to this end may obtain information from the Manager responsible for preparing the Company's financial reports;
- analyses the logic and processes involved in the preparation of the financial reports of the Bank and the Group (including quarterly and half-yearly reports);
- examines, together with the Control Committee, the documentation and reports supporting the statutory attestation of the Manager responsible for preparing the Company's financial reports, and proposes related resolutions for approval by the Supervisory Board;
- examines the drafts of the Parent Company's and the consolidated financial statements approved by the Management Board and submits recommendations to the Supervisory Board;
- examines the quarterly and half-yearly reports prepared by the Management Board and reports to the Supervisory Board.

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

As envisaged in the related Regulations, members of the Control Committee and the Manager responsible for preparing the Company's financial reports have the right to participate in Financial Statements Committee meetings, without voting rights.

The Committee's Chairman duly reported to the Supervisory Board on the Committee's activities in 2011, which saw the participation of officers from the Administration and Tax Department, Corporate Affairs Department and Risk Management Department, as well as – for examination of issues under their specific expertise – the International Subsidiary Banks Division, Consorzio Studi e Ricerche Fiscali (Tax Studies and Research Consortium) and the Chief Lending Officer. Meetings were also held with the independent auditors, also for the purposes of Article 150 of the Consolidated Law on Finance.

In particular, the Committee:

- analysed the preparation procedures for the Parent Company's and the consolidated financial statements, involving an examination of the relative Guidelines and connected analyses;
- examined and reported on the draft Parent Company's financial statements and the consolidated financial statements for the Group for 2010, supporting the Supervisory Board in the approval process;
- received updates on changes in the accounting regulations;
- received reports on capital ratios;
- examined the report pursuant to Article 19 of Italian Legislative Decree 39/2010, which introduces the requirement for the independent auditors of public interest entities to prepare a report on the fundamental issues arising from the audit, as well as any significant shortcomings that were identified;
- received reports on disputes underway with Agenzia delle Entrate;
- oversaw the process of transition to the new independent auditors (KPMG), assigned to carry out the auditing task starting from 2012.

Finally, through its specific report, the Committee supported the Supervisory Board in examining the Half-yearly Report and the Quarterly Reports as at 31 March and 30 September 2011.

In 2011 the Financial Statements Committee met 14 times, including joint meetings with the Control Committee.

Related Party Transactions Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Franco Dalla Sega – Chairman	X	X	100 %
Rosalba Casiraghi	X	X	100 %
Marco Mangiagalli		X	100 %
Fabio Pasquini (alternate)	X	X	

The Committee performs the duties assigned to it by the Consob Regulation on related parties and the Intesa Sanpaolo Group Procedures regulating the conduct of related party transactions, with regard to transactions with related parties of Intesa Sanpaolo carried out by the Bank or by its subsidiaries. The Committee does not oversee the Bank's transactions with related parties concerning remuneration issues.

In exercising its duties, the Committee:

- expresses a motivated opinion on the Bank's interest in carrying out the Transaction, as well as on the suitability and fairness of the related conditions;
- expresses an opinion if the transaction involves subsidiaries and, where it is influenced by the Bank management and coordination activities, indicates - through the opinion under the previous point - the reasons and interests influencing it;
- where envisaged by the Procedures, participates in the negotiation and analysis phases, receiving a complete and timely flow of information and with the faculty of requesting information and submitting comments to the delegated bodies and to the parties conducting the negotiations or analysis.

This Committee began operating in 2011, during which it met 9 times and examined 12 transactions. A favourable, non-binding opinion was issued for each of these transactions, which were all classified as less significant transactions.

The regulations on transactions with related parties pursuant to the aforementioned Group Procedures will be updated to incorporate the regulations issued by the Bank of Italy on 12 December 2011 as regards activities involving risk and conflicts of interest by banks and banking groups with respect to "associated entities".

Supervisory Board operations

The role of strategic supervision entrusted to the Supervisory Board involves Supervisory Board Members in key decisions, including, as mentioned, approval of the Business Plan and the strategic guidelines identified to achieve results set out in the plan, liaising with the Management Board, also through the constant supervision of general operations development, to pursue Group consolidation objectives, growth and the creation of value for shareholders, without prejudice to observance of the sound and prudent management and capital adequacy of the Bank.

1.P.2.

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

4.P.1.

Calling of Meetings

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

1.P.1.

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

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

Reports to Board Members

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

The General Secretariat of the Supervisory Board ensures that this provision is met promptly, efficiently and in accordance with the provisions of the Supervisory Board Regulations and in respect of the procedures aimed at ensuring compliance with any guidelines issued by any Authorities.

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

The documentation provided at meetings of the Board is filed in company records and remains available for consultation at the Secretariat.

Conduct of meetings and the decision-making process

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

2.P.2.

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

10.P.2.
1.P.2.

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

In 2011, as previously, the Chairman of the Supervisory Board invited the Chairman of the Management Board and the Managing Director to take part in Supervisory Board Meetings each time achieved results were presented, or when a general and/or strategic issue was addressed, as well as other Heads of Business Units, Governance Areas and Head Office Departments of the Bank to provide information and figures as appropriate on matters submitted for examination by the Board.

The Articles of Association permit the holding of valid meetings through remote connection systems, provided that the identity of those attending can be verified and that all are able to follow discussions and intervene in real time with regard to the matters on the agenda as well as view, receive and transmit documents. At least the Chairman and the Secretary must always be physically present at the venue officially designated as that in which the Board Meeting is deemed to have taken place.

For the validity of decisions a majority of members in office must be present at the meeting; resolutions are adopted with vote in favour by the absolute majority of members attending the meeting, without prejudice to special decisions, e.g. those relating to the appointment of the Chairman and of one or two Deputy Chairmen of the Management Board, for which vote in favour by the majority of Supervisory Board Members in office is necessary.

Minutes are prepared for each meeting, fully illustrating the agenda items discussed and related decisions adopted.

Frequency of meetings and Board Member attendance

1.C.1. h) In 2011 the Supervisory Board met a total of 11 times, with the following attendance percentage for each Member:

Giovanni Bazoli – Chairman	100%	Marco Mangiagalli	100%
Mario Bertolissi - Deputy Chairman	100%	Gianni Marchesini	100%
Elsa Fornero - Deputy Chairwoman (in office up to 15.11.11)	100%	Fabio Pasquini	100%
Franco Dalla Sega – Secretary	100%	Eugenio Pavarani (in office from 20.07.11)	100%
Luigi Arturo Bianchi	91%	Gianluca Ponzellini	91%
Rosalba Casiraghi	100%	Gianguido Sacchi Morsiani	82%
Gianluca Ferrero	100%	Marco Spadacini	100%
Jean-Paul Fitoussi	91%	Ferdinando Targetti (in office up to 09.07.11)	80%
Pietro Garibaldi	100%	Livio Torio	100%
Giulio Stefano Lubatti	100%	Riccardo Varaldo	100%
Guido Ghisolfi (in office from 16.11.11)	50%		

The Supervisory Board has scheduled 12 meetings for 2012; at the date of approval of this Report, four had already been held.

The Company's 2012 financial calendar indicates 5 April as the date of the Supervisory Board meeting for approval of the Parent Company's and consolidated financial statements.

Contestation of resolutions

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

Shareholders may also contest the resolutions of the Supervisory Board where a resolution is prejudicial to their rights. In this case, as to terms and procedures for contesting resolutions, provisions governing the

contestation of shareholder resolutions shall apply, as per Articles 2377-2378 of the Italian Civil Code, where compatible.

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

Self-assessment of extent, composition and operations

The Members of the Supervisory Board are aware of the duties and responsibilities inherent to their office. Upon appointment, they receive detailed information on their office, as well as on the obligations connected to their function, also in terms of the applicable regulations. The Secretariat ensures they receive prompt updates on the regulatory scenario, also with respect to the duties and obligations of members of control bodies.

Each year, the Supervisory Board carries out an assessment of its adequacy in terms of powers, size, composition and operations, also in accordance with its Regulations. The Bank of Italy, as part of the Provisions on Corporate Governance, recently called upon the corporate bodies of intermediaries to conduct self-assessments, on a rigorous and in-depth basis, in order to ensure their proper operation, identifying any critical areas and adopting the appropriate measures. The Authority also requested preparation of a report on the self-assessment process carried out by the Management Board and Supervisory Board, to be submitted by 31 March 2012. Consequently, the Supervisory Board, in its meeting of 14 February 2012, conducted its own self-assessment, without using any external consultants. Self-assessment consists of detailed analysis of the functions actually carried out by the Board and by its Committees during the year, aimed at verifying, in light of their respective duties and powers, the degree of completion of the activities performed and identifying any area requiring greater attention. The duties assigned to the Supervisory Board were considered adequately fulfilled, and the Committees and Board were deemed to be suitable in effectively carrying out their respective functions.

2.C.2.

2.C.2.
1.C.1. g)

The Management Board

The Management Board, in addition to legal and regulatory provisions, is governed by the Articles of Association and its own Regulations adopted in 2008 and last amended in 2010. Specifically, the aforementioned Regulations provided the Board with precise organisational and operating rules, identifying its duties in detail. The Regulations are applicable to the Management Board jointly as a whole and severally to the Commissions, as well as to the Chairman and Members of the Management Board, who contribute to forming the decisions of the Board.

Duties and powers of the Management Board

1.P.1.
1.C.1. h) The Management Board has sole responsibility for management of the Bank in compliance with general, programme-related and strategic guidelines approved by the Supervisory Board, with which it however cooperates, to the extent of its own duties, in performing the strategic supervisory role.

For this purpose, the Board resolves on all transactions – relating to both ordinary and extraordinary administration – necessary, useful or appropriate in achieving the corporate purpose.

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

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

- 1.C.1. a) – submitting proposals on general programmes and strategic guidelines of the Bank and the Group to the Supervisory Board;
- the preparation of business and/or financial plans as well as the budgets of the Bank and the Group for submission to the Supervisory Board for approval;
- 5.P.1. – the appointment of specialised Commissions with preparatory and advisory duties, made up of executive Board Members, in accordance with the Articles of Association;
- 8.C.1. a) – the definition of guidelines and policies related to risk management (including the policy relative to the risk of non-compliance) and to internal audit, to be submitted to the Supervisory Board's approval;
- the purchase and sale of equity investments leading to changes in the Banking Group;
- 1.C.1. b) – adequacy assessment of the organisational, administrative and accounting structure of the Bank, also with respect to the internal control system, and the Group organisational structure;
- 1.C.1. b) – adequacy assessment of the organisational, administrative and accounting structure of subsidiaries of strategic importance;
- the determination of criteria for the coordination and management of Group companies and for the implementation of Bank of Italy provisions;
- 1.C.1. c) – the appointment, on the recommendation of the Supervisory Board, and removal of the Managing Director and the delegation, amendment and withdrawal of the relevant powers;
- the appointment to particular offices or the assignment of particular powers to one or more Board Members and the determination of the relevant powers;
- the appointment and removal of one or more General Managers, the determination of the relevant powers and the setting of remuneration, on the recommendation of the Managing Director and upon previous opinion of the Supervisory Board;
- subject to the mandatory opinion of the Supervisory Board, the appointment and removal of the Manager responsible for preparing the Company's financial reports and the determination of relevant powers, funding and remuneration;
- 8.C.1. – the appointment and removal, further to the favourable opinion of the Supervisory Board, of the Heads of internal control functions (including internal audit, compliance to regulations and risk management), pursuant to applicable laws or regulations;

- supervision to ensure that the Manager responsible for preparing the Company’s financial reports and the Heads of internal control functions have the powers and resources they need to fulfil the duties assigned to them;
- preparation of the draft Parent Company’s and consolidated financial statements and of documentation on merger and spin-off projects;
- the arrangement of transactions to be submitted for Supervisory Board authorisation or approval pursuant to the Articles of Association, and resolutions on transactions with a unit value exceeding 3% of the consolidated regulatory capital;
- the determination of criteria to identify related party transactions for which the Management Board has sole decision-making responsibility;
- the designation of members of corporate bodies of subsidiaries, including executive board members;
- the approval of major internal regulations and the amendment thereof;
- the definition of the remuneration policy for employees and other staff, to be submitted to the approval of the Supervisory Board;
- the determination, upon previous opinion of the Supervisory Board, of incentive and remuneration schemes for top managers in the Company’s organisational and operational structure, as well as of remuneration paid to heads of internal control functions.

1.C.1. f)

9.C.1.
1.C.1. f)

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

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

- a) structure, organisation and operations of the Management Board;
- b) strategies and general guidelines of the Bank and the Group;
- c) structure and organisation of the Bank and the Group;
- d) control and prudent supervision policies;
- e) financial reporting, financial statements and relations with independent auditors;
- f) Shareholders’ Meetings and relations with Bank Shareholders.

With specific regard to control and prudent supervision policies, the Board implements the ICAAP, monitoring and ensuring that the process corresponds with strategic guidelines and satisfies the following requirements: takes into account all significant risks; incorporates outlook assessments; adopts appropriate methodologies; is known and shared by internal Departments; is adequately formalised and documented; identifies the roles and responsibilities assigned to corporate Structures; is entrusted to resources adequate, as to quality and quantity, and with the authority necessary to ensure the observance of plans; forms an integral part of management activities.

The Management Board periodically assesses the general development of operations, also on presentation of the financial data of the Bank and Group, taking into account, in particular, the information received from the Managing Director, using in-depth analyses of the specialised Commissions established within the Board itself, and periodically comparing results achieved with those previously forecast.

1.C.1. e)

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

The activities of the Management Board are supported by the Corporate Secretariat Service, which is part of the Corporate Affairs Department. The Corporate Secretariat’s duties include handling activities essential to the Management Board and providing support to the various members in carrying out their respective duties, especially to the Chairman, Deputy Chairmen, Managing Director and specialised Commissions. The Corporate Secretariat also guarantees reporting and organisational coordination as necessary with the Supervisory Board and its internal Structures, as well as the appropriate links between the Management Board and the specialised Commissions with the other corporate Bodies and Departments, and in general ensures that corporate obligations for which the Board and its Members are responsible, are fulfilled.

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

4.P.1. Board Members are required to uphold the confidentiality, also beyond their term of office, of all documents, information and data concerning the Bank or the Group or otherwise learnt through the performance of their duties, and to comply with Bank procedures for the internal management and disclosure of such information. Board Members are further required to refrain from using information or knowledge about business opportunities learnt during their term of office to their own advantage or to the advantage of third parties.

Composition of the Management Board

Composition and appointment

6.P.1. In accordance with the Articles of Association, the Management Board is composed of a minimum of 7 and a maximum of 11 members, including non-shareholders, appointed by the Supervisory Board, which determines their number at the time of appointment. In doing so, the Supervisory Board is required to ensure that the Board has a sufficient number of members and the professional competence to fulfil its duties effectively.

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

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

Andrea Beltratti - Chairman
 Marcello Sala - Senior Deputy Chairman
 Giovanni Costa - Deputy Chairman
 Enrico Tommaso Cucchiani - Managing Director and CEO
 Aureliano Benedetti
 Paolo Campaioli
 Elio Catania
 Roberto Firpo
 Emilio Ottolenghi

The Management Board was unanimously appointed by the Supervisory Board in the meeting held on 7 May 2010, which set the number of its members at 9, appointing Andrea Beltratti as Chairman, Marcello Sala as Senior Deputy Chairman and Giovanni Costa as Deputy Chairman.

On 24 November 2011, following the termination of office by Corrado Passera as a result of taking on ministerial duties, the Supervisory Board, upon proposal by the Nomination Committee, appointed Enrico Tommaso Cucchiani as Management Board Member, indicating him to the Management Board, in accordance with the Articles of Association, as the new Managing Director, effective from 22 December 2011. The Management Board consequently appointed Enrico Tommaso Cucchiani - with the aforementioned effective date and for the remainder of the three-year period ending with approval of the financial statements as at 31 December 2012 - as Managing Director and Chief Executive Officer of the Bank and the Group.

Consisting of a limited number of members, the Board's composition - in addition to concretely implementing the Supervisory Provisions on corporate governance - has allowed it to simplify organisation and operations again during its second year, nevertheless ensuring adequate internal monitoring and effective performance of the Board's duties.

The Bank website provides brief biographical and professional notes on each of the Board Members in office.

As for the Supervisory Board, following the upcoming renewal of the Management Board and in accordance with Italian Law 120/2011 (on equal access to the administrative and control bodies of quoted companies), at least one-fifth of the members of the Board must be of the minority gender.

Term of office, replacement and removal

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

The current Management Board will remain in office for the 2010/2011/2012 financial years. Expiry of the term of office for all Members is envisaged as the date of the Supervisory Board meeting called to approve the 2012 financial statements.

Where one or more Management Board Members leave service, for any reason whatsoever, the Supervisory Board is to substitute them without delay. The term of office of the newly appointed Board Members expires simultaneously with the term of the members in office at the time of their appointment.

Where during the year, for whatever reason, the majority of the Members of the Management Board, as appointed by the Supervisory Board, resigns, the entire Management Board will forfeit office as of the date on which the newly appointed Members take office. The term of office of the newly appointed Members expires on the date on which the office of the replaced Management Board would have expired.

Members of the Management Board may be removed by the Supervisory Board at any time, without prejudice to the right of the removed Member to be indemnified for removal without just cause. Management Board Members may also be removed as a result of shareholder derivative actions as per Article 2393 of the Italian Civil Code, by resolution approved by a number of shareholders representing at least one-fifth of the share capital, or by decision of the Supervisory Board pursuant to Article 2409-decies of the Italian Civil Code, approved by at least two-thirds of its members. In the latter case, the Supervisory Board is required to appoint replacements for the removed Management Board Members at the same meeting.

Executive and non-executive Members

In accordance with the Supervisory Provisions on corporate governance - which require the Management Board to be a "corporate body characterised by a predominance of executives" -, the Articles of Association and the Management Board Regulations provide for the establishment, within the scope of the Board itself, of specialised Commissions (described in detail in the next paragraph) with preparatory and advisory duties, as well as the task of making an active and systematic contribution to the exercise of management functions. The Commissions will be comprised of executive Board Members appointed by the Supervisory Board.

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

The Management Board therefore currently consists of 6 Executive Members: the Managing Director as Chief Executive Officer and in relation to the role of head of operational management of the Bank and the Group, and the other Board Members Marcello Sala, Giovanni Costa, Paolo Campaioli, Roberto Firpo and Emilio Ottolenghi, who are responsible, through their appointment to the aforementioned Commissions, for duties connected with company operations.

The majority presence of executive Board Members is consistent with the nature and duties assigned to the Board. Furthermore, the breakdown of the Board into Commissions – in addition to full compliance with the requirements of the aforementioned Provisions – ensures a continuous enrichment of the preparatory process and a constructive exchange of opinions in terms of decision-making, safeguarding the cardinal principle of unity in company management entrusted to the Managing Director, also in his capacity as Chief Executive Officer.

The contribution provided by the executive Board Members of specialised Commissions is also reflected at the Group level, through the assignment of duties within the management bodies of a number of subsidiaries where, among other things, they can contribute to ensuring compliance with the provisions issued by the Parent Company in exercising its role of management and coordination.

Given the above, it is also important to outline that the Articles of Association, as previously mentioned, envisage a system of duties not to be delegated, which reinforces the joint decision-making of the Board in

the exercise of its duties and actively involves all Board Members with regard to and in support of its entire management role, making full use of their professional expertise.

Intesa Sanpaolo does not have a plan in place for replacement of the Managing Director or other executive Management Board Members in the event of advance termination of their office.

In such a case, the aforementioned provisions of the Articles of Association apply, according to which, where one or more Management Board Members leave service, for any reason whatsoever, the Supervisory Board is to substitute them without delay.

The Supervisory Board is supported in this task by the Nomination Committee, which carries out consulting, selection and propositional tasks. In submitting nomination proposals to the Supervisory Board, the Committee also takes into account the professional skills considered appropriate to have within the Management Board, the requirements of the Articles of Association and the regulations in force for Management Board Members.

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

The above procedure was implemented during 2011, upon early termination of Corrado Passera from the office of Managing Director; his rapid replacement ensured continuity and certainty in the company's operations.

Chairman and Deputy Chairmen

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

2.P.5. The Chairman is a non-executive Board Member: in fact, he/she is not a member of any specialised
2.P.4. Commission, has no operating powers and the current organisational structure of the Bank separates his/her duties from those of the Managing Director.

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

The Chairman, who is the Bank's legal representative, is in charge of organising, promoting and coordinating the activity of the Board and is furthermore called upon to manage relations among Management Board Members - in particular, among executive and non-executive Members - and with the Supervisory Board and its Chairman, ensuring efficient coordination of the activities of the two corporate Bodies.

2.C.2. Furthermore, one of the specific duties of the Chairman is to ensure that Management Board Members increase their awareness of the sector in which the Bank operates, of the business and of the relative developments, also with regard to the relevant regulatory framework.

The role of Chairman is especially important with regard to the specialised Commissions, in terms of promoting their activities and acting as their contact for presentation of their results at board meetings. In addition to the prerogatives envisaged by the Articles of Association, the Chairman is also assigned the task of overseeing the adequacy of the structure and operations of the Group's corporate bodies under the guidelines established by the Management Board.

In general, the Chairman exercises all powers appropriate to his/her office, and based on provisions of the Articles of Association and Management Board Regulations, fulfils duties with specific regard to:

- a) the Corporate bodies and their operations;
- b) the Bank's strategies and general guidelines;
- c) external relations and corporate information;
- d) legal representation and relations with Supervisory Authorities.

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

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

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

The Management Board must be informed of such decisions at the next meeting.

In accordance with the Articles of Association, in the case of absence or impediment of the Chairman, the Chairman's functions are carried out by the Deputy Chairman or, if there are two Deputy Chairmen, by the longest-serving one, intended as the one with the longest uninterrupted service or, in the case of equal terms of service, the eldest one.

Under the further hypothesis of absence or impediment of the latter, the functions are exercised by the other Deputy Chairman or, in case of absence or impediment of this Deputy Chairman, by the Managing Director or, in the case of absence or impediment of the latter, by the longest-serving Management Board Member present or, in the event of equal terms of service, the eldest one.

The Management Board currently has two Deputy Chairmen in office and, therefore, upon their appointment, the Supervisory Board established that replacement of the Chairman in the event of absence or impediment would first be assigned to Senior Deputy Chairman Marcello Sala, given his seniority as Management Board Member acquired during the prior three-year period.

Given the growing international scope of the Intesa Sanpaolo Group, the Management Board has assigned the Senior Deputy Chairman a task that involves dialogue and development of relations, aimed at identifying and promoting opportunities for collaboration and business potential. These functions are carried out in agreement with the Managing Director and in coordination with the Chairman of the Management Board and the relevant Group structures. The Senior Deputy Chairman reports annually to the Board on the most significant actions completed in carrying out this task.

Managing Director

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

1.C.1.c)

The Managing Director appointed on 24 November 2011, effective from 22 December 2011 and for the remainder of the term underway, has the role of Chief Executive Officer of the Bank and the Group, as well as that of General Manager.

The Managing Director - whose duties are governed by the Articles of Association and the Management Board Regulations – is the Chief Executive Officer, supervising corporate management by means of powers attributed in compliance with general programmes and strategic guidelines of the Corporate bodies. He or she ensures implementation of the resolutions of the Management Board, is responsible for personnel management, determines and implements operational directives, has the power to submit proposals to the Management Board, with support by the Chairman, and ensures that the Company's organisational, administrative and accounting structure is adequate considering the nature and size of the Bank.

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

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

- submitting proposals on strategic guidelines, multi-year plans and annual budgets of Intesa Sanpaolo and the Group for approval by the Management Board;
- submitting proposals on the overall organisational structure of the Bank and the Group;

- defining the detailed organisation of all Group business units that report to the Managing Director;
- acquisition, increase (also via share capital increases) and disposal of investments not implying a change in the Banking Group to a limit of 25 million euro; authorisation of the waiver or disposal of option rights on share capital increases in subsidiaries and the waiver of pre-emption rights, where these do not imply a change in the Banking Group;
- authorisation, without limit, of compulsory expenses and other expenses up to a limit of 25 million euro;
- authorisation of the purchase or sale of real estate assets with a commercial value of no more than 25 million euro and concession of such assets on free loan;
- ensuring application of the Group's corporate governance rules.

8.C.1. b) The Managing Director has also specific responsibility for risk management and internal control policies; for further information see the following chapter on the internal control and risk management system.

Independent Management Board Members

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

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

3.P.2.
3.C.4. The Management Board verified that each Board Member satisfies the independence criteria upon their appointment and subsequently on an annual basis, also taking into consideration their individual statements; the last verification in this respect was performed prior to the approval of this Report on 14 February 2012 and, in the light of the elements considered and indications provided by Consob, the following Board Members proved to be independent: Andrea Beltratti and Elio Catania.

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

The Articles of Association do not require members of the Management Board to meet the independence requirements envisaged in the Corporate Governance Code, also as a result of the Bank's decision to set up within the Supervisory Board the Committees, provided for in accordance with the Code, for which such requirements are necessary.

Requirements of integrity and professionalism

2.P.3. In order to ensure the sound and prudent management of the Bank and, in particular, the proper functioning of the Management Board, members of the latter – as representatives of a quoted bank – must meet the specific requirements of integrity and professionalism in compliance with current pro tempore laws and regulations.

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

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

The appointment of Members of the Management Board, along with the choice of Chairman and Managing Director, consequently involves an adequate examination of the personal and professional

characteristics of the candidates to such office, with decisions oriented towards those of the highest professional standing and wide-ranging managerial experience. In any event, the Management Board verifies the possession of such requirements by each Board Member, in compliance with supervisory regulations and its own Regulations.

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

Management or control positions of Management Board Members

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

1.C.2.

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

This matter, in fact, is specifically governed by the Articles of Association, according to which no individual may be appointed Member of the Management Board, and if appointed such office shall lapse, where the maximum of four administrative, steering or control offices in other listed companies, their subsidiaries or parent companies is exceeded. Note that accumulative office - up to a maximum of four - within the same group is classed as one office; where the maximum of four is exceeded they are classed as two).

1.C.3.

For each Management Board Member, compliance with the aforementioned provisions is checked periodically.

Furthermore, again pursuant to the Articles of Association, unless specific ad personam approval is given by the Supervisory Board with unanimous vote in favour by the Nomination Committee, persons who are members or become members of administrative, steering or control bodies, or employees of rival groups or in any event other banks, their parent companies or subsidiaries, may not be appointed Board Members, and if appointed such office shall lapse.

1.C.4.

According to the Articles of Association, the foregoing shall be without prejudice to the provisions of applicable laws and regulations relating to ineligibility and disqualification from office, as well as the limits to the number of offices held, where more restrictive.

In fact, on this issue, Article 36 of Law Decree 201/2011, converted with amendments into Law 214/2011, introduced specific impediments to taking on offices in the administrative, management and control bodies of companies operating in the banking, insurance and financial sector. In particular, the prohibition for "holders of offices in the management bodies [...] of companies or groups of companies operating in the credit, insurance or financial markets to take on or exercise similar posts in competing companies or groups of companies" was envisaged.

The holders of offices rendered incompatible by the new regulations may exercise an option within ninety days from appointment; upon initial application of the above decree, this option must be exercised within 120 days from the effective date of the conversion law and will therefore expire on 26 April 2012.

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

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

1.C.2.

Specialised Commissions in the Management Board: composition and duties

In carrying out its tasks and pursuant to the Articles of Association, the Board uses three specialised Commissions, with preparatory and advisory duties, consisting of executive Board Members.

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

The Board, upon proposal by the Chairman in accordance with the Managing Director, establishes the Commissions, appoints the members and defines their duties, also identifying a Coordinating Member for each Commission. Each Commission is assigned specific topic areas, in order to provide them, overall, with full visibility of all issues under the competence of the Board.

The specialised Commissions consist of three Members, all possessing specific skills and experience and able to perform their tasks in a timely manner.

More specifically, as outlined in the Board Regulations, the members of the Commissions must have specific credit, financial, securities or insurance knowledge, gained through work experience in positions of responsibility.

The actual composition of the Commissions reflects the specific professional backgrounds of their Members, in order to ensure an adequate supervision of the matters respectively assigned to them; some members are part of more than one Commission, according to a "cross-membership" mechanism that allows full sharing of information not only within the Commissions but also the Board.

Without prejudice to the provisions of applicable laws and regulations relating to ineligibility and disqualification from office, as well as the limits to the number of offices held, where more restrictive, individuals who have exceeded the limit of five offices in administrative, steering or control bodies of other groups may not be appointed as members of the specialised Commissions, and if appointed such office shall lapse, unless specific ad personam approval is given by the Supervisory Board. Moreover, individuals who hold executive offices or subordinated employment contracts in rival groups may not be appointed as members of specialised Commissions, and if appointed such office shall lapse.

The Coordinating Member organises and plans the activities of the Commissions, ensuring the appropriate coordination with the Chairman and the Managing Director. In the event of absence or impediment of the Coordinating Member, the longest-serving Member or, in the case of equal terms of service, the eldest Member, takes on all of the relative functions.

The specialised Commissions are responsible to making an active and systematic contribution to the exercise of management functions, through the examination of issues that require specific preliminary inquiries, in order to ensure that the decision-making process of the Management Board is based on an appropriate and constructive exchange of opinions.

No company Department reports to the Members comprising the Commissions.

In performing their tasks, the Commissions are supported by the Corporate Secretariat, which plans the work, provides technical support in the preliminary inquiry activities, and handles minutes of the meetings as well as reporting to the Board.

At least once a year, the Management Board performs an evaluation of the composition and operation of the Commissions.

The Commissions are convened by the respective Coordinators each time they deem it necessary or one of the members requests so.

The convocation, containing a brief summary of the topics to be discussed, takes place in time to allow members to acquire sufficient information on the topics under discussion, and is followed by documentation, where available, to ensure that their tasks are carried out in an optimal manner.

Where these topics fall under the realm of more than one Commission, joint meetings may also be called.

Meetings are generally held at the Torino registered office and Milano secondary office.

Meetings may also be validly held through telecommunication methods; such meetings are considered to have been held at the location of the Coordinating Member.

The majority of members must attend in order for the meetings to be considered valid.

Without prejudice to the preparatory and advisory duties carried out exclusively by the members of the Commissions, other executive and non-executive Members may also attend the meetings, thereby allowing, from the beginning, easier and more effective sharing of the issues under analysis.

In accordance with the Managing Director, the Heads of the Bank's and Group's relative Departments may also be invited to take part in the meetings, in order to illustrate the topics on the agenda and ensure an appropriate exchange of ideas. Representatives of the independent auditors and external consultants may participate in the meetings as well, where considered suitable and in relation to items on the agenda requiring their specific technical expertise.

The specialised Commissions, through their respective Coordinators, ensure a constant flow of information with the Board on the results of preparatory activities and research conducted in regard to resolution proposals, as well as on their assigned topic areas.

The results of such activities are subject to submission and discussion with the Chairman and Managing Director, according to deadlines consistent with the need to report to the Management Board.

The following specialised Commissions were operational as at the time of preparation of this Report. Nevertheless, the Board Regulations contemplate the possibility to establish additional specialised Commissions and other entities not specified by the Articles of Associations.

Business Plan and Extraordinary Transactions Commission

The composition of the Business Plan and Extraordinary Transactions Commission is summarised below, along with the attendance percentage by each member at the meetings, with any absence always backed by just cause:

Marcello Sala - Coordinator	100%
Giovanni Costa	100%
Emilio Ottolenghi	98%

The Commission has the following duties:

- carrying out advisory and preparatory activities for proposals on the Company's and Group's general programmes and strategic guidelines, which the Board submits to the Supervisory Board, as well as drawing up the planning documents, such as the Business Plan and Annual Budget;
- examining, on a preliminary basis, the main transactions of the Bank falling under the responsibility of the Board, including all of the strategic transactions to be submitted to the Supervisory Board for authorisation or approval, pursuant to the Articles of Association;
- monitoring the results and trends in the operational areas of greatest interest (also in comparison with the Plan/Budget forecasts) and, in general, supporting the Board in the exercise of its duties;
- periodically examining the adequacy of the Bank's and Group's organisational model, also with respect to the staff numbers.

Lastly, the Commission provides assessments and expresses opinions on the staff remuneration and incentive policy, providing the Board with its observations on activities under its responsibility for the purpose of proposals to be submitted to the Supervisory Board.

In 2011, the Commission met 40 times and analysed the following topics in particular: Business Plan, Budget and monitoring of results, definition and monitoring of strategic projects, key investment transactions, merger/demerger projects and acquisitions/disposals, personnel and remuneration and incentive systems, and the organisational and governance model of the Bank and of Group companies. As at the date of approval of this Report, the Commission met 5 times.

Capital Adequacy and Financial Statements Commission

The composition of the Capital Adequacy and Financial Statements Commission is summarised below, along with the attendance percentage by each member at the meetings, with any absence always backed by just cause:

Giovanni Costa - Coordinator	100%
Marcello Sala	95%
Roberto Firpo	95%

This Commission carries out preparatory and advisory activities regarding assessment of the Group's current and prospective capital adequacy in relation to risks taken and corporate strategies.

It also carries out preparatory activities:

- for the draft and interim financial statements;
- regarding the adequacy and effective implementation of administrative and accounting procedures for preparation of the financial statements and financial reporting in general.

The Commission met 19 times in 2011, analysing, in addition to the topics strictly related to its tasks, other topics requiring specific research, such as the guidelines on risks and internal risk measurement systems, monitoring of the regulations on the liability of legal entities pursuant to Italian Legislative Decree 231/2011, anti-money laundering and transparency, and the social report. As at the date of approval of this Report, the Commission met 4 times.

Lending and Risks Commission

The composition of the Lending and Risks Commission is summarised below, along with the attendance percentage by each member at the meetings:

Paolo Campaioli – Coordinator	100%
Roberto Firpo	100%
Emilio Ottolenghi	100%

The Commission carries out preparatory and advisory activities regarding risk management.

Specifically, it provides its preparatory contribution to the Board in view of the exercise, by the latter, of the duties assigned to it in accordance with the Articles of Association, the Regulations and the current Guidelines on risk management and control issues (particularly credit risk, market risk, liquidity risk, operational risk and compliance risk), with specific reference to drawing up resolutions to define risk management positions and policies subsequently submitted to the Supervisory Board for approval.

The Commission also:

- performs the preliminary examination of credit line proposals subject to subsequent Board resolution;
- supports the Board in regard to the definition of internal control policies, to the extent of the responsibilities attributed to the Management Board and in strict respect of the prerogatives of the Supervisory Board and the Control Committee.

The Commission met 32 times in 2011, analysing topics strictly related to its tasks - such as updating of the guidelines on lending and credit line proposals under the responsibility of the Management Board, the internal risk measurement systems and the tableau de bord of risk - as well as important topics requiring specific research, such as results to be provided to the Supervisory Authorities, policies for adoption of the provisions pursuant to the regulations on the liability of legal entities under Italian Legislative Decree 231/2011, anti-money laundering and transparency provisions and the periodic compliance reports. As at the date of approval of this Report, the Commission met 7 times.

Based on the activities carried out in 2011, the level of coverage of the topic areas assigned to each Commission was adequate, with a positive contribution to performance of the Board's functions, in terms of the relevance and quality that the preliminary inquiries provide to the Management Board's "acting in an informed manner".

Meetings of the Business Plan and Extraordinary Transactions Commission and the Capital Adequacy and Financial Statements Commission lasted an average of 2.5 hours, while those of the Lending and Risks Commission lasted 3 hours; this duration can be considered proportional to the number of meetings held and the topics covered.

Management Board operations

Calling of Meetings

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

1.P.1.

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

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

The meeting is called by the issue of a convocation notice addressed to each Member at least four days prior to the date of the meeting. In urgent situations the meeting may be called by giving 24 hours' notice. The convocation notice and agenda are also sent to members of the Supervisory Board.

The convocation notice also contains the meeting agenda, with the items grouped by topic areas, in order to ensure their orderly discussion.

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

Reports to Board Members

The Chairman is specifically responsible for ensuring, also with the support of the Secretary, that all Board Members receive adequate information on agenda items, suitably in advance with respect to the meeting date.

The convocation notice to Board Members is followed by the issue of documentation – by the Corporate Secretariat and normally two working days prior to the meeting – necessary to allow each Board Member to perform his/her duties with awareness and make informed decisions on the agenda items.

In the event that the documentation provided is particularly lengthy or complex, an executive summary is provided, recapping the most significant points of relevance for resolutions.

1.P.2.

In order to guarantee adequate reporting to Board Members, proposals to the Board are first presented to the Chairman, in order to allow the Chairman to more appropriately structure the meeting agenda and to ensure that the Board receives the necessary documentation in a timely manner, clearly taking into account any cases of price sensitivity or urgency.

Since 2010, in respect of the aforementioned procedure - in order to optimise the information circulation process and timing, significantly reducing the consumption of paper - Management Board Members have had access to a dedicated IT platform on which the relative documentation for meetings of the Board and of the Commissions is published, together with the governance documents, the key correspondence with the Supervisory Authorities, the accounting positions, etc., for rapid and independent consultation of documents useful for the Members to carry out their tasks. This application, accessible by the Members via intranet in protected mode, enables management of the information flows to Board Members in full compliance with the internal and security system standards. When documents are made available on the aforementioned IT platform, Board Members receive an e-mail notification in real time at their company e-mail account.

Where urgent meetings are called, it must still be guaranteed that each agenda item is addressed thoroughly and that special attention is paid to the content of any documents that could not be delivered in the normal manner.

Where confidentiality has to be maintained or if the Chairman deems confidentiality to be appropriate with regard to the content of the topic and related resolution, the documentation may be consulted only by the Corporate Secretariat and will be distributed directly at the meeting.

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

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

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

Conduct of meetings and the decision-making process

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

The Chairman presides over Board meetings and coordinates the work in hand, ensuring adequate space is given to the discussion of each topic on the agenda, along with the time necessary for appropriate analysis and constructive debate, with particular attention placed on the content of documents not delivered in the normal manner.

2.P.2. Board Members actively participate in Board discussions, contribute to discussions based on their respective competences and knowledge (also in relation to office held in Group companies), and analyse the various topics from different viewpoints, contributing to achieving a fully considered and reasoned decision-making process.

When applicable, the Management Board receives a report on the topics examined by the specialised Commissions; the respective Coordinators summarise the results of the preliminary activity conducted, as well as of the additional inquiries on the proposals for resolution.

Furthermore, based on a consolidated practice, at the invitation of the Chairman and for the relevant topics, the General Manager and the Manager responsible for preparing the Company's financial reports may also take part in meetings, in addition to the Heads of Bank Departments and the top management of subsidiaries, in order to provide information and analyses regarding matters examined by the Board. Moreover, representatives of the independent auditors and external consultants may also attend where their specific technical expertise is pertinent to items on the agenda. This practice has proven to be particularly important in encouraging an adequate contribution by and involvement of the Departments in the decision-making process, through direct participation by Management in the Board's activities.

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

Management Board resolutions are normally carried by absolute majority vote of the Members in attendance (in the event of a tie, the meeting Chairman has the casting vote); certain resolutions involving, amongst other things, the appointment and removal of the Managing Director and General Managers and the delegation of their powers, as well as the appointment and removal of the Manager responsible for preparing the Company's financial reports are carried by majority vote of all members in office.

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

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

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

Frequency of meetings and Board Member attendance

1.C.1. h) The Management Board meets on a regular basis, normally almost twice a month. Given the significant increase in topics to be covered, this frequency has allowed a suitable number of items to be included in the meeting agenda, along with proper discussion and constructive debate.

In 2011, the Board met 22 times, compared to an initial forecast of 17 meetings.

As in the past, participation by Board Members in the meetings was constant, despite the increase in number of meetings during the year, as well as the greater commitment required from Members in relation to the work of the specialised Commissions.

In particular, during 2011, attendance by each Board Member at the meetings was 100%.

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

The Board meetings lasted an average of 4 hours, considered adequate in satisfying the need for thorough development and discussion of matters on the agenda, also in view of the appropriate meeting and pre-meeting information, the number of meetings held and the work carried out by the specialised Commissions.

A total of 17 meetings are planned for this year as well, 5 of which have already been held. In compliance with Borsa Italiana Regulations, in January Intesa Sanpaolo disclosed the 2012 corporate events calendar to the market (also published on the website), with an indication of Management Board meeting dates for the approval of financial reports.

Contestation of resolutions

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

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

Self-assessment of extent, composition and operations

The Management Board examined its own operations during 2012 as well, also taking into account the guidelines issued by the Bank of Italy on 11 January 2012 regarding application of the Supervisory Provisions on corporate governance.

1.C.1. g)

This examination is not a one-time event but is part of a process characterised by a structured and transparent system for dissemination of information which, together with the availability of information ensured by the Corporate Secretariat, provides each Member with a complete and constant overview of the activities carried out by the Body and allows the overall Board to conduct its self-assessment on a continuous basis.

As in the past, the Board's activity was first examined by each Member and subsequently by the Board as a whole, with particular reference to its extent, composition and operations.

In particular, the Management Board Members had at their disposal and examined quantitative data in terms of number, frequency and duration of the meetings and the recurrence of topics covered on the one hand, and qualitative information from the documentation prepared in view of the Board analysis and meeting discussions on the other.

Following these analyses and in implementation of the comments by the individual Board Members, a preliminary version of the document "Analysis of Management Board operations" was drafted and subsequently submitted to preliminary analysis by the Commission and final examination by the Board.

In this respect, it should be specified that Intesa Sanpaolo did not use any external consultants, in the belief that the process could be effectively conducted through appropriate and constructive discussion within the Board and among the Board Members.

Furthermore, in the dual system, the requirement of an opinion by a third party is already ensured by the activities of the Nomination Committee established within the Supervisory Board. In fact, the Articles of Association assign to this Committee consulting, selection and propositional tasks regarding the

nomination of Members of the Management Board, in order to ensure that its composition, in terms of size and professional profiles, allows the effective fulfilment of the tasks assigned to it.

In its session of 14 February, the Management Board confirmed - in light of the activities carried out in 2011 directly or via the specialised Commissions and also taking into account the Bank's overall governance structure - its adequacy in terms of size, composition, structure and operations, with particular regard to:

- the structure of the Board, limited in size and with a predominantly executive nature;
- the breakdown into three specialised Commissions and their growing integration with the Board;
- the timeliness and completeness of information flows;
- the commitment ensured by Board Members, also in terms of time, and the extensive interaction that has developed between them and Management;
- the interaction and effective coordination with the Supervisory Board and its Structures (aiming to identify, with respect to the area of controls and risks, methods for an even more effective and timely exchange of information with the Control Committee).

2.C.2. The Management Board Members are fully aware of the duties and responsibilities inherent to their office. The Chairman of the Board and the Coordinators of the respective Commissions ensure that the Management Board Members increase their business and corporate awareness at Bank and Group level. This is to guarantee full and adequate awareness of the banking business, of the economic-financial system, of the finance regulations and, above all, of the methods for risk management and control. In particular, as part of the reporting and decision-making process that characterises Management Board and specialised Commission meetings, Board Members are constantly updated by the relevant Departments on new legislation and regulatory provisions pertinent to the Bank and the exercise of the Board's own duties, whilst the flow of information on topics discussed proves adequate for the purpose of awareness - and further study as appropriate - of corporate transactions, corporate processes and the topics of strategic importance to the Bank, in order that each may effectively fulfil his/her duties.

Powers

1.C.1. c) In accordance with the Articles of Association, and within the scope of its powers, as mentioned above, for ordinary and extraordinary administration, the Management Board may appoint, by resolution adopted by majority vote, a Managing Director, delegating relevant powers and determining their scope, limitations and how they may be exercised, and may delegate special capacities or tasks to one or more Board Members, together with their relative powers.

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

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

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

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

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

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

1.C.1. e)

Information Flows to Corporate Bodies and between Corporate Bodies

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

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

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

1.C.1. c)
and e)

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

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

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

8.C.3. b)

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

The Chairman of the Management Board and Chairman of the Supervisory Board receive specific internal regulatory and statutory provisions expressly aimed at ensuring the appropriate sharing of information between each other and with the Managing Director, also with a view to guaranteeing accuracy of information flows to the Management Board. In particular:

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

Operating Structure

Business Units, Governance Areas and Head Office Departments

In terms of organisational logic and to ensure that Group governance has thoroughly the necessary coherence, the Parent Company is divided into Business Units – comprising business line aggregations with similar characteristics in terms of products and services provided and in terms of regulatory framework – Head Office Departments and Staff Units, most of which are grouped into four Governance Areas under the direct responsibility of the Managing Director and CEO and reporting to the Chief Operating Officer, Chief Financial Officer, Chief Lending Officer and Chief Risk Officer.

The Chief Operating Officer, within the scope of his duties, works with Intesa Sanpaolo Group Services, which provides services and support to the Group meeting effectiveness, efficiency and quality standards.

The Internal Auditing Department holds a special position in the organisation, in order to enjoy the necessary autonomy and independence, reporting directly to the Chairmen of the Management and Supervisory Boards.

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

Except for staff assigned to the Chairman of the Supervisory Board, Chairman of the Management Board and Internal Auditing Department, all other Departments of the Bank and of other Group companies report to a Business Unit, a Head Office Department or directly to the Managing Director and CEO.

For additional information on Intesa Sanpaolo's operating structure, reference should be made to the Bank website www.group.intesasanpaolo.com ("About us"/"Organisational structure" Section).

General Managers

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

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

Until 14 February 2012, Intesa Sanpaolo's organisational structure included two General Managers: Marco Morelli, General Manager, Deputy to the CEO and Head of the Banca dei Territori Division, and Gaetano Miccichè, General Manager and Head of the Corporate and Investment Banking Division; on 14 February 2012, the Management Board appointed Carlo Messina, Chief Financial Officer, as General Manager,.

The Management Board has therefore appointed the Head of a Governance Area and the Heads of two Divisions as General Managers, without prejudice to the general responsibility of the Managing Director, in accordance with the principle of the unified management of the Bank, for the general management of all Bank and Group operations.

Group Committees

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

- Coordination Committee, consultative body with the role of facilitating intragroup operations and top level communication between the Bank Departments, with a view to sharing and coordinating the main corporate decisions;
- Group Risk Governance Committee, formed with decision-making, consultative and reporting powers to ensure the monitoring and management of risks and the safeguarding of corporate value

at Group level. The Committee also coordinates the internal control system, in implementation of the strategic guidelines and management policies defined by the Corporate Bodies;

- Group Financial Risk Committee, technical body with a decision-making and reporting role, focusing on proprietary financial risks of the banking and trading book and on Active Value Management, which operates on the basis of operating powers and duties assigned by the Management Board of the Parent Company;
- Group Compliance and Operational Risk Committee, technical body with a decision-making, consultative and reporting role with the aim of stepping up co-ordination and interdepartmental co-operation mechanisms, and facilitating the effective management of operational and compliance risks, which operates within the scope of the guidelines set by the Corporate Bodies, on the basis of the operational and functional powers delegated by the Parent Company's Management Board;
- Group Credit Committee, technical body with a decision-making and consultative role that has the task of guaranteeing coordinated management of issues relating to credit risk to the extent of its assigned powers.

The internal control and risk management system

Main characteristics

The internal control and risk management system consists of a set of rules, procedures and organisational structures aimed at ensuring compliance with Company strategies and the achievement of the following objectives:

- the effectiveness and efficiency of Company processes;
- the safeguard of asset value and protection from losses;
- reliability and integrity of accounting and management information;
- transaction compliance with the law, supervisory regulations, policies, plans, guidelines and internal procedures and regulations.

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

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

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

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

8.C.1. a)
8.C.2.

The internal control and risk management system is divided into three levels:

- the first level consists of line controls that are conducted by operating structures (by the person performing the relevant activity plus hierarchical controls), or are incorporated into procedures or back-office activities;
- the second level falls under the responsibility of the Chief Risk Officer and, in addition to the Legal function, includes specific functions that involve:
 - risk management controls, which are aimed at contributing to the definition of risk measurement methodologies, at verifying compliance with the limits assigned to the various operating structures and at controlling the consistency of the operations of individual productive areas with the assigned risk-return targets;
 - compliance controls, which are aimed at preventing the risk of incurring legal and administrative penalties, significant financial loss or damage to reputation as a consequence of infringements of laws and regulations or voluntary codes;
 - compliance controls with regard to anti-money laundering, combating the financing of terrorism and embargo management;
 - credit granting controls, including the correct process of assignment and updating of ratings, controls on the management process for non-performing and doubtful loans and monitoring of credit quality;
 - internal validation controls, in accordance with Bank of Italy Circular 263/2006.
- the third level consists of internal auditing activities run by the Internal Auditing Department, a separate, independent structure from the operating structures, whose aim is to identify anomalous operations and breaches of procedures and regulations, and to assess the overall functioning of the internal control system.

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

8.C.1. c)
8.C.1. d)
8.P.3.

Given the above, a description is provided below of the main elements of the internal control and risk management system, also indicating the breakdown of financial reporting controls (in reference to the

duties of the Manager responsible for preparing the Company's financial reports, the financial reporting control system and audit), control Functions (risk management, compliance, credit quality monitoring, internal validation, anti-money laundering and internal audit) and crime prevention models.

The role of corporate bodies

8.P.3. Given the considerable importance of the subject and based on the implementation of the dual management and control model, both corporate Bodies involved in strategic supervision of the Bank play an active role in risk management and control activities; in particular:

- the Management Board defines the Bank's risk appetite and the related risk management policies to be submitted to the approval of the Supervisory Board and is responsible for the establishment and maintenance of effective risk management and control systems and internal control systems for the implementation of strategic guidelines, assessing its overall operations by taking into account all operating areas of the Group. It approves specific guidelines aimed at ensuring the efficacy of the business risk identification, measurement and management system, including the risk mitigation techniques, and defines the guidelines in terms of the Group's exposure to reputational risk. It continuously verifies the overall efficiency and effectiveness of the risk management and control system; it defines the responsibilities of the company departments involved so that the relative tasks are clearly assigned and potential conflicts of interest avoided. It defines the information flows aimed at ensuring that the corporate bodies and control functions have full knowledge of and governance over the risk factors; it implements the ICAAP.

8.C.5. c) Moreover, on the recommendation of the Managing Director, the Management Board adopts appropriate resolutions for submission to the Supervisory Board of guidelines to ensure the adequacy of the organisational, administrative and accounting structure; it appoints and removes, with the approval of the Supervisory Board, the heads of internal control functions. The Management Board defines guidelines for the approval and control of transactions with related parties to be submitted for approval by the Supervisory Board; and it is responsible for the management and coordination of the Group, with strategic-management control and technical-operational control over Group activities;

- the Supervisory Board, at the proposal of the Management Board, is responsible for approving the Bank's risk appetite and general risk management policies and their periodic review, in order to ensure their effectiveness over time. In this context, the Supervisory Board verifies that the risk control functions are organised in line with the strategic objectives, as well as assessing and supervising the efficiency and adequacy of the internal control system and correct exercise of strategic and management control by the Parent Company over Group companies.

8.C.1. b)
8.C.5. As already mentioned, the Managing Director is in charge of ensuring proper functioning of control measures. Consequently, Management Board resolutions on risk management policy and internal control are taken on the recommendation and proposal of the Managing Director, who in general is responsible for the measures necessary for ensuring that an effective and efficient control system is established and maintained. In addition, the Managing Director steers the implementation of guidelines resolved by the Management and Supervisory Boards by the Structures concerned.

8.P.4.
8.C.3. As already mentioned, the Supervisory Board, with the support of the Control Committee, also assesses the degree of efficiency and adequacy of the internal control system, with particular reference to risk control, internal audits and the IT accounting system. The Articles of Association define the role of the Control Committee as a permanent reference point for all internal control functions, from which it is to receive specific information. Accordingly, the Control Committee reports to the Supervisory Board on any management irregularities or breaches of regulations found through the exercise of its duties and responsibilities.

The Manager responsible for preparing the Company's financial reports

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

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

The Manager responsible for preparing the Company's financial reports has the task of monitoring the internal control system in terms of accounting and financial disclosures. In accordance with the aforementioned Article 154-bis, the Manager is required to:

- certify that the documents and disclosures disseminated by the Bank to the market and regarding interim and annual accounting information correspond to corporate records, books and accounts;
- jointly with the Managing Director, in a specific report attached to the Parent Company's and consolidated financial statements and to the condensed half-yearly reports, certify the adequacy and actual application of administrative and accounting procedures, the compliance of company accounting reports with the records, books and accounts and their capacity to provide a true and fair presentation of the Bank's balance sheet, income statement and financial situation and those of companies included in the scope of consolidation, and that the report on operations includes a reliable analysis of business performance and results, the position of the issuer and the overall position of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which the Group is exposed.

For this purpose, the Supervisory Board and the Management Board approved the corporate "Guidelines for administrative and financial governance", which govern:

- the corporate governance model enabling the Manager responsible for preparing the Company's financial reports to constantly verify the adequacy and effective application of administrative and accounting procedures at Group level;
- the system of information flows and relations with other Parent Company Departments and subsidiaries, enabling the Manager responsible for preparing the Company's financial reports to receive the information required for his/her duties;
- the system of certifications to the Managing Director and the Manager responsible for preparing the Company's financial reports from other Parent Company and subsidiary Departments, in terms of related compliance with regulatory obligations;
- the communication flows from the Manager responsible for preparing the Company's financial reports towards corporate Bodies and the exchange of information with independent auditors.

The Manager responsible for preparing the Company's financial reports plays a steering and coordination role in Group companies with regard to administrative and accounting matters and in the supervision of internal control system functional to accounting and financial reporting. To this end, the Manager responsible for preparing the Company's financial reports plans the activities that the Group is required to perform over the year and is responsible for:

- supervising compliance with the instructions given to companies for the correct and uniform implementation of accounting rules and principles and measurement criteria;
- outlining administrative and accounting procedures for producing the financial statements and other financial reports, including the Pillar III disclosure document;
- verifying the adequacy and effective application of administrative and accounting procedures over the period, also by subsidiaries subject to the laws of countries that are not European Union member states, in accordance with relevant Consob regulations, through a structured assessment process, with findings included in an ad hoc Report on the internal control system functional to financial reporting;
- monitoring the data acquisition process for the information required to produce the Group's balance sheet, income statement and financial situation, especially with reference to the main risks and uncertainties to which Group companies are exposed;
- supervising the duties assigned to the independent auditors via the management of the monitoring process governed by specific Regulations, and the preparation of the annual reports required under the Issuers' Regulation.

In the light of the relative responsibilities, the Manager responsible for preparing the Company's financial reports is also assigned adequate powers and means to perform his/her duties. In particular, said Manager has a dedicated organisational structure and is also supported by the other control Functions of the Parent Company as regards the performance of specific assessments for actual application of the administrative and accounting procedures.

In order to allow the Management Board to monitor the adequacy of the powers and means assigned, as well as the effective observance of administrative and accounting procedures, the Manager responsible for preparing the Company's financial reports issues a periodic report to the Board on activities performed, on any critical points emerging and on remedial action taken, and, on a half-yearly basis, a report on the results of internal control system assessments of accounting and financial reporting requiring certification by the Managing Director and the Manager responsible for preparing the Company's financial reports in accordance with regulations.

These reports are also submitted to the Control Committee, which reports to the Supervisory Board in order for it to perform its supervisory task of monitoring the IT accounting system, as required by law and the Articles of Association.

Internal control of accounting and financial disclosure

The adopted reference model identified by Intesa Sanpaolo for verification of the adequacy and actual application of internal controls on accounting and financial reports is based on the COSO and COBIT Framework, the generally accepted reference standards at international level¹. The model provides for the existence of:

- an adequate internal control system at corporate level to reduce the risk of errors or incorrect conduct; this is achieved through the verification of elements such as adequate governance systems, conduct standards based on ethics and integrity, effective organisational structures, clear attribution of powers and responsibilities, adequate risk policies, effective codes of conduct and fraud prevention systems and personnel disciplinary systems;
- administration and accounting procedures for the preparation of financial statements and financial reporting in general, with long-term monitoring of their adequacy and effective implementation; this category of procedures includes administrative and accounting processes in the strictest sense, relevant to documenting the reliability of accounting data through to their reporting in the financial statements, along with steering and control processes (planning, management control, risk control), business processes (lending, finance, etc.), and support processes (operations management) that have a material impact on accounts and financial reporting;
- governance rules for the IT infrastructure and applications relating to administration and accounting procedures, with long-term monitoring of their adequacy and actual application.

The model is applied according to a risk-based logic, selecting the companies, the administration and accounting procedures and the governance rules for the IT infrastructure and the applications considered relevant for the purpose of the Group's accounting and financial reporting.

The verification of an adequate internal control system at corporate level was performed on the basis of evidence produced by Internal Auditing departments. Verification of the adequacy and actual application of administration and accounting procedures and of governance rules for the IT infrastructure and applications is partly carried out according to specific methodologies derived from auditing standards supervised by the Manager responsible for preparing the Company's financial reports and dedicated departments, and partly based on evidence provided by Internal Auditing Department and by other control departments, with a view to maximising organisational synergies. Compliance with relevant regulations is also confirmed by the system for certifications sent to the Manager responsible for preparing the Company's financial reports from other departments of the Parent Company and subsidiaries.

The model used offers a reasonable guarantee of the reliability of accounting and financial information. As evidenced by the COSO Framework, any internal control system, even if well designed and operational, cannot completely exclude malfunction or fraud that could affect such information.

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

The Chief Risk Officer

The Chief Risk Officer is responsible for the Risk Management, Compliance and Legal Affairs Departments together with the Credit Quality Monitoring, Anti-Money Laundering and Internal Validation units, representing a “second line of defence” in the management of corporate risks that is separate and independent from the business support functions.

The Chief Risk Officer is responsible for:

- consistent with corporate strategies and objectives, defining guidelines and policies on risk management, compliance and legal matters;
- coordinating the implementation of guidelines and policies on risk management, compliance and legal matters by the relevant Group business units, and in other corporate departments as appropriate;
- guaranteeing the measurement and control of Group exposure to the various types of risk, also verifying the implementation of guidelines and policies as above;
- guaranteeing the monitoring of credit quality and the observance of credit-related guidelines and strategies through the constant monitoring of risk, and submitting proposals on the structure of delegated powers of the corporate Bodies;
- supervising the identification and monitoring of any misalignment of current regulations, and arranging consulting, support and sensitisation as appropriate on regulations to the corporate Departments;
- ensuring the monitoring of compliance risk in terms of anti-money laundering, combating the financing of terrorism and embargo management.

Risk Management

Policies concerning the assumption and management of risk are identified by the Supervisory Board and the Management Board. The Management Board, in turn, relies on the support of the specific Group Committees mentioned earlier, which are coordinated by the Group Risk Governance Committee, and on the Chief Risk Officer, who reports directly to the Chief Executive Officer.

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

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

- proposing Group risk management strategies and policies to the Corporate Bodies, so as to ensure the steering and coordination of the main risk management measures;
- ensuring compliance with Supervisory Authority instructions and provisions with regard to risk governance and related reporting transparency;
- ensuring that the Managing Director and CEO and the Management Board have an overall view of risk exposure, by reporting any non-compliance and/or breaches of relevant policy;
- identifying, analysing and monitoring situations of potentially significant deterioration of risk and managing events of specific impact and relevance, with implications for the Group’s reputation;
- ensuring the adequacy and effectiveness of the risk measurement and reporting system architecture, assessing consistency between business guidelines and management tools/processes; on this point the Committee supervises the results of risk management model validation processes;
- assessing the adequacy of the Group’s equity and regulatory capital, as well as the allocation of capital to business units on the basis of plan objectives and risk tolerance objectives;
- verifying the consistency of capital requirements and risk measurement with accounting policies;
- verifying the Group’s overall credit risk profile, co-ordinating corrective action and strategic guidelines in relation to credit risk and lending policies;
- allocation of risk limits to the Divisions/Departments and setting country risk limits (by country, duration and type of operations) and credit risk concentration limits, in accordance with the decisions of the Management Board;
- disseminating awareness of risk, in its various forms, within the Group;
- defining business continuity strategies for disaster recovery purposes.

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

The Group Financial Risk Committee is responsible for matters concerning the assumption of financial risks (in both the trading and banking books). The Committee, chaired by the Chief Risk Officer and the Chief Financial Officer, is responsible for setting out the methodological and measurement guidelines for financial risks, establishing the operational limits and assessing the risk profile of the Group and its main operational units. The Committee also sets out the strategies for the management of the banking book to be submitted to the competent Bodies and establishes the guidelines on liquidity, interest rate and exchange risk, and periodically assesses the Group's overall financial risk profile and any measures needed to modify it.

The Group Compliance and Operational Risk Committee, chaired by the Chief Risk Officer, has the task of supervising the implementation of operational risk management guidelines and policies, in terms of compliance and legal risk. It periodically verifies the Group's overall operational risk profile, defining any corrective actions, coordinating and monitoring the effectiveness of the main mitigation activities and approving the operational risk transfer strategies.

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

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

Compliance

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

The Head of the Compliance Department was appointed by the Management Board on recommendation from the Managing Director and with approval from the Supervisory Board, and has the necessary autonomy and independence from the operating Departments.

The Compliance Department is responsible for Group level management of the risk of non-compliance with regulations, meaning the risk of incurring legal and administrative penalties, significant financial loss or damage to reputation as a consequence of infringements of laws and regulations or voluntary codes, by preparing guidelines, policies and methodologies in relation to the management of compliance risk.

The "Compliance Guidelines", approved by the Management Board and Supervisory Board, implement the Group's Compliance Model, identifying the roles and responsibilities of the corporate Bodies and company structures in monitoring compliance risk. Specifically, directly on behalf of the Parent Company and in-service subsidiaries, the Compliance Department performs all activities relating to compliance with Bank of Italy supervisory provisions and the Joint Bank of Italy-Consob Regulation on regulatory areas of strategic importance to the Supervisory Authorities or for which centralised management of compliance risk is considered necessary, consistent with industrial association guidelines and best market practices: investment services, insurance and pension-related intermediation, market abuse, public offerings, contractual transparency, customer protection regulations and initiatives, usury, payment systems, administrative liability of Entities, custody services.

The Bank has also identified certain regulatory areas in any event significant in terms of compliance risk, for which the related duties of the Compliance Department are performed by other corporate departments, all

with an adequate level of independence and the required skills: internal dealing, register of persons with access to inside information on Intesa Sanpaolo and Group company securities, safeguarding of competition, transactions with related parties, obligations of Board Members and General Managers of the Banking Group, protection of privacy, occupational safety, environmental protection. In these regulatory areas, the Compliance Department has the role of defining guidelines and methodologies for the monitoring and measurement of compliance risk, coordinating compliance initiatives also in terms of prioritising the related risk, verifying their actual implementation by the control Departments and producing a full report on related results to the corporate Bodies.

The Compliance Department plays a coordination and controlling role on behalf of subsidiaries not in service and for Branches abroad, whose internal compliance offices report directly to the central Compliance Department.

Legal Affairs

The Legal Affairs Department governs legal risk and, in this context, ensures the correct interpretation of the regulations applying to bank operations, subject to ongoing identification of these; it provides consulting and assistance to the central and territorial structures of the Bank on general legal issues and specific issues regarding company operations, also with respect to the regulation of contractual relations with customers; it handles litigation cases and out-of-court agreements (except for those concerning labour law, pensions, taxes and loan recovery); it supports the Compliance Department on legal aspects.

Credit Quality Monitoring

As part of the credit governance processes, the Credit Quality Monitoring Unit is responsible for monitoring risk and credit quality through second level controls, as well as for the implementation of any corrective measures by the Business Units and the Lending Decisions Department, according to the positions in question. Specifically, it carries out controls on the lending processes, monitors the process for management of non-performing and doubtful loans, proposes to the Chief Risk Officer criteria for the classification of positions as non-performing and doubtful loans and periodically reports on significant issues regarding credit quality, also in relation to specific status levels (performing, non-performing, overdrawn/past due, substandard and doubtful) and significant exposures.

It also carries out monitoring and control of the loan assessment process for reporting purposes.

The Unit also contributes to the process of making credit strategy proposals, through assessment of credit quality, and to their structuring, based on the relevant credit management variables.

Finally, the Credit Quality Monitoring Unit makes proposals to the Chief Risk Officer on the structure of powers to grant and manage loans, defining the limits and criteria for their determination.

Internal Validation

The objective of the Internal Validation function is the ongoing evaluation of compliance of the internal risk measurement and management systems over time as regards determination of the capital requirements to the regulatory provisions, company needs and changes in the relative market.

Anti Money Laundering Service

In implementation of the Bank of Italy provisions issued on 10 March 2011 in terms of organisation, procedures and internal controls of anti-money laundering, and as a further development of the governance model already implemented at Intesa Sanpaolo, the Anti Money Laundering Function was established, carried out by the Anti Money Laundering Service, reporting directly to the Chief Risk Officer.

The Head of the Anti Money Laundering Function was appointed by the Management Board, on recommendation by the Supervisory Board and with approval by the Control Committee. He/she operates with the necessary autonomy and independence from the operating Structures and carries out supervision at the Group level across all Departments that are assigned the various tasks as part of compliance with anti money laundering regulations.

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

The new "Guidelines on anti money laundering, combating the financing of terrorism and embargo

management” approved in July 2011 by the Management Board and Supervisory Board identify the key principles and define responsibilities, duties and main processes for the Parent Company and for all Group Companies in managing the risk of money laundering, in combating terrorism financing and in managing embargoes.

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

The Internal auditing function

8.C.6. Internal auditing activities are performed by a special department - Internal Auditing - which reports
8.C.7. directly to the Chairman of the Management Board and the Chairman of the Supervisory Board, and also liaises with the Control Committee.

As part of its duties the Department also liaises with the Internal Auditing Departments of Group companies.

The Head of the Internal Auditing function – appointed by the Management Board on recommendation from the Managing Director and subject to approval from the Supervisory Board – has the necessary autonomy and independence from the operating Structures. The Internal Control Manager has the adequate resources and funding to perform his/her duties and has no constraints in the access to company data, archives and assets.

Internal Auditing is responsible for ensuring a constant and independent auditing of the regular performance of Bank operations and processes for the purpose of preventing or identifying any anomalous or risky conduct or situation, assessing the overall operations of the internal control system and its adequacy in guaranteeing the effectiveness and efficiency of company processes, safeguarding asset value and loss protection, and the reliability and completeness of accounting and management reports, and the compliance of transactions with corporate governance policies and with internal and external regulations. Furthermore, it provides consulting to Bank and Group departments, also through participation in projects, for the purpose of adding value and improving the effectiveness of control, risk management and organisational processes.

The Internal Auditing Department uses personnel with the appropriate professional skills and expertise and ensures that its activities are performed in accordance with international best practice and standards for internal auditing established by the Institute of Internal Auditors (IIA). The Function has earned the maximum rating in the external Quality Assurance Review envisaged by the international standards: “Generally Compliant”.

In conducting its duties, the Internal Auditing Department uses methodologies for the preliminary analysis of risks in the various areas. Based on the assessments made and on the consequent priorities, the Internal Auditing Department prepares and submits an Annual Intervention Plan for prior examination to the Control Committee and subsequent approval by the Management Board and the Supervisory Board, on the basis of which it conducts its activities during the subsequent year.

It supports corporate governance and ensures that top management, the corporate Bodies and the competent authorities (Bank of Italy, Consob, etc.) promptly and systematically receive information on the status of the control system and on the outcome of activities performed.

Audit is performed directly for the Parent Company Intesa Sanpaolo and for Banche dei Territori, as well as for a limited number of subsidiaries with an outsourcing contract; second level audit is instead conducted on other Group companies (indirect audit).

In such cases, indirect audit is conducted via the steering and practical coordination of subsidiary Auditing departments, to guarantee control consistency and adequate attention to the different types of risks, also verifying the effectiveness and efficiency levels under both structural and operational profiles. Furthermore, direct audit and verification are also performed in its institutional capacity as Parent Company.

Any weak points are systematically reported to the Departments involved for prompt improvement action, monitored by follow-up activities.

Internal control system audits from the checks are periodically submitted to the Control Committee, Management Board and Supervisory Board which require detailed updates also on the progress status of remedial action on weak points; furthermore, the more significant events are promptly reported to the Control Committee.

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

Management of conflicts of interest

Introduction

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

9.P.1.

Transactions with related parties

On 26 November 2010, in accordance with the Regulation containing provisions relating to transactions with related parties, adopted by Consob in March 2010, the Management Board and the Supervisory Board approved, upon favourable opinion by the Control Committee, the new Intesa Sanpaolo "Group procedures regulating the conduct of related party transactions", which establish for the entire Group and with respect to transactions with related parties of Intesa Sanpaolo:

9.C.1.

- the criteria used to identify related parties,
- the categories of related party transactions,
- cases of exemption from application of the regulations,
- the analysis, proposal and decision-making procedures for the transactions,
- the subsequent requirements for reporting to the Parent Company's corporate Bodies,
- the necessary controls to ensure market disclosure.

The new Regulations, which replace the prior ones adopted in 2007, have been effective since 1 January 2011, except for the provisions on publication of the report on more significant transactions considered separately, for which the Regulations became effective from 1 December 2010.

Pursuant to the new Regulations, the following are considered related parties of Intesa Sanpaolo: subsidiaries and associates, joint ventures, pension funds in favour of employees of the Bank or other related entities, shareholders holding over 2% of the share capital of the Bank and relative corporate groups, key managers, close family members of key managers and related significant shareholdings. In this regard, in addition to the members of the Management Board and Supervisory Board and the General Managers, other Key Managers were expressly identified.

As for shareholders, the Bank confirmed the decision made in 2008, as a form of self-regulation, extending application of the rules beyond the scope of application considered in regulations of reference, so as to include shareholders and their corporate groups (subsidiaries, parent companies and companies subject to common control) with an equity investment with voting rights in the Bank of over 2% (calculated on registered shares or shares under management).

The new Regulations, published in their entirety on the Bank's website, contain a series of total or partial exemptions from application of the new rules, regarding specific types of transactions:

- a) without prejudice to the accounting disclosure requirements, exemptions are always applicable to transactions involving small amounts, shareholders' meeting resolutions regarding remuneration of Supervisory Board Members, financial instrument-based remuneration schemes and resolutions on remuneration of Management Board Members and other key managers, upon existence of the conditions indicated by Consob;
- b) exemptions from the decision-making procedure and market and Consob disclosure requirements are applicable to intragroup transactions, provided that in the subsidiary counterparty to the

transaction there are no significant interests of other related parties. The following are considered as significant interests of other related parties: stake in capital that involves the exercise of significant influence or the presence of key manager remuneration systems that depend to a large extent on the period results achieved by the subsidiaries or associates with which the transaction was carried out;

- c) all less significant ordinary transactions carried out at market or standard conditions are exempt from the decision-making procedure, with specific assessment for transactions involving loans and financial instruments;
- d) ordinary, more significant transactions at market or standard conditions are exempt from the market disclosure requirements;
- e) all transactions to be carried out based on instructions by the Supervisory Authorities for the purpose of stability are exempt from the assessment and decision-making procedures;
- f) for transactions subject to the regulations on obligations of Board Members and General Managers of the Banking Group pursuant to Article 136 of the Consolidated Law on Banking, the opinion of the independent Committee is not required, due to application of the specific procedure contemplated by banking regulations.

The procedure for the management of transactions with related parties in the new Regulations is differentiated by:

- transactions of negligible amounts, excluded from application of the regulations;
- less significant transactions, equal to or greater than the small-amount thresholds (250,000 euro for individuals, 1 million euro for entities connected to key managers, 5 million euro for significant shareholders and related corporate groups, associates and pension funds, and 20 million euro for subsidiaries);
- more significant transactions, if they exceed the threshold of 5% of the indicators defined by Consob (approximately 2 billion euro for Intesa Sanpaolo);
- strategic transactions pursuant to the Articles of Association;
- transactions attributed to the shareholders' meeting.

9.P.1.
9.C.1.
1.C.1. f) The Related Party Transactions Committee, established within the Supervisory Board and consisting entirely of independent Members, plays an important role in the approval process for these transactions. Less/more significant or strategic transactions that are not exempt from the decision-making procedures require an opinion by the Related Party Transactions Committee, which evaluates the Bank's interest in carrying out the transaction, as well as the suitability and fairness of the relative conditions.

Less/more significant transactions are always resolved by the Management Board; strategic transactions must also be authorised by the Supervisory Board, in line with the provisions of the Articles of Association.

For more significant or strategic transactions, the Related Party Transactions Committee must also be promptly involved in the analysis and negotiation phases, receiving a complete and timely flow of information, with the right of the Committee to request additional information and make observations.

The Management Board may decide on a more significant transaction and the Supervisory Board may authorise a strategic transaction, despite the negative opinion of the independent Committee: the transaction, without prejudice to its effectiveness, must in both cases be submitted for non-binding resolution by the ordinary Shareholders' Meeting.

For transactions attributed to the shareholders' meeting, the resolution proposal by the Management Board, approved where required by the Supervisory Board, is governed according to the procedures envisaged for less/more significant or strategic transactions, depending on the type of transaction. More significant transactions that are approved despite the negative opinion of the Committee cannot be carried out if, during the Shareholders' Meeting, the majority of unrelated voting shareholders express an unfavourable vote, provided that the unrelated shareholders present at the Meeting represent at least 10% of the share capital with voting rights.

1.C.1. f) Less/more significant or strategic transactions carried out by Subsidiaries with related parties of Intesa Sanpaolo are subject to prior, non-binding approval by the Parent Company and subsequent resolution by the Subsidiary's Board of Directors. The request for prior approval follows the decision-making procedures described for the Parent Company for less/more significant and strategic transactions, depending on the type of transaction.

Moreover, the new Regulations define the general criteria for the information to be provided, at least quarterly – also pursuant to Article 150 of the Consolidated Law on Finance – to the Management Board and by the latter to the Supervisory Board regarding transactions with related parties of Intesa Sanpaolo completed in the reference period by the Parent Company or by its subsidiaries. All of the above is aimed at providing a complete overview of the most significant transactions, as well as the volumes and the main features of all those delegated. Reports must include all transactions, even if exempt from the decision-making procedure, for amounts equal to or greater than the thresholds of less significant importance. Bank funding transactions and intragroup loans are excluded from this requirement, regardless of the amount.

Detailed public disclosure must be provided, in accordance with the provisions of Consob, if the Parent Company or subsidiaries carry out more significant transactions which are not ordinary and at market or standard conditions.

Ordinary more significant transactions at market or standard conditions carried out with subsidiaries, associates and joint ventures in which there are significant interests by other related parties, as well as shareholders, key managers and pension funds, must in any case be disclosed to Consob.

Less significant transactions are reported to the market on a quarterly basis only in the event of negative opinion by the independent Committee.

Lastly, without prejudice to the reporting requirements envisaged by IAS 24, the Bank provides information on the most significant transactions with related parties of Intesa Sanpaolo in its half-yearly report on operations and annual report on operations.

Finally, it should be noted that on 12 December 2011, the Bank of Italy published the new supervisory regulations on activities involving risk and conflicts of interest by banks and banking groups with respect to “associated entities”, in accordance with Article 53, paragraphs 4 et seq. of the Consolidated Law on Banking and CICR (Interdepartmental Committee for Credit and Savings) Resolution 277 of 29 July 2008.

The new provisions aim to monitor the objectivity and impartiality of decisions regarding bank transactions with parties closely linked to the decision-making centres and are added to and only partially overlap the other regulations already in force on this matter (Article 2391 of the Italian Civil Code, Article 136 of the Consolidated Law on Banking, Consob Regulation on the management of transactions with related parties, IAS 24).

The deadline for implementation of these provisions is 31 December 2012. However, by 30 June 2012, Intesa Sanpaolo will have to define and publish the decision-making procedures to be applied from 31 December (non-deferrable date) and to be coordinated with the provisions on transactions with related parties.

Obligations of Board Members and General Managers of the Banking Group

Article 136 of the Consolidated Law on Banking requires the adoption of a special decision-making procedure which enables board members and general managers of banks or other companies forming part of a banking group to contract obligations with the bank they belong to or other group companies, so as to prevent conflicts of interests from arising.

In accordance with the Article 136, persons with steering, administration or control duties in banks or companies forming part of the banking group cannot directly or indirectly enter into contracts binding upon their company or carry out financing transactions with another company or bank in the banking group without approval from the administrative and control bodies of the company or bank that is party to the contract; in such cases, moreover, the contract or document must be approved by the parent company.

The special decision-making procedure also applies to contractual obligations entered into by the bank or other companies in the banking group with companies controlled by board members and general managers or companies in which they have administration, steering or control duties. Moreover, it also applies to related subsidiaries and parent companies (unless the obligations are contracted between companies in the same banking group or refer to transactions on the interbank market).

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

9.C.2.

For the subsidiaries of the Banking Group, on the other hand, such transactions require a prior resolution adopted unanimously by the board of directors, with the unanimous approval of all the members of the board of statutory auditors and the consent of the Parent Company.

Finally, the provisions of the aforementioned law confirm the obligations contemplated in the Italian Civil Code governing directors' interests and transactions with related parties.

Interests of Management Board Members

9.P.1. In line with the provisions of Article 2391 of the Italian Civil Code, the Management Board Regulations require each Board Member to inform the other Management Board Members and the control Body of any personal interests held or interests held on behalf of third parties, with reference to a specific corporate transaction governed by the Board, specifying the nature, terms, origin and extent of the interests.

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

Where applicable, the special decision-making procedure set forth in Article 136 of the Consolidated Law on Banking is to be followed.

Interests of Supervisory Board Members

10.C.4. In line with the provisions of the Corporate Governance Code, the Supervisory Board Regulations require each Board Member holding a personal interest or interests on behalf of third parties, whether direct or indirect, in a specific transaction under examination by the Supervisory Board to promptly and fully inform the Supervisory Board of the nature, terms, origin and extent of the interests.

Furthermore, the Articles of Association contemplate a provision governing the transparency of interests held by Supervisory Board Members in transactions of strategic importance. Based on this provision, any Member of the Supervisory Board who holds a personal interest or interest on behalf of third parties in a transaction deemed strategic under Article 25.1.2 of the Articles of Association, is required to disclose the interest and state its nature, terms, origin and extent. In this case, any resolution adopted by the Supervisory Board is to suitably explain the reasons and convenience of the transaction for the Company.

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

Conflict of interest management policy

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

In 2009, the Bank's corporate Bodies approved a "Conflicts of interest management policy" which amended internal regulations to comply with the provisions of the Joint Bank of Italy/Consob Regulations and the Consob Regulation on Intermediaries. Said Regulations, issued in implementation of the MiFID, step up obligations regarding the identification and management of conflicts of interest through the introduction of the following requirements:

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

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

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

Personal transactions rules

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

Personal transactions rules are applicable to all Group companies that provide investment services, as well as asset management companies and open-ended collective investment schemes, and identify as relevant persons: (i) board members; (ii) managers, employees and other natural persons involved in the provision of investment services under outsourcing agreements; (iii) shareholders that are natural persons and that hold a corporate office in a Group company; (iv) shareholders that are legal entities and that hold equity interests in a quoted or non-quoted Group company of over 2% or 20% respectively and have officers on the corporate bodies of the company, with the exception of shareholders that are legal entities subject to supervision and joint-stock companies that have adopted the models contemplated by Italian Legislative Decree 231/2001.

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

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

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

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

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

In Intesa Sanpaolo, the role and responsibilities of the Surveillance Body as per Legislative Decree 231/2001 are, as previously mentioned, assigned to the Control Committee, along with the necessary powers and capacities to fulfil such tasks.

Conferring the aforementioned supervisory function on the Control Committee guarantees a high degree of independence in exercising the duties set out in the aforementioned Decree, in that the Committee

incorporates the prescribed characteristics of independence and professionalism and, at the same time, is aware of the corporate facts required to efficiently perform this role.

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

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

8.C.2. Intesa Sanpaolo, by decision of its Management Board and Supervisory Board, has adopted an “Organisational, Management and Control Model” for the prevention of crime, in accordance with Italian Legislative Decree 231/2001 (the “Model”).

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

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

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

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

The operations and duties of the Surveillance Body, in addition to those indicated in the Model, were specified in a special section of the “Regulations for the Control Committee and Surveillance Body, pursuant to Legislative Decree 231/2001”, adopted by the Supervisory Board.

In 2011, the Surveillance Body met 22 times. Among other things, it monitored the Model’s efficiency, effectiveness and adequacy in preventing and overcoming the commitment of illegal acts subject to Legislative Decree 231/2001, the compliance of recipients with the provisions contained in the Model, identifying the consistency and any deviations of behaviours, through analysis of the information flows and reports required from the heads of the various company departments, and the implementation of the staff training plan.

With reference to the value of the Model, Intesa Sanpaolo pushed ahead with the roll-out of the internal communication and staff training plan to facilitate the dissemination of the provisions of the Decree and of the Organisation Model adopted, so that awareness of the subject and observance of the related rules become an integral part of the professional portfolio of each employee.

In addition to this, without prejudice to the separate responsibility of each Group company for the adoption and effective implementation of their own models under the Decree, the Bank, in its capacity as

Parent Company, has formalised a series of guidelines for its subsidiaries concerning their administrative liability with regard, among other things, to the appointment of a Surveillance Body, the preparation of staff training plans, the adoption of suitable controls for sensitive processes, and periodic reports to the Parent Company's compliance function.

In this respect, considering the above-mentioned Article 14 of Italian Law 183/2011, subsidiaries will be encouraged to take advantage of the possibility of simplifying the control system, assigning the duties of the Surveillance Body to the boards of statutory auditors.

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

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

Independent Auditing

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

The independent auditors currently appointed by Intesa Sanpaolo are Reconta Ernst & Young S.p.A., whose assignment expires on the date of the Shareholders' Meeting called to allocate net income for 2011.

The independent auditors are appointed by the Ordinary Shareholders' Meeting on motivated proposal of the Supervisory Board.

One year in advance with respect to the expiry (which is a common practice among the main quoted companies), the Ordinary Shareholders' Meeting of Intesa Sanpaolo S.p.A. held on 10 May 2011 approved the proposal by the Supervisory Board with respect to assignment of the auditing mandate for the period 2012-2020 to KPMG S.p.A., whose offer, following a detailed technical and economic evaluation, was deemed the most suitable in relation to the size, complexity and risk profile. KPMG S.p.A. therefore replaces Reconta Ernst & Young as Auditor of Intesa Sanpaolo.

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

Based on these Regulations, the awarding of specific assignments involves the prior analysis and authorisation of the Manager responsible for preparing the Parent Company's financial reports, who is also responsible for reporting to the Control Committee, the Supervisory Board and the Management Board on a periodic basis - as well as to Consob, as required by laws in force - on Group assignments awarded during the period to the independent auditors of the Parent Company and other Group companies by the Group and the fees paid to them over the year.

10.C.5.

The coordination of the control system

The Supervisory Board, as the Control Body, is the centre of the control system, with the task of supervising compliance with legal and regulatory provisions, and the Articles of Association as well as correct governance and the adequacy of the Bank's organisational and accounting structures.

In this context, among its various duties, the Board is responsible for ensuring the effectiveness of all the Structures involved in the internal control system and their adequate coordination.

The internal rules, regulations and procedures that aim to ensure the achievement of these objectives include the Corporate Governance Project prepared in accordance with the Supervisory Provisions on corporate governance, the Group Regulations, the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001, the Supervisory Board Regulations and the Management Board Regulations, the Group Committee Regulations and other so-called "governance documents", including the main risk management and control guidelines, the compliance guidelines, the administrative and financial governance guidelines and the Pillar III Disclosure guidelines.

These documents outline the main information flows required for the purposes of coordinating internal control functions, including the information provided by control functions to the Bank's corporate Bodies and, in particular, the Control Committee, and the information exchanged between internal control functions.

Treatment of corporate information

Inside information

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

4.P.1.
4.C.1.

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

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

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

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

Internal Dealing and Insiders List

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

These Regulations, in addition to identifying the "relevant parties" (members of the corporate Bodies, General Managers and Key Managers of Bank departments), defining their conduct and disclosure requirements, also forbid such transactions in the 30 days preceding the Management Board meeting called to approve the draft financial statements and the half-yearly report and in the 15 days preceding the Management Board meetings called to approve interim reports. Each relevant party is informed of the aforementioned "blocking periods" on a timely basis.

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

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

Again on the basis of provisions contained in the Consolidated Law on Finance and the implementing provisions issued by Consob, the Bank has created and regularly updates a register of people who, due to

their work or professional activities or duties performed, have permanent or occasional access to inside information concerning the Bank or its subsidiaries that issue quoted securities (the “Insiders List”).

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

All Group companies that issue quoted securities are required to keep and update an Insiders List identifying the people who, by virtue of their work or professional activities or duties performed, have permanent or occasional access to inside information concerning the companies.

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

Considering the importance of the topic and the consequent objective of implementing future monitoring, the internal regulations are subject to constant fine-tuning and development.

Relations with shareholders and the financial community

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

11.P.2.
4.C.1.

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

Given the size of the Bank and the Group, Intesa Sanpaolo makes use of specialist Departments backed by appropriate technological and professional resources: the Investor Relations Service, which handles relations with institutional investors, and the Corporate Secretariat Service, which handles relations with shareholders – or shareholder associations – and support to shareholders by providing them with corporate documentation disclosed pursuant to law.

11.C.2.

Press and media relations in general, in Italy and abroad, are the responsibility of the External Relations Department - Media Relations Service, which in this respect is the main contact also for Group companies. As mentioned above, Rating Agencies is instead dedicated to the management of relations with analysts of rating agencies.

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

11.C.1.

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

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

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

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

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

Shareholders' Meetings: procedures and shareholders' rights

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

The Shareholders' Meeting of Intesa Sanpaolo

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

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

The regulatory context under which Shareholders' Meetings are classified, as well as the range and methods for exercising the rights envisaged for parties entitled to participate in the Meetings, were significantly amended following introduction of Italian Legislative Decree 27 of 27 January 2010, which implemented Directive 2007/36/EC "Shareholders' rights directive" into Italian law, and of the subsequent regulatory provisions introduced by Consob in implementing the aforementioned Decree.

In particular, the regulations implementing the shareholders' rights directive - essentially aimed at expanding participation in the meetings of listed companies as well as ensuring greater information, particularly during the pre-meeting phase - amended the right to attend meetings, which is assigned to parties holding the shares as at the so-called record date (see below), regardless of any subsequent disposal of said shares. It is therefore now possible for parties who are no longer shareholders as at the date of the meeting to participate in the meeting, and for parties who actually are shareholders at said date to be denied participation, as a result of the former selling and the latter acquiring the shares after the record date.

11.P.1.
11.C.1.

Even before the introduction of the implementation provisions on the shareholders' rights directive, Intesa Sanpaolo has always strived to encourage the broadest possible participation of shareholders in the Shareholders' Meetings and to guarantee the best quality standards for the information provided.

In any case, from February 2011, the Company adapted its Articles of Association to the new provisions with resolution by the Supervisory Board, upon proposal by the Management Board and following verification by the Bank of Italy, pursuant to Article 25.2, letter c of said Articles.

Additional amendments to the Articles of Association, permitted by the new regulations on a discretionary basis, were approved by the Shareholders' Meeting held on 10 May 2011, exploring the widest areas introduced by the reform in order to further enhance the function of shareholders' meetings.

Duties of the Shareholders' Meeting

At Intesa Sanpaolo, a company that has adopted the dual management and control model, the Shareholders' Meeting is, amongst other things, expected to resolve upon:

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

The duties of the Shareholders' Meetings under the Articles of Association are in line with the Supervisory Provisions on remuneration. Specifically, the Shareholders' Meeting is responsible for determining the remuneration of Supervisory Board Members vested with special duties and for approving remuneration policies for Management Board Members, as well as financial instrument-based management incentive plans.

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

Calling and conduct of work

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

The Shareholders' Meeting is called at the registered office of the Company or in another location in the municipality where the Company has its registered office, by notice containing the information envisaged by law and published on the Bank's website, as well as with other methods envisaged by the regulatory provisions; the notice is generally published in the daily newspaper "Il Sole 24 Ore" and in the major national and international newspapers.

The convocation notice may also provide for Shareholders' Meetings to be convened on second call and, limited to Extraordinary Shareholders' Meetings, also on third call; the Management Board may also decide that the Meetings be held in a single meeting, thereby excluding further calls and applying the majorities required by applicable legislation. This decision is disclosed in the convocation notice.

The convocation notice is published within the deadline envisaged by the regulations, generally at least thirty days prior to the date of the first (or single) call. This publication date is moved up to forty days prior to said date if the meeting is called in order to elect the members of the Supervisory Board.

The convocation notice informs shareholders on a timely basis as regards the procedures for participation and exercising of the voting right in the Shareholders' Meeting, the record date, the methods to acquire the Meeting documentation - including the descriptive reports and the resolution proposals involving issues on the agenda - as well as any other information provided by the Company.

Generally speaking, the Bank, within the deadline for publication of the convocation notice, provides to the public at its registered office, on its website and via other methods envisaged by the regulations, the reports on issues on the agenda, as well as the documents to be submitted to the Shareholders' Meeting.

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

11.C.4.

Intesa Sanpaolo has not deemed it necessary to adopt a specific Shareholders' Meeting Regulation. The management and coordination powers attributed to the Chairman on this matter by the law and the Articles of Association – through the identification, at the beginning of each session, of the main rules to be observed – ensure the orderly and effective conduct of the work of the Meeting and the participation of those entitled in related discussions.

11.C.5.

In any event, participants are informed by the Chairman, prior to the start of the Meeting, of voting procedures in order that they may express clear and well-informed opinions about topics on the agenda.

As concerns the right to speak on the items posted on the meeting agenda, and with a view to guaranteeing everyone the opportunity to speak, based on the individual requirements and on the number of participants wishing to do so, the Chairman sets the speaking and answer time for each speaker at a maximum, normally, of five minutes. Requests to speak are generally made through specific stations in the meeting hall, via an automatic booking system.

Intesa Sanpaolo's Articles of Association do not currently permit the holding of Shareholders' Meetings using means of telecommunication.

11.C.6. The Company has decided not to change the percentage capital thresholds provided for by regulations in force with regard to the exercise of action and prerogatives to safeguard minority interests.

Additions to the Meeting agenda

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

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

Notices with respect to the additions to the agenda as a result of such requests shall be given in the forms required for the publication of the convocation notice.

Right to ask questions on topics on the agenda

Shareholders have the right to ask questions on topics on the agenda even prior to the Meeting. Answers to questions received prior to the Meeting are provided during the Meeting at the latest, with the Company having the right to provide a single response to questions with the same content.

Questions may also be submitted through the appropriate section of the website www.group.intesasanpaolo.com or by e-mail, according to the specific instructions expressly outlined in the convocation notice.

Participation and representation – The Appointed Representative

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

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

In accordance with the regulations implementing the shareholders' rights directive, the Articles of Association envisage the possibility for electronic notification of voting proxies to the Company through the appropriate section of the website or through e-mail.

11.C.1. The convocation notice contains specific instructions regarding the voting by proxy procedure and the availability of a facsimile of a proxy form on the Bank's website, as well as the methods with which proxies can be electronically notified.

11.C.3. As an additional instrument to encourage more widespread participation in the decision-making processes of the Shareholders' Meeting, the Articles of Association allow the Bank to designate for each meeting, disclosing it in the convocation notice, one or more "Appointed Representatives" on whom holders of voting rights can confer a proxy with instructions to vote on all or some of the items on the agenda. The appointment of more than one representative, also in different locations, could satisfy the need of increased proximity to shareholders, as well as differentiation by shareholder category.

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

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

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

Voting rights

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

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

Quorum and voting majorities

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

At Intesa Sanpaolo, the quorum required for the validity of ordinary and extraordinary Shareholders' Meetings, on both first and second calling, and on third calling for extraordinary shareholders' meetings, is determined by law, as are the voting majorities required for the approval of resolutions, except as provided by the Articles of Association for the election of Supervisory Board members.

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

Ordinary Shareholders' Meeting	First call	Second call	Further calls	Single call
Quorum	Any number of entitled parties representing at least half the share capital	The proportion of share capital represented by the entitled parties attending	N/A	The proportion of share capital represented by the entitled parties attending
Voting majority	Absolute majority of the share capital represented at the Meeting	Absolute majority of the share capital represented at the Meeting	N/A	Absolute majority of the share capital represented at the Meeting
Extraordinary Shareholders' Meeting				
Quorum	Any number of entitled parties representing at least half the share capital	Any number of entitled parties representing over one-third of the share capital	Any number of entitled parties representing at least one-fifth of the share capital	Any number of entitled parties representing at least one-fifth of the share capital
Voting majority	At least two-thirds majority of the share capital represented at the Meeting	At least two-thirds majority of the share capital represented at the Meeting	At least two-thirds majority of the share capital represented at the Meeting	At least two-thirds majority of the share capital represented at the Meeting

Contestation of shareholder resolutions

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

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

In 2011, an ordinary and extraordinary Shareholders' Meeting was held on 10 May.

The ordinary Meeting agenda included the approval of the proposed allocation of 2010 net income, the distribution of dividends and the proposal to appoint the independent auditors for the period 2012-2020. The extraordinary Meeting resolved on amendments to the Articles of Association connected to, among other things, the shareholders' rights directive and the procedures governing transactions with related parties, as well as on the proposal to increase share capital.

Shareholders representing approximately 58% of the ordinary share capital attended the Meeting of April 2011, confirming a constantly high participation of shareholders at meetings.

The Special Savings Shareholders' Meeting

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

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

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

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

The current Common Representative is Paolo Sfameni, appointed at the Special Meeting held on 2 December 2011 for the period 2012-2014.

The Common Representative of Savings Shareholders', who remains in office for 3 financial years, has the right to participate in ordinary and extraordinary meetings of the company and is to be informed without delay by the Chairman of the Management Board of any bank operations that could affect the official price of savings shares, and in particular of any proposals that the Management Board has decided to submit to the Shareholders' Meeting regarding capital transactions, mergers and spin-offs.

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

The right of withdrawal

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

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

Corporate social responsibility

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

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

The Code of Ethics - approved by the Management and Supervisory Boards – spells out the reference culture and values of Intesa Sanpaolo that lead to conduct principles to be followed by all individuals – internal and external - with whom direct or indirect relations are entertained: first of all, customers, shareholders and employees, but also suppliers, the community and the local areas in which the Bank operates, in addition to the natural environment affected by the activities of any business.

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

By way of the Social Report, prepared on the basis of international reporting standards and published on the Bank’s website, also in interactive form, Intesa Sanpaolo is accountable to stakeholders regarding activities performed during the year. This demonstrates the ability to operate in a manner consistent with stated values and with the principle of development along the lines of economic, social and environmental sustainability.



Part IV – Summary Tables

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

Director	Office	Independent pursuant to the Corporate Governance Code	No. of other offices held	Control Committee	Nomination Committee	Remuneration Committee	Strategy Committee	Financial Statements Committee	Related Party Transactions Committee
Giovanni Bazoli	Chairman		3		X		X		
Mario Bertolissi	Deputy Chairman	X			X		X		
Elsa Fornero (up to 16/11/2011)	Deputy Chairwoman	X	1		X		X		
Luigi Arturo Bianchi	Director	X	4					X	
Rosalba Casiraghi	Director	X	10	X					X
Franco Dalla Sega	Director and Secretary to the Board	X	3						X
Gianluca Ferrero	Director	X	10				X		
Jean-Paul Fitoussi	Director	X	1				X		
Pietro Garibaldi	Director	X		X	X				
Guido Ghisolfi (from 16/11/2011)	Director	X	1				X		
Giulio Stefano Lubatti	Director	X	2	X					
Marco Mangiagalli	Director	X	2			X			X
Gianni Marchesini	Director	X						X	
Fabio Pasquini	Director	X	3			X			X (alternate)
Eugenio Pavarani (from 20/07/2011)	Director	X	5					X	
Gianluca Ponzellini	Director	X	14	X		X			
Gianguido Sacchi Morsiani	Director	X			X			X	
Marco Spadacini	Director	X	7					X	
Ferdinando Targetti (up to 01/07/2011)	Director	X					X		
Livio Torio	Director	X	5	X					
Riccardo Varaldo	Director	X	1		X				

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

Member	Office	Company
Giovanni Bazoli	Chairman Member, Supervisory Board Director	Mittel S.p.A. UBI Banca S.p.A. R.C.S. Quotidiani S.p.A. (up to 01/01/2012)
Mario Bertolissi		
Elsa Fornero (up to 16/11/2011)	Director	Buzzi Unicem S.p.A.
Luigi Arturo Bianchi	Director Chairman, Board of Directors Director Director	Benetton Group S.p.A. Idea Sim S.p.A. UBS Fiduciaria S.p.A. Banca Generali S.p.A. (from 10/05/2011)
Rosalba Casiraghi	Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor Director Director Director Director Director Director Director	Banca CR Firenze S.p.A. (*) Non Performing Loans S.p.A. Nuovo Trasporto Viaggiatori S.p.A. Industrie De Nora S.p.A. Luisa Spagnoli S.p.A. Spa.Im S.r.l. Spa.Pi. S.r.l. Alto Partners SGR S.p.A. Biancamano S.p.A. NH Hoteles S.A. PMS S.p.A. (up to 28/04/2011)
Franco Dalla Sega	Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Director Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors	Brands Partners 2 S.p.A. Hopa S.p.A. (up to 31/12/2011) Intesa Previdenza SIM S.p.A. (*) MicroVentures S.p.A. (up to 01/04/2011) Mittel Investimenti Immobiliari S.r.l. (up to 22/02/2012) Mittel Private Equity S.p.A. (up to 08/04/2011) Mittel S.p.A.
Gianluca Ferrero	General Partner Standing Auditor Director and Member Executive Committee Alternate Auditor Standing Auditor Standing Auditor	Giovanni Agnelli e C. S.a.p.a.z. Alberto Lavazza e C. S.a.p.a. Banca del Piemonte S.p.A. COFINCAF S.p.A. Emilio Lavazza S.a.p.a. Fenera Holding S.p.A.
	Standing Auditor Chairman, Board of Auditors Chairman, Board of Auditors Liquidator Alternate Auditor	Gabriel Fiduciaria S.r.l. (from 18/04/2011) Cafiero Mattioli Finanziaria S.a.p.a. (from 23/06/2010) Luigi Lavazza S.p.A. Tecnodelta S.p.A. (in liquidation) (up to 11/12/2011) Reale Mutua Assicurazioni
Jean-Paul Fitoussi	Director	Telecom Italia S.p.A.
Pietro Garibaldi		
Guido Ghisolfi (from 16/11/2011)	Managing Director	Mossi & Ghisolfi S.p.A.

Member	Office	Company
Giulio Stefano Lubatti	Chairman, Board of Auditors Chairman, Board of Auditors	Banco di Napoli S.p.A. (*) Eurizon Capital Sgr S.p.A.(*) (from 25/03/2011)
Marco Mangiagalli	Director Chairman, Board of Directors Director	Luxottica Group S.p.A. Saipem S.p.A. (up to 05/05/2011) Autogrill S.p.A. (from 21/04/2011)
Gianni Marchesini		
Fabio Pasquini	Chairman, Board of Auditors Standing Auditor Chairman, Board of Auditors Chairman, Board of Auditors	Sangiorgio Costruzioni S.p.A. S.p.A. Michelin Italiana Nuovi Investimenti Sim S.p.A. (from 07/10/2011) Alpi Fondi SGR S.p.A. (up to 07/10/2011)
Eugenio Pavarani (from 20/07/2011)	Standing Auditor Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor Standing Auditor	Banca del Monte di Parma S.p.A. (*) Cassa di Risparmio in Bologna (*) Mediofactoring S.p.A.(*) Roche Diagnostic S.p.A. Roche Pharma S.p.A.
Gianluca Ponzellini	Chairman, Board of Auditors Standing Auditor Alternate Auditor Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor Alternate Auditor Alternate Auditor Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor	Banca IMI S.p.A. (*) Casa Editrice Universo S.p.A. CIR S.p.A. – Compagnie Industriali Riunite De'Longhi Appliances S.r.l. De'Longhi Capital Services S.p.A. De'Longhi S.p.A. Dé Longhi Clima S.p.A. (from 18/07/2011) Finmar S.p.A. (up to 31/10/2011) G.S. S.p.A. Ital Press Holding S.p.A. Ital Press San Biagio S.p.A. Luisa Spagnoli S.p.A. Spa.Pi. S.r.l. Spa.Im S.r.l. Telecom Italia S.p.A.
Gianguido Sacchi Morsiani		
Marco Spadacini	Director Chairman, Board of Auditors Standing Auditor Standing Auditor Chairman, Board of Auditors Standing Auditor Director Standing Auditor Director (from 30/06/2011)	Arnoldo Mondadori Editore S.p.A. Atlantia S.p.A. Axa Assicurazioni S.p.A. Axa Partecipazioni S.p.A. Delmi S.p.A. (up to 26/04/2011) Fondiarìa – SAI S.p.A. Lorenzo Galtruccio S.p.A. (up to 16/12/2011) Transalpina di Energia S.r.l. Metroweb S.p.A.
Ferdinando Targetti (up to 9/7/2011)		
Livio Torio	Standing Auditor Chairman, Board of Auditors Alternate Auditor Chairman, Board of Auditors Chairman, Board of Auditors	Banca di Credito Sardo S.p.A. (*) Mediocredito Italiano S.p.A. (*) Intesa Sec 3 S.r.l. (*) Setefi S.p.A. (*) Moneta S.p.A. (*)
Riccardo Varaldo	Director Director	Finmeccanica S.p.A. (up to 04/05/2011) Piaggio & C. S.p.A.

(*) companies that are part of the Intesa Sanpaolo Group

Table No. 3: Composition of the Management Board and of the specialised Commissions

Director	Office	Executive	Non-executive	Independent pursuant to art. 148, Consolidated Law on Finance	No. of other offices held	Business Plan and Extraordinary Transactions Commission	Capital Adequacy and Financial Statements Commission	Lending and Risks Commission
Andrea Beltratti	Chairman		X	X				
Marcello Sala	Senior Deputy Chairman	X			2	X	X	
Giovanni Costa	Deputy Chairman	X			2	X	X	
Corrado Passera (up to 16/11/2011)	Managing Director and CEO	X						
Enrico Tommaso Cucchiani	Managing Director and CEO	X						
Aureliano Benedetti	Director		X		3			
Paolo Campaioli	Director	X			1			X
Elio Catania	Director		X	X	1			
Roberto Firpo	Director	X			2		X	X
Emilio Ottolenghi	Director	X			5	X		X

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

Director	Office	Company
Andrea Beltratti		
Marcello Sala	Deputy Chairman Director	Banca ITB S.p.A. Bank of Alexandria S.A.E. (*)
Giovanni Costa	Chairman Director	Cassa di Risparmio del Veneto S.p.A. (*) Edizione S.r.l.
Corrado Passera (up to 16/11/2011)		
Enrico Tommaso Cucchiani		
Aureliano Benedetti	Chairman Deputy Chairman Director	Banca CR Firenze S.p.A. (*) Agrivventure S.p.A. (*) Banca Imi S.p.A. (*)
Paolo Campaioli	Director	Cassa di Risparmio di Pistoia e Pescia S.p.A. (*)
Elio Catania	Director	Telecom Italia S.p.A.
Roberto Firpo	Director Director	Banco di Napoli S.p.A. (*) Equiter S.p.A. (*)
Emilio Ottolenghi	Chairman Chairman Chairman Chairman Director	Banca IMI S.p.A. (*) La Petrolifera Italo Rumena S.p.A. Pir Finanziaria S.p.A. Vis S.p.A. Sapir S.p.A.

(*) Intesa Sanpaolo Group companies



Report on Remuneration

17 April 2012

Introduction

The issue of remuneration of listed companies and financial intermediaries has been gaining growing attention by international bodies and regulators, aiming to guide issuers and intermediaries towards the adoption of remuneration systems that are consistent with the principles - intensified following the economic and financial crisis - governing the process for drawing up and approving the remuneration policies, their compensation structure and their transparency.

In particular, according to these principles, remuneration systems must take into account current and future risks and the level of capitalisation of each intermediary, and guarantee remuneration based on results actually achieved.

In 2011, Italian Authorities defined a set of key rules, also in accordance with the European Community regulations adopted on this issue.

By regulation dated 30 March 2011, the Bank of Italy issued new provisions dictating harmonised rules and regulations to govern the remuneration policies, systems and practices in banks, in terms of the relative process of drawing up and control, compensation structure and disclosure obligations. The Supervisory Authority further intensified monitoring of this last issue by including remuneration systems and practices among the information to be disclosed under Pillar 3 reporting, pursuant to Title IV of Circular 263 dated 27 December 2006, as updated in December 2011.

Moreover, ISVAP, with regulation no. 39 of 9 June 2011, dictated the principles regarding the decision-making processes, structure and disclosure obligations of the remuneration policies of insurance companies.

In its resolution no. 18049 of 23 December 2011, Consob regulated implementation of the provisions contained in Article 123-ter of the Consolidated Law on Finance, which require issuers to draw up and publicly disclose a report on remuneration.

Finally, several important updates have been introduced on the self-governance level as well. After being initially modified (March 2010) in the part regarding remuneration, the Corporate Governance Code underwent a complete overhaul that resulted in the publication of a new edition in December 2011.

In fact, the Bank of Italy recently revisited the topic of remuneration policies with a communication on 2 March 2012, highlighting in general the opportunity for banks to define a strategy that is consistent with the objective of preserving, with a view to the future, the equilibrium of the company's position, as well as maintaining the conditions of capital adequacy and prudent management of liquidity risk.

This Report has been prepared in accordance with the aforementioned Article 123-ter of the Consolidated Law on Finance, and also takes into account the obligations of disclosure to the shareholders' meeting, in accordance with the supervisory provisions issued by the Bank of Italy.

Art. 123-
ter (1), CLF

Intesa Sanpaolo has always focused extensively on the issue of remuneration, observance of the relative regulations and utmost transparency on the market. The Report updates and integrates the methods followed until now, gathering into a single, well-organised and structured document all of the qualitative and quantitative information which, in prior years, depending on their type, was contained in the Report on Corporate Governance and Ownership Structures, in the Supervisory Board's report submitted to the Meeting, pursuant to Article 153 of the Consolidated Law on Finance, and in the financial statement documentation.

Art. 123-
ter (2), CLF

The Report, available in the “Governance” section of the website www.group.intesasanpaolo.com, is subdivided into two Sections. The first regards the remuneration policies adopted by the Bank with respect to its Corporate bodies, the corporate bodies of its subsidiaries and the employees and staff of the Group - with a particular focus on the General Managers and Key Managers - and the procedures for adoption and implementation of these policies. The second section, subdivided into three parts, provides quantitative, analytical and aggregate information.

With a view to disclose information in accordance with the regulatory obligations, the document illustrates, based on the dual management and control model, the levels of compliance with the remuneration provisions envisaged by Article 7 of the Corporate Governance Code. In this respect, for more immediate interpretation, specific margin notes citing the relevant Principles and Criteria have been provided alongside the text, along with the indications provided in Articles 123-bis and 123-ter of the Consolidated Law on Finance (CLF).

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

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

Information contained in this Report, unless otherwise stated, refers to the position as at 17 April 2012, the date of its approval by the Supervisory Board, upon proposal by the Management Board.

Art. 123-
ter (6), CLF

This Report shall be subject to non-binding resolution by the Shareholders’ Meeting convened pursuant to Article 2364-bis, paragraph 2 of the Italian Civil Code, with reference to the following paragraphs:

Section I, 1 – “Procedures for adoption and implementation of the remuneration policies”;

Section I, 3 – “Remuneration policy for Management Board Members”;

Section I, 5 – “Remuneration policy for employees and other staff not bound by an employment agreement”, only with regard to General Managers and Key Managers.

Section I

1. Procedures for adoption and implementation of the remuneration policies

1.1. The role of Corporate bodies

For companies adopting the dual management and control system, the remuneration policies are partly resolved upon by the Shareholders' Meeting and partly by the Supervisory Board.

The relative procedure is complex and includes, with respect to the remuneration policies for employees and other staff, the involvement of the Management Board.

Art. 123-ter (3), (b), CLF

1.1.a. The Shareholders' Meeting

In accordance with Article 2364-bis, paragraph 1, no. 2) of the Italian Civil Code and pursuant to the provisions of the Articles of Association, the Shareholders' Meeting of Intesa Sanpaolo is responsible for determining the remuneration amount for Supervisory Board Members appointed by the same and for Members appointed to special offices.

The Shareholders' Meeting is also responsible for approving the remuneration policy for Management Board Members and the remuneration plans based on financial instruments.

Pursuant to the aforementioned Supervisory Provisions, the Shareholders' Meeting receives a report (at least yearly) on the implementation methods for the remuneration policies resolved upon by the Meeting for Management Board Members, as well as those subject to resolution by the Supervisory Board regarding employees and other staff.

7.P.4.

Furthermore, based on the provisions of Article 123-ter of the Consolidated Law on Finance, the Shareholders' Meeting resolves, in favour or opposed, on Section I of this Report, limited to the remuneration policies adopted by the Bank for Management Board Members, General Managers and Key Managers, as well as the relative procedures for adoption and implementation of these policies.

The resolution is not binding and its outcome must be disclosed within 5 days of the Meeting date, in accordance with Article 125-quarter, paragraph 2 of the Consolidated Law on Finance.

1.1.b. The Supervisory Board

In accordance with the remuneration policies resolved upon by the Shareholders' Meeting, the Supervisory Board is responsible for determining the remuneration for Management Board Members, including in relation to the offices and duties attributed to them (Chairman, Deputy Chairman, Managing Director, Executive Board Member).

The Supervisory Board is also responsible for approving - upon proposal by the Management Board - the remuneration policies for employees (including General Managers and Key Managers) and other staff not bound to the company by an employment agreement.

The Remuneration Committee is called upon to support the Supervisory Board in all activities concerning remuneration, assisting it in the preparatory activity by formulating specific opinions. The Committee has advisory duties and makes proposals in terms of compensation for Bank Managers.

7.C.5.

The Supervisory Board is also required to verify achievement of the parameters of the variable component of remuneration for the Managing Director and Executive Board Members.

1.1.c. The Management Board

In terms of remuneration, the Management Board, in accordance with the Articles of Association, has the exclusive responsibility for making decisions regarding:

- determination of the compensation for General Managers, after consultation with the Supervisory Board;
- determination, further to the mandatory opinion of the Supervisory Board, of the compensation for the Manager responsible for preparing the Company's financial reports;

7.C.3.

- definition of the remuneration for the managers of internal control functions, including internal audit, compliance to regulations and risk management, pursuant to the applicable laws or regulations and with approval from the Supervisory Board.

1.2. The Control Functions

As mentioned above, the Supervisory Board is responsible for approving the policies on remuneration of employees and other staff not bound to the company by an employment agreement, upon proposal of the Management Board and with the involvement of the Remuneration Committee.

These Bodies also have the option of resolving on updates, amendments and/or derogations to the policy.

The Human Resources Department is responsible for drawing up the aforementioned remuneration policies, that undergo the relative approval procedure, involving the following, to the extent of their responsibilities, as envisaged by the Regulations:

- the Risk Management Department, in order to ensure consistency of the remuneration policies and consequent incentive systems with the Group's risk appetite/strategy;
- the Planning and Control Department and the Active Value Management and Strategies Service (Strategic Planning), in order to ensure consistency of the remuneration policies and consequent incentive systems with:
 - the strategic short-and medium-long term objectives of the Companies and of the Group;
 - the level of capital base and liquidity of the Companies and of the Group;
- the Compliance Department, in order to verify compliance of the remuneration policies and consequent incentive systems with rules, regulations, codes of ethics and standards of conduct applicable to the Group.

7.P.2.

On an annual basis, the Internal Auditing Department, in accordance with the guidelines of the Supervisory Authority, verifies the compliance of the remuneration implementation procedures to the relevant policies, informing the Supervisory Board and the Shareholders' Meeting on the results of the verifications conducted (see the subsequent paragraph "Internal auditing department assessment of the remuneration system").

1.3. Criteria used to assess the performance targets at the basis of assignment of variable components

Identification of the parameters used to evaluate the performance objectives on which to base the assignment of incentives to management, risk takers and, more in general, all personnel of the Group, is carried out by the strategic planning function, examining the economic and financial indicators considered most significant for achievement of the budget objectives, periodically monitored through internal reporting tools and available at the consolidated level as well as according to division and/or business unit.

The process used to identify these parameters also involves the internal control functions (risk management, compliance and personnel), in order to ensure full compliance with the Group's Risk Appetite and with the regulatory provisions in effect at the time in question.

This has resulted in the selection of a complex mix of qualitative and quantitative parameters - transparent, objective and measurable (see the subsequent paragraph "The Correlation between remuneration, risk and performance") - allowing a 360-degree evaluation of the company's performance in terms of profitability, risks taken, capital base and liquidity.

2. Remuneration of the Supervisory Board Members

2.1. General criteria

The Bank's Articles of Association envisage that members of the Supervisory Board be entitled, in addition to the reimbursement of expenses sustained due to their office, to a remuneration for the services rendered, which is determined for the entire period of their office by the Shareholders' Meeting at the time of their appointment, also taking into account the remunerations due to Board Members appointed to special offices.

The Supervisory Board Members appointed for the current mandate (2010, 2011 and 2012) receive a gross, fixed annual remuneration of 150,000 euro as established by the Shareholders' Meeting held on 30 April 2010, which appointed them.

The characteristics of the remuneration system for members of the control body - predetermined and invariable - are a guarantee of the independence of their activity, whose diligence must never be based on expectations of an increase in remuneration depending on the results achieved by the company. The Supervisory Provisions on remuneration confirm that members of the control body may not receive any variable remuneration.

Finally, an insurance policy (the so-called "D&O policy") has been stipulated in favour of the Supervisory Board Members.

2.2. Conduct of special offices

The Articles of Association envisage that some Members be invested with special offices and that, as a consequence, the Shareholders' Meeting determine their relative remuneration.

The Shareholders' Meeting has therefore established the following additional annual remuneration: 1,200,000 euro gross to the Chairman; 200,000 euro gross to each Deputy Chairman; 150,000 euro gross to the Secretary.

2.3. Membership of Committees

In terms of the activities that the Members are called upon to carry out as members of the Committees established within the Supervisory Board also pursuant to the Articles of Association, the Shareholders' Meeting has envisaged recognition of the following additional remuneration: 50,000 euro gross, annual pay to the Chairmen of the Committees; 2,000 euro gross, as an attendance fee, to each Supervisory Board Member designated to participate in the Committees and based on actual attendance at each meeting.

Pursuant to the Articles of Association, the members of the Control Committee are required to participate in meetings of the Management Board. The Shareholders' Meeting has envisaged that this task be remunerated and, in this respect, has recognised a gross, unit attendance fee of 2,000 euro to each member of the Control Committee, based on actual attendance at each meeting of the Management Board.

The Chairmen of the Nomination Committee, Strategy Committee and Remuneration Committee have waived – as in the prior term – the annual remuneration envisaged for this office.

2.4. Termination of office; employee termination indemnities

The Members of the Supervisory Board are not in the regular employ of the Bank. No agreements exist obliging the Bank to pay Board Members an indemnity in the event of their resignation or termination of their office following a public takeover bid.

3. Remuneration policy for Management Board Members

3.1. Objectives and structure

The Articles of Association provide that the Shareholders' Meeting approves the remuneration policy for Management Board Members and the Supervisory Board determines the relative remuneration amount.

On occasion of renewal of the Bank's Corporate bodies, the Shareholders' Meeting of 30 April 2010, upon proposal by the Supervisory Board (with the support of the Remuneration Committee, in turn supported by Russell Reynolds, a leading international consulting firm), approved the remuneration policy for the Management Board Members appointed for the years 2010/2011/2012.

Art. 123-ter (3), (a)
CLF

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

Art. 123-ter (3), (a)
CLF

7.P.4. This policy combines the following objectives:

- 7.P.1. - boosting the Bank's and Group's competitiveness in the domestic and international context in which they operate;
- 7.P.2. - attracting qualified professional profiles suitable for the management requirements of the Bank and Group;
- aligning the interests of Management Board Members with pursuit of medium-/long-term value creation for the Company shareholders, with a view to prudent risk management and accountability towards all stakeholders;
- promoting the long-term sustainability of remuneration policies, balancing them with a full awareness of risks taken and of risk control measures, consistently with medium-/long-term objectives.

7.C.1. a) According to the policy in force, the remuneration of Management Board Members consists of a fixed portion and a variable portion. The fixed amount depends on the role assigned to the Management Board Members and the time required to properly fulfil the assigned tasks, while the variable portion is reserved exclusively for the executive members, namely the Managing Director and members of the specialised Commissions. Therefore:

- 7.C.1. c) - all Management Board Members, being members of the Bank's management body, shall receive a gross, fixed, annual remuneration for each year of their term of office;
- 7.C.1. d) - Management Board Members holding special offices (Chairman, Deputy Chairman, Managing Director, Commission member) shall receive an additional remuneration consisting of a fixed annual amount for each year of their term of office. In the event of more than one office, only the highest fixed remuneration will be assigned.

With particular regard to the balance between the fixed and variable component, the remuneration policy is based on an assessment of the individual positions, with careful analysis of the following elements:

- the responsibilities associated with the position under the law and the Articles of Association;
- the peculiar aspects and complexity of the duties of the position;
- the expected long-term contribution to increasing the sustainability of the Bank's performance, not only in economic terms, and creating value for shareholders and stakeholders.

As regards the variable components, however, the policy envisages that the Supervisory Board:

- identify the relative parameters and values, according to pre-determined quantitative and qualitative indicators that can be objectively measured, ensuring there is a link between the level of risk taken and the achievement of results;
- ensure that they are aligned with actual performance and therefore are significantly reduced or forfeited if performance falls below target or is negative;
- ensure that they take into account the results achieved by the Bank and the Group.

As mentioned, the variable component shall apply to the Managing Director and the Executive Management Board Member (member of Commissions).

Previously, the Managing Director received an annual variable remuneration component linked to the target Budget and a further variable component linked to the Business Plan. Upon approval of the new Incentive System in July 2011, said variable components were unified effective from 2011.

7.C.1. b) Each Executive Management Board Member is entitled to a variable remuneration which varies in a pre-established way and is equal to a maximum of 20% of the fixed component. This variable component is linked to the targets set out in the Business Plan and to parameters to be identified by the Supervisory Board.

Finally, an insurance policy (the so-called "D&O policy") has been stipulated in favour of the Management Board Members.

3.2. Non-executive Management Board Members

7.P.1. Non-executive Management Board Members are entitled to a gross, fixed, annual remuneration for
7.C.4. 2010/2011/2012 of 150,000 euro, as determined by the Supervisory Board.

3.3. Conduct of special offices

The Supervisory Board has established the following additional annual remuneration: 1,200,000 euro gross to the Chairman; 200,000 euro gross to each Deputy Chairman.

The Supervisory Board subsequently resolved upon an additional remuneration in favour of the Senior Deputy Chairman, for the fixed, gross amount of 150,000 euro, due to a special task assigned by the

Management Board to handle, in agreement with the Managing Director and in coordination with the Chairman of the Management Board, development of the Bank's and the Group's international relations and internationalisation projects.

3.4. Managing Director and Executive Management Board Members

For the Managing Director, the Supervisory Board has established a fixed annual remuneration (350,000 euro), in addition to that as member of the Management Board.

Since the Managing Director covers the functions of the Chief Executive Officer, the Supervisory Board has determined an additional remuneration, on an annual basis, consisting of a fixed portion and a variable portion.

The fixed portion of this remuneration was resolved upon:

- for ██████████, in the amount of 1,500,000 euro, plus insurance and welfare benefits, as well as the supplementary pension benefit, equal to 20% of said annual gross remuneration;
- for ██████████, in the amount of 1,800,000 euro, of which 300,000 euro for the stability pact referred to below, plus insurance and welfare benefits, as well as the supplementary pension benefit, equal to 20% of said annual gross remuneration.

As regards the variable component, for 2010 it was linked to the 2010 Budget and to the achievement of a positive EVA® for the Group, as well as to the achievement of targets regarding profitability (Operating Income), credit quality (Net Adjustments to Loans) and operating efficiency (Cost/Income), with a further indicator of control (qualitative assessment of provisioning policies to cover credit risk, based on expected loss and conducted by comparing the overall loan provisions set aside with the relative forecasted data).

For 2010, the Supervisory Board having verified the achievement of a positive EVA® for the Group and full achievement of the targets set, resolved upon the recognition of a one-off variable component, equal to an annual gross remuneration with two-thirds paid in cash and the remaining one-third deferred to 2013, in favour of ██████████, ██████████.

An additional variable component was linked to the Business Plan, correlated to the "Long-Term Incentive Plan" based on financial instruments, approved by the Shareholders' Meeting of 30 April 2010.

The new Business Plan was adopted by the Bank in 2011, for the years 2011-2013, with an extension to 2015. Given the absence of this plan for the year 2010, the relative variable component was eliminated.

For 2011, the new remuneration system unified the annual variable component and the multi-year variable component (under the "Long-Term Incentive Plan") in favour of the Managing Director as Chief Executive Officer, equal to 1.5 times the annual gross remuneration. Considering the parameters envisaged in the 2011-2013 incentive system and the 2011 Budget, attribution of the 2011 incentive depends on the achievement of a positive EVA® for the Group and parameters regarding profitability (Operating Income), credit quality (Adjustments to Loans), operating efficiency (Cost/Income) and economic sustainability, taking into account risks taken and cost of capital (EVA®), with an additional qualitative indicator, determined based on the total average of audit report evaluations following supervision of the regular performance of operations and processes of the various structures.

60% of such variable remuneration is envisaged to be deferred throughout three successive years (2013, 2014 and 2015) in equal amounts, upon verification of achievement of a positive EVA® for the Group, net of the provisions for the incentive system, and observance of the parameters regarding capital (Core Tier 1 ratio) and liquidity (AV2).

Given the termination of service and of the role held, effective ██████████, ██████████ is no longer entitled to receive the incentive with respect to results achieved in 2011, or the deferred portion regarding results achieved in 2010.

Based on the provisions of the remuneration policy, the Supervisory Board established the following for executive Management Board Members, without prejudice to the specific fixed annual compensation (150,000 euro) in addition to that as Management Board member and not cumulative, in line with the policy resolved upon by the Shareholders' Meeting, with that of Deputy Chairman, if the same person holds both offices:

7.P.1.
7.P.2.
7.C.1. a)
7.C.1. c)

7.C.1. a)

7.C.1. d)

7.C.1. e)

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

- 7.C.1. d) - a variable remuneration, equal to 20% of the fixed component linked to the office (as determined by the Supervisory Board with resolution of 7 May 2010 and in accordance with the aforementioned rule of non-cumulativeness), to be paid in cash, depending on the duration of the Members' mandate related to the years under the Plan and, therefore, limited to 2011 and 2012; the determination and any payment of this variable portion are linked to the objectives of the new Business Plan and to parameters identified by the Supervisory Board;
- adoption of the performance indicators and sustainability and deferral mechanisms approved for Top Management and Risk Takers.

- 7.C.1. e) Payment of the variable remuneration component for 2011 - subject to deferral over the three successive years (2013, 2014, 2015) - is linked to the positive EVA® for the Group, net of the provisions for the incentive system, and observance of the parameters regarding capital (Core Tier 1 ratio) and liquidity (AV2).

For 2012, without prejudice to the above-mentioned restrictions regarding the amount of variable remuneration and payment by cash, the incentive to which executive Management Board members are entitled was defined in accordance with the remuneration policy guidelines in effect for Top Management and Risk Takers.

No stock option plan is currently in place for the Managing Director or other Management Board Members.

3.5. Termination of office; employee termination indemnities

Art. 123-bis (1), (i) CLF The Members of the Management Board, with the exception of the Managing Director who is also General Manager, are not in the regular employ of the Bank.

No agreements exist that envisage payment of an indemnity in the event of resignation or termination of employment following a public takeover bid.

- 7.C.1. Resignation of the [REDACTED], has resulted in the recognition only of the amounts set forth by the national collective employment agreement and the Italian Civil Code.

As stated, the Supervisory Board deemed it appropriate to formalise an agreement with the new Managing Director and CEO, in order to provide stability to the Bank's top management, which in the short-term will likely be called upon to make decisions regarding a time frame that, by definition, will extend beyond the duration of the Management Board's mandate.

The formula selected is a stability pact that offers guarantees to both parties of an onerous commitment for the period from the appointment date [REDACTED] and 20 February 2015. The remuneration for said stability pact is 300,000 euro, which is added to the annual gross remuneration for the office [REDACTED] (GAP) recognised to [REDACTED]. In the event of violation of the pact, the penalty will be two years of the GAP for the Bank and one year for the party in question.

Taking into account the above, the Supervisory Board has set the amount of the GAP recognised to the new Managing Director at 1,800,000 euro, including 300,000 euro for the aforementioned stability pact, also confirming the additional remuneration components previously recognised to [REDACTED] for the same office (supplementary pension equal to 20% of the GAP, insurance coverage, accident insurance, etc.).

4. Remuneration policy for the corporate bodies of subsidiaries

Remuneration for members of the corporate bodies of Group companies is defined by Intesa Sanpaolo in its capacity as majority shareholder and entity responsible for management and coordination activities, pursuant to the relative statutory and banking regulations.

The remuneration policy for corporate bodies, therefore, complies with the following principles, applied uniformly at Group level, in accordance with the regulatory context of the various countries in which Intesa Sanpaolo operates through its subsidiaries.

Members of the management and supervisory boards of companies of the Intesa Sanpaolo Group receive compensation commensurate to their assigned duties and responsibilities.

To ensure uniformity and normalisation in accordance with Group standards, specific determination of the compensation of directors is carried out by considering parameters such as the capital and economic size and organisational complexity of the company in question, as well as other objective and qualitative elements, such as the nature of the business carried out by the subsidiary and its operating risk profile.

Similar criteria apply in determining the compensation for directors appointed to special offices, pursuant to Article 2389 of the Italian Civil Code and similar provisions in effect in foreign countries.

Variable compensation amounts, bonuses linked to results, profit-sharing clauses or options to buy shares at predetermined prices are not normally envisaged. Exemptions from this principle are envisaged only on an exceptional and justified basis, in accordance with the Group remuneration policies and the relative supervisory regulations in force.

In general, there are no differences in the remuneration of directors who are Group employees, professionals, independent, etc. The remuneration of Group employees who are appointed as directors in subsidiaries is paid to the company with which an employment agreement is in place.

Remuneration of members of the board of statutory auditors of Italian subsidiaries is determined upon appointment for the entire term of office, pursuant to Article 2402 of the Italian Civil Code, with a fixed yearly amount.

The amount paid to statutory auditors is determined through a uniform calculation method at Group level that takes into account objective parameters, namely capital and revenues of the company, in order to identify a specific compensation amount.

Members of the corporate bodies normally have the right to reimbursement of the expenses incurred as a result of their office.

Finally, an insurance policy (the so-called "D&O policy") is stipulated for the corporate officers of subsidiaries.

5. Remuneration policy for employees and other staff not bound by an employment agreement

Art. 123-ter (3), (a)
CLF

This chapter deals with the remuneration policy for all personnel, as approved by the Bodies for 2012, including, for the purposes of the Shareholders' Meeting vote as envisaged by Article 123-ter of the Consolidated Law on Finance, General Managers and Key Managers. In the current organisational structure of Intesa Sanpaolo and in accordance with the provisions of the Group Regulation on the management of transactions with related parties, these also include, in addition to Members of the Supervisory Board and Management Board and to the General Managers:

- the Manager responsible for preparing the financial reports
- the Heads of the Divisions and Business Units
- the Chief Operating Officer, Chief Financial Officer, Chief Risk Officer and Chief Lending Officer
- the Heads of Head Office Departments that report directly to the Managing Director, the Chairman of the Management Board and the Chairman of the Supervisory Board
- the Head of the General Secretariat of the Supervisory Board
- the Head of Strategic Operations and Special Projects.

7.P.4. 5.1. Objectives of the remuneration policy

The remuneration policy of the Intesa Sanpaolo Group is based on the following principles:

- 7.P.2. a) alignment of the conduct of management and employees to the interests of shareholders, to company targets and to the medium and long-term strategies, as part of the set of rules aimed at accurate monitoring of the current and future corporate risks and maintenance of an adequate level of liquidity and capitalisation;
- b) merit, to guarantee better matching with actual performance and the management quality shown through:
- 7.P.1. - remunerative flexibility via the variable component linked to results achieved;
- a focus on key staff members demonstrating high management quality, to whom the most competitive salary brackets, aligned to the market of reference, are reserved;
- c) equality, in order to promote proper conduct and standardise treatment in terms of remuneration, through:
- 7.P.1. - the correlation of a person's fixed salary to the weight of the role held;
- the differentiation of salary brackets and the proportion of variable pay components on global remuneration, on the basis of professional categories;
- d) external competitiveness of overall annual remuneration with respect to the levels in the large European banking groups, obtained through periodic specialist surveys, in order to attract and retain the best management and professional resources on the market;
- e) sustainability, to limit expense deriving from application of the policy to values compatible with the Business Plan objectives, via:
- selective reviews of fixed pay;
- the use of objective parameters when reviewing pay;
- alignment of costs to company performance, by varying the amount of remuneration paid to management;
- determination of the appropriate caps on the amount of pay and mechanisms to adjust allocations to the overall incentive provisions according to the company's profitability and to the results achieved, also with respect to the reference peer;
- f) compliance with the national and European legal and regulatory provisions and the consequent focus on Top Executives, Management, Risk Takers and Control Functions.

5.2. Segmentation of personnel

The remuneration policy guidelines of the Intesa Sanpaolo Group have always been based on the principle of segmentation, according to the role and contribution provided, with respect to the corporate governance processes as well as the systems and tools adopted.

The rationale underlying the segmentation principle is also used by the Regulator with reference to the type and content of operational risk assumed by personnel and has resulted in the following grouping, which contains some new elements compared to the population segments traditionally used in the Group:

- Key personnel
- Other members of the Top Executive Group (hereinafter also "TEG")
- Middle Management and Strategic Professional

– Remaining Personnel

The first segment (“Key personnel”) is identified by the Bank of Italy as i) executive directors, ii) the general manager and heads of the main business lines, corporate functions or geographical areas, iii) heads and higher-level personnel of the internal control functions¹, iv) other individuals who, individually or collectively, take on significant risk and v) any employee whose total remuneration falls within the same range as categories ii) and iv).

Intesa Sanpaolo Group “Key personnel” are identified through the application of organisational criteria, considering:

- the clear definition of rules, processes and procedures from which the specific assignment of responsibility derives, differentiated among the various hierarchical levels (Divisions, Governance Areas, Departments, Services, Offices, Units);
- the close correlation between the role and position covered within the Group’s organisational structure and the assignment of independent management powers, powers in terms of credit granting and management, and risk limits (VaR) for Banca IMI, with the power and independence to impact on the Group’s overall risk profile, limited to those with the most important positions in the Group’s organisation.

In addition to the Chief Executive Officer, the following are classified under “Key personnel”:

- - General Managers and the remaining Key Managers (excluding those with “Control Functions”²);
- the Managing Directors/General Managers of Banca Fideuram, Eurizon Capital, Banca IMI and Intesa Sanpaolo Vita;
- the Heads of the Group “Control Functions” (Chief Risk Officer, Internal Auditing Department, Human Resources Department, Manager responsible for preparing the Company’s financial reports, Compliance Department and Risk Management Department, Anti Money Laundering Service);
- other individuals taking on significant risk include:
 - the heads of the remaining Head Office Departments;
 - the heads of the Business Departments in the Corporate and Investment Banking Division, Banca dei Territori Division, International Subsidiary Banks Division, Banca Fideuram and Eurizon Capital;
 - the key roles of responsibility in terms of finance/investment banking, with particular reference to Banca IMI, where not already included in the personnel outlined in the previous point;
 - the CEOs of the international subsidiary banks.

Any individuals whose variable remuneration is equal to or greater than 500,000 euro are also subject to the same treatment, as outlined below, for “Key personnel” belonging to the first two clusters indicated above.

The second segment (“Other members of the Top Executive Group”) consists of members of the Top Executive Group – comprising the first and second line of reporting to the Chief Executive Officer and the Managing Directors/General Managers of the main banks and subsidiaries, with specific additions/limitations according to the type/significance of the position held - who, due to their specific activities, do not fall within the category of “Key personnel”.

The third segment consists of the heads of key departments within the Group (Middle Management) and of resources with specific importance in terms of the contribution provided (Strategic Professional) and not included in the first two segments.

Heads and higher-level personnel of the “Control Functions”, where not already included under “Key personnel”, are included in the other segments outlined above.

¹ i.e. functions of internal audit, compliance, risk management, anti money laundering, human resources and those with direct responsibility for the truthfulness and accuracy of the bank’s accounting and financial data.

² Although the Chief Risk Officer, Head of the Internal Auditing Department, Head of the Human Resources Department and Manager responsible for preparing the Company’s financial reports are all Key Managers, they are considered to carry out “Control Functions” for the purposes of application of the specific regulations on incentives envisaged by the new Supervisory Provisions.

The fourth segment (Remaining Personnel) includes all of the other employees and financial advisors of the Group whose remuneration is predominantly defined by the contractual provisions in effect from time to time in the countries in which the Group operates.

5.3. The correlation between remuneration, risk and performance

The correlation between remuneration, performance and risk is ensured for all employees through:

- 7.C.1. a) – use of a balanced pay mix, as the fixed component is sufficiently high to allow the variable portion, which is never guaranteed, to decline significantly, even down to zero, upon occurrence of the conditions specified below;
- 7.P.2. 7.C.1. d) – introduction, based on the so-called sustainability principle, of a mechanism that reduces, and in extreme cases eliminates, the total provisions for variable remuneration - and consequently the amount of bonuses - should a specific critical point in the Group's profitability indicators be identified;
- 7.C.1. c) – use of a solidarity mechanism between Group and Division/Business Unit results, according to which the amount of total bonuses paid to the employees of each Business Unit depends in part on the Group's overall performance and in part on the performance of the specific Organisational Unit;
- compliance with the principle of symmetry, according to which the amount of bonuses paid is closely linked to the results achieved by the Group, the Business Unit and the individual, and may be reduced significantly, even down to zero, in the event of results not in line with the company's targets and expectations. Furthermore, through multiplication/reduction factors, the total bonus pool amount is correlated to the achievement of pre-established budget levels and, where possible, to relative performance compared to the reference peer group;
- 7.P.2. 7.C.1. d) – use of accurate performance indicators, closely linked to the multi-year targets of the Business Plan, which consider the following objectives: i) economic-financial (e.g. operating income, revenues/deposits, net inflows, etc.), ii) efficiency (e.g. cost/income), iii) risk containment (market risk, credit risk and/or liquidity risk), iv) sustainability, considering the risks taken and the cost of capital (e.g. ratio of profit and capital, ratio of revenues and RWA, EVA®);
- evaluation of individual performance and conduct, carried out by the respective Head, through which the level of achievement of the qualitative and quantitative objectives assigned to Management and to the remaining personnel is certified, integrated with the appropriate adjustments following the Audit results of the relative unit, as well as any opinions expressed by the Chief Executive Officer.

7.C.3. For the Manager responsible for preparing the Company's financial reports and the Heads and higher-level personnel of the internal control functions, assuming application of the "malus condition" described below, determination of the incentive accrued is strictly defined with reference to the specific qualitative indicators of the respective functions, in accordance with the Supervisory Provisions. In particular, for the Manager responsible for preparing the Company's financial reports, these indicators permit the following to be evaluated: i) accurate presentation of the income statement and balance sheet results of the Bank and of the entire Group, ii) fulfilment of the accounting and Supervisory obligations, iii) quality control of the processes governing administrative and financial reporting disclosures to the market and iv) the definition of guidelines and policies on financial statement and tax obligation matters, consistent with corporate strategies and objectives.

With regard to the Chief Risk Officer, the Heads of the Risk Management, Compliance and Internal Auditing Departments, the Head of the Anti Money Laundering Service and the higher-level personnel of these areas, these indicators measure their performance in accomplishing their respective control activities with regard to the various types of risk (market, credit, interest rate, liquidity, operational, country, and non-compliance, as well as money laundering and terrorism financing), through the definition of guidelines, policies and methodological rules for managing risk, guaranteeing on-going and independent surveillance of the Group's operations and processes to prevent or identify any anomalous or risky behaviour or situation.

For the Head of the Human Resources Department and higher-level personnel, the indicators allow the following: i) evaluation of the level of definition of the Group's human resource guidelines and policies, including employment and trade union relations policies; ii) verification of the proper qualitative-quantitative coverage of required staff to achieve the strategic objectives of the Group; iii) monitoring of the compliance with objective in terms of labour cost at the consolidated financial statements level.

5.4. Remuneration components

Employee remuneration is broken down into the following:

- a) fixed component, defined based on the contractual position, the role held, any responsibilities assigned, and the specific experience and expertise acquired by the employee, including any indemnity;
- b) variable component, linked to employee's performance and aligned to the short and long-term results actually achieved, and consisting of:
 - specific incentive systems, as described further on, that provide for bonuses in line with market standards, as reported by periodic specialist surveys such as the Italian Banking Association's annual salary survey, focusing on personnel of the commercial network;
 - company bonus, envisaged by the Italian collective labour agreement and designed to reward employees for productivity increases, on the basis of their respective job profiles;
- c) any benefits designed to increase employee motivation and loyalty; these may be of a contractual nature (e.g., supplementary pension, health benefits, etc.) or the result of remuneration policy decisions (e.g., company car) and, therefore, have different treatment with respect to different categories of personnel.

5.5. The remunerative pay mix

For the purposes of this Report, the term "pay mix" refers to the weight of the fixed and variable components expressed as a percentage of total remuneration, as described above.

In accordance with the regulatory guidelines, the Intesa Sanpaolo Group adopts a pay mix that is appropriately balanced between the aforementioned components, in order to:

- allow flexible management of labour costs, as the variable portion may significantly decline, even down to zero, depending on the performance actually achieved during the year in question;
- discourage behaviours focused on the achievement of short-term results, particularly if these involve taking on greater risk.

In order to achieve the above objectives, ex ante limitations were established in terms of maximums for variable remuneration, through the definition of specific caps on the increase of bonuses in relation to any over-performance.

Moreover, the pay mix was differentiated with respect to the following:

- the various categories of personnel, with particular focus on "Key personnel", in order to adequately reflect the level of impact on risk and performance, limiting the weight of the variable component for personnel of the internal control functions;
- professional categories, i.e. by business unit, consistently with the results obtained from specific benchmark analysis of the leading European banking groups that also guarantee observance of the internal equality principle, given the use of common benchmarks for each statistical population;
- key staff members demonstrating high management quality, in order to support meritocracy and retention of these resources.

The adequacy of the amounts is further verified in comparison to market practices, with ongoing participation in national and international remuneration surveys; for management roles and other specific business positions, the comparison is based on specific peer groups, in order to evaluate the competitive alignment with a certain reference market.

In relation to market data, the Intesa Sanpaolo Group aims to align the overall remuneration to median values, notwithstanding the possibility to make the appropriate differentiations for particularly critical positions and/or resources with high management skills.

In terms of guidelines, the impact of the variable component compared to the fixed and the portion of variable remuneration that is deferred are reviewed periodically for the different categories of personnel.

Any exceptions may be authorised only in exceptional cases, taking into account the independent management powers in effect from time to time and the specific characteristics of Key Managers. In any case, as they involve changes to Group policies, they must be made in collaboration with the Human Resources Department, which will report to the Parent Company Bodies, as far as their responsibilities are concerned, at least annually.

In general, remuneration of personnel is subject to periodic review, in order to verify constant alignment to developments in the internal situation and in the market, also taking into account the results of performance evaluations. In these cases, under the annual budget allocations (based on the overall economic compatibility), measures aimed at adjusting the total pay of personnel, through tools defined by the Group management policies and in accordance with the powers in terms of personnel effective from time to time, may be envisaged.

The appropriateness of total pay is also evaluated in cases of assignment of tasks or changes in organisational position, in order to verify consistency with the required skills and assigned responsibilities in the new position.

In particular, for personnel classified as “key” and for personnel belonging to the Top Executive Group, any remunerative decision must be made in collaboration with the Human Resources Department, in order to ensure the level of consistency and alignment required for this category by the national and international regulator.

5.6. Incentive systems for Group personnel

5.6.a. Key personnel

The regulations dictate specific rules on the variable remuneration component for “Key personnel”, requiring that:

- at least 40% (which can be raised to 60% for executive directors, top managers and heads of the main business lines, corporate functions or geographical areas) be subject to deferred payment systems for a period of at least 3 years, so that the remuneration takes into account the trend in risks taken by the bank over time;
- a significant portion of at least 50% be adequately balanced among shares, instruments linked to shares or, for unlisted banks, equivalent instruments and, where appropriate, innovative and non-innovative capital instruments up to 50% of Tier 1 capital and that adequately reflect the bank’s credit quality on an on-going basis; this percentage is applied, in the same proportion, to the deferred variable component as well as to the non-deferred (upfront) component;
- there be a specific retention mechanism in place (of at least 2 years for the upfront component, shorter for the deferred component) for the above financial instruments;
- it be subject to the appropriate ex post (malus or clawback) adjustment mechanisms to reflect, among other things, the levels of performance net of the risks actually taken or ensuing, up to significant reduction or elimination in the event of results that are substantially lower than forecasts or negative.

Payment of variable remuneration through financial instruments:

The assignment of financial instruments of the Intesa Sanpaolo Group is envisaged for:

- 50% of the upfront remuneration
- 50% of the deferred remuneration

7.C.1. e)

Deferral period:

The deferral period is equal to 3 years, with payment of three equal instalments at the three annual deadlines following the year of accrual of the upfront component. Considering the retention period specified below, payment of the incentive is complete after 5 years from the reference year.

Breakdown of deferred portions:

The deferred portion is broken down as follows:

- 1st deferred portion: 100% cash
- 2nd deferred portion: 100% financial instruments
- 3rd deferred portion: 50% financial instruments, 50% shares

Retention period:

The following holding period is envisaged for the assigned financial instruments:

- 2 years for those assigned as the upfront portion;
- 1 year for those assigned as the deferred portion.

Variable remuneration payment conditions:

The deferred portion is subject to the individual remaining with the Group at the end of the deferral period or at the deadlines envisaged for actual delivery of the financial instruments, as well as to the “malus condition” described below and to the non-existence of negative events directly attributable to the person’s behaviour, in carrying out his/her activities, that jeopardises the sustainability of results over time.

Calculating the total incentive payable:

The total amount payable (sum of upfront and deferred components) is assigned annually to the individual Managers based on a mix of appropriately balanced indicators, according to the results achieved in the prior year by the Group, by the Division/Business Unit and by the individual. The assigned amounts are closely correlated to the performance of the individual managers, also through greater polarisation of the distribution of the incentive in order to reward top performers more than proportionally, simultaneously ensuring maximum recognition of individual merit. Respect of the bonus pool of the specific Division/Business Unit and of the overall bonus pool is also ensured, taking into account the effects resulting from application of the sustainability principle and solidarity mechanism.

Malus condition on the deferred portion of variable remuneration:

Each deferred portion is subject to an ex post adjustment mechanism - the so-called malus condition - according to which the relative amount recognised and the number of financial instruments assigned, if any, may be reduced by the level of achievement, in the year to which the deferred portion refers, of specific objectives that reflect the maximum risk acceptable for the Group in terms of liquidity and capitalisation.

5.6.b. Other members of the Top Executive Group, Middle Management and Strategic Professional

The same incentive mechanism as “Key personnel” is adopted for this category, if compatible with the economic sustainability restrictions of the incentives and in application of the “proportionality principle” established by the Regulators, except for a simpler deferral method (with a single solution after two years) and liquidation of the bonus. The deferred portion is normally paid fully through financial instruments for members of the Top Executive Group and entirely in cash for the remaining resources; the upfront portion is paid exclusively in cash to all beneficiaries that are not part of “Key personnel”.

5.6.c. Remaining personnel

Specific incentive systems are in place for all Group employees, drawn up in accordance with the above-described principles, guidelines and rules envisaged for management.

In an effort to build fair and motivating incentive systems, studies were conducted on internal practices and their alignment with specific market benchmarks.

The incentive systems adopted envisage a range of rewards, diversified on the basis of the business unit, so as to offer incentives that reflect the professional skills present in the company, reward individual merit and team work and, in certain cases, promote the mid/long-term sustainability of results through the deferral of a part of the annual bonuses earned, always envisaged for any part that exceeds the GAP.

The amount of bonuses paid is correlated to the performance of both the Division/Business Unit and the Group as a whole (sustainability and solidarity mechanisms).

The rationale underlying the incentive systems introduced and applied by the company can be summarised as follows:

- retail & private business (Banca dei Territori Division): bonuses are awarded to reward team work, duly adjusted to take into account individual performance. The objective parameters used for determining incentives refer to the typical revenues of the business area, appropriately adjusted for risk (e.g. second level operating income) and aspects of a business nature (taking into consideration the compliance guidelines), duly combined with customer satisfaction and service quality indicators;
- corporate & finance business (Corporate and Investment Banking Division) and Asset Management Business (Eurizon Capital, some Banca Fideuram subsidiaries): bonuses are awarded primarily to reward individual merit, also considering qualitative and behavioural elements, within the limits of team spirit, rewarding outstanding performance with incentives comparable to the target levels of markets of reference;

- financial advisors: without prejudice to the specific characteristics of the agency mandate (remuneration through commissions) in dealings with Banca Fideuram and Sanpaolo Invest, financial advisors benefit from annual incentive schemes that, given suitable qualitative indicators, are connected with the level of achievement of the business objectives defined to support the company's growth, sustainability and profitability targets;
- governance functions (Head Office Departments and Division Staff): incentives are awarded on the basis of overall Group/Division results. The system also uses, in a manner consistent with merit management guidelines and sustainability objectives, a series of selectivity criteria (in terms of a maximum number of staff members that may be rewarded) so as to ensure that bonuses are awarded exclusively for outstanding service and excellent conduct;
- international subsidiary banks: without prejudice to the use of adequate qualitative-quantitative indicators and compliance with the general Group policy, incentives are awarded on the basis of the procedures and local regulations in force from time to time in each Country.

5.6.d. Guaranteed bonuses

Guaranteed bonuses to personnel are not envisaged. However, in accordance with the aforementioned reference regulations, they may be used in limited cases and only for the first year for new employees.

5.7. Clawback mechanisms

The company reserves the right to activate clawback mechanisms, namely the return of bonuses already paid as required by regulations, as part of the disciplinary initiatives and provisions envisaged for fraudulent behaviour or gross negligence by personnel, also taking into account the relative legal, contributory and fiscal profiles.

5.8. Termination of the employment agreement

7.C.1. f) The termination of service of personnel with state pension or seniority pension rights and/or A.G.O. pension treatment does not result in loss of the right to payment of the entitled amounts, even deferred. In all other cases, the company has the right to award any amounts, depending on the specific situations, also through consensual retrenchment agreements providing termination indemnities.

In any case, observance of the principles contained in the Group's Code of Ethics excludes the possibility of "golden parachutes" to its managers and employees.

In recent years, the Bank has signed specific agreements with the trade unions with regard to the "solidarity fund", applied to employees of all grades, including executives, which also governs the treatment of sums payable to personnel on termination of service.

5.9. Discretionary pension benefits

7.C.1. f) Discretionary pension benefits, when recognised, are assigned to beneficiaries in accordance with the regulations in force and, therefore:

- in the case of resources who are not entitled to receive a pension, will be invested in Intesa Sanpaolo shares or other related instruments, held by the bank for a period of at least five years and subject to ex post adjustment mechanisms related to the Group's performance net of risk;
- in the case of resources entitled to a pension, will be invested in Intesa Sanpaolo shares or other related instruments and held by the bank for a period of at least five years.

Section II

PART I – GENERAL INFORMATION

Description of remuneration items and consistency with the relevant policy

The remuneration of Board Members, General Managers and other Key Managers consists of:

Art. 123-
ter (4), (a)
CLF

- a) a **fixed component** including, for:
 - 1. Supervisory Board Members, the remuneration resolved by the Shareholders' Meeting, including compensation for the performance of special offices and attendance fees;
 - 2. Management Board Members, the remuneration resolved by the Supervisory Board in accordance with the specific remuneration policies approved by the Shareholders' Meeting, including compensation for the performance of special offices;
 - 3. General Managers and other Key Managers, the gross remuneration amount defined individually based on the contractual agreement, the role held, the responsibilities assigned, and the specific experience and expertise acquired by the manager, including any indemnity;
- b) a **variable component** (to which Supervisory Board Members or non-executive Management Board Members are not entitled), linked to performance and aligned to the short-and long-term results actually achieved by the Bank and by the Group overall, resulting from application of the incentive systems approved by the relative corporate bodies in accordance with the remuneration policies in force. The variable component includes the incentive plan based on financial instruments targeted at the Top Management and Risk Takers, approved as part of the remuneration policies by the Management Board and the Supervisory Board, each within the scope of its remit, on 20 July 2011. For information on the implementation of said plan, refer to the proposal for assignment of financial instruments pursuant to art. 114-bis of the Consolidated Law on Finance, subject to separate resolution by the Ordinary Shareholders' Meeting on 28 May 2012;
- c) a component resulting from valuation of the **benefits** assigned to the General Managers and other Key Managers and including the amount paid by the company into the manager's supplementary pension fund and the premiums (taxable) paid by the Company for the relative insurance coverage; the statements do not include any other benefits granted to said personnel (for example, a company car) that are not taxable, also due to specific conditions under company policy (for example, if a monetary contribution by the manager is required).

7.C.2

Generally, no specific agreements are envisaged or formalised to govern benefits or indemnity to be paid on termination of the employment relationship to Directors, General Managers and the other Key Managers, to which, in addition to the payment of the fees envisaged by the Italian Civil Code and, if such parties are employees, by the national collective employment agreement, the provisions in the previous paragraphs 2.4, 3.5 and 5.8 of Section I shall apply.



PART II – QUANTITATIVE ANALYTICAL TABLES

Remuneration

Table No. 1: Remuneration paid to members of the Supervisory Board and Management Board, General Managers and other Key Managers

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
						Attendance fees	Bonuses and other incentives					
██████	██████	01/01/2011	31/12/2011	1,200						1,200		
██████	██████████████████	01/01/2011	31/12/2011	150						150		
	██████ (*)	01/01/2011	31/12/2011		-	26				26		
	██████ (*)	01/01/2011	31/12/2011		-	2				2		
██████	██████	01/01/2011	31/12/2011	200						200		
	██████████████████	01/01/2011	31/12/2011	150						150		
	██████	01/01/2011	31/12/2011		-	26				26		
	██████	01/01/2011	31/12/2011		-	2				2		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
[REDACTED]	[REDACTED]	01/01/2011	16/11/2011	175							175		
[REDACTED]	[REDACTED]	01/01/2011	16/11/2011	131							131		
[REDACTED]	[REDACTED]	01/01/2011	16/11/2011		-	26					26		
[REDACTED]	[REDACTED]	01/01/2011	16/11/2011		-	-					-		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150							150		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	28					28		
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	6							6		
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	12							12		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150							150		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	18					18		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	92					92		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	38					38		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
a) ██████████ ██████████		01/01/2011	31/12/2011	70		8					78		
a) ██████████ ██████████ ██████████		01/01/2011	31/12/2011	36							36		
a) ██████████ ██████████		01/01/2011	31/12/2011	38							38		
██████████ ██████████	██████████	01/01/2011	31/12/2011	150							150		
██████████ ██████████	██████████	01/01/2011	31/12/2011	150							150		
██████████ ██████████	██████████	01/01/2011	31/12/2011		50	18					68		
a) ██████████ ██████████ ██████████		01/01/2011	31/12/2011	20							20		
██████████ ██████████	██████████	01/01/2011	31/12/2011	150							150		
██████████ ██████████	██████████	01/01/2011	31/12/2011		-	26					26		
██████████ ██████████	██████████	01/01/2011	31/12/2011	150							150		
██████████ ██████████	██████████	01/01/2011	05/09/2011		-	20					20		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
		06/09/2011	31/12/2011		-	6					6		
		01/01/2011	31/12/2011	150							150		
		01/01/2011	31/12/2011		-	2					2		
		01/01/2011	31/12/2011		-	92					92		
		01/01/2011	31/12/2011		-	40					40		
		16/11/2011	31/12/2011	19							19		
		24/11/2011	31/12/2011		-	-					-		
		01/01/2011	31/12/2011	150							150		
		01/01/2011	31/12/2011		50	92					142		
		01/01/2011	31/12/2011		-	38					38		
a)		01/01/2011	31/12/2011	78							78		
a)		25/03/2011	31/12/2011	52		3					55		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150							150		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	56					56		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	18					18		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150							150		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	28					28		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150							150		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	56					56		
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	-					-		
[REDACTED]	[REDACTED]	20/07/2011	31/12/2011	68							68		
[REDACTED]	[REDACTED]	06/09/2011	31/12/2011		-	6					6		
a) [REDACTED]	[REDACTED]	26/07/2011	31/12/2011	11		2					13		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	67		3				70			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	65		1				66			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150						150			
[REDACTED]	[REDACTED] (**)	01/01/2011	31/12/2011		-	56				56			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	88				88			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	34				34			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	60		3				63			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150						150			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	28				28			
[REDACTED]	[REDACTED]	24/11/2011	31/12/2011		-	2				2			

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150						150			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		50	28				78			
[REDACTED]	[REDACTED]	01/01/2011	10/07/2011	78						78			
[REDACTED]	[REDACTED]	01/01/2011	10/07/2011		-	20				20			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150						150			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	92				92			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011		-	40				40			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	57		2				59			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	89						89			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	69		2				71			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	31		1				32			

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
a) ██████████ ██████████		01/01/2011	31/12/2011	-							-		
██████████ ██████████	██████████	01/01/2011	31/12/2011	150							150		
██████████ ██████████	██████████	01/01/2011	31/12/2011		-	2					2		
██████████ ██████████	██████████	01/01/2011	31/12/2011	1,200							1,200		
██████████ ██████████	██████████	01/01/2011	31/12/2011	150							150		
██████████ ██████████	██████████	01/01/2011	31/12/2011	200			e)				200		
██████████ ██████████	██████████	01/01/2011	31/12/2011	150							150		
a) ██████████ ██████████		04/04/2011	31/12/2011	185		3					188		
██████████ ██████████	██████████	01/01/2011	31/12/2011	200			e)				200		
██████████ ██████████	██████████	01/01/2011	31/12/2011	150							150		
██████████ ██████████ (***)	██████████	01/01/2011	31/12/2011	150							150		
a) ██████████ ██████████		01/01/2011	31/12/2011	26							26		

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
[REDACTED]	[REDACTED]	22/12/2011	31/12/2011	10						10			
[REDACTED]	[REDACTED]	22/12/2011	31/12/2011	4						4			
[REDACTED]	[REDACTED]	22/12/2011	31/12/2011	53			-			53	-		
[REDACTED]	[REDACTED]	01/01/2011	16/11/2011	306						306			
[REDACTED]	[REDACTED]	01/01/2011	16/11/2011	131						131			
[REDACTED]	[REDACTED]	01/01/2011	16/11/2011	1,700 (****)			-		286	1,986	-	1,125 (*****)	
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150						150			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	30		1				31			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	50						50			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	52						52			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	550		6				556			

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	300			e)			300			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	12						12			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	27		4				31			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	150						150			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	300			e)			300			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	60		4				64			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	10		1				11			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	300				60		360			
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	225		2				227			
[REDACTED]	[REDACTED]	01/01/2011	31/12/2011	1,256					61	1,317	-		
a) [REDACTED]	[REDACTED]	01/01/2011	31/12/2011	b)									

Name and Surname	Office	Office held since	End of office	Fixed remuneration	Remuneration for participation in committees	Attendance fees	Non-equity variable remuneration		Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Indemnity for end of office or termination of employment
							Bonuses and other incentives	Profit-sharing					
██████████	██████████	01/01/2011	31/12/2011	1,200			-		56		1,256	-	
a) ██████████	██████████	01/01/2011	31/12/2011	c)									
a) ██████████	██████████	01/01/2011	31/12/2011	c)									
Key managers	Total remuneration in the company drawing up the financial statements			8,201 (*****)			2,460		513		11,174	2,460	400 (*****)
	Total remuneration and attendance fees in subsidiaries and associates			d)									

a) Remuneration/Attendance fees in subsidiaries and associates.

b) Remuneration for offices held in subsidiaries and/or associates as representatives of Intesa Sanpaolo S.p.a., which amounts to 31 thousand euro, has not been included in this item, as it was fully transferred to the Bank.

c) Remuneration for offices held in subsidiaries and/or associates as representatives of Intesa Sanpaolo S.p.a., which amounts to 122 thousand euro, has not been included in this item, as it was fully transferred to the Bank.

d) Remuneration for offices held in subsidiaries and/or associates as representatives of Intesa Sanpaolo S.p.a., which amounts to 403 thousand euro, has not been included in this item, as it was fully transferred to the Bank.

e) Executive Management Board Members waived remuneration for 2011 of 70 thousand euro for the Deputy Chairmen and 60 thousand euro for the other executive Management Board Members.

(*) ██████████ waived the remuneration for the offices of ██████████ (50 thousand euro) and ██████████ (50 thousand euro).

(**) ██████████ waived the 50 thousand euro remuneration for the office of ██████████.

(***) ██████████ receives an additional remuneration for the office assigned by the Management Board for the development of International Relations and Internationalisation Projects of the Bank and of the Group.

(****) Including 379 thousand euro in unused holidays.

(*****) Including 68 thousand euro in unused holidays.

(******) Indemnity in lieu of notice provided for by National Labour Contract for Managers.

(*****)

Table No. 2: Stock options assigned to members of the Management Board, General Managers and other Key Managers

A Name and Surname	B Office	(1) Plan	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options expired during the year	Options held at end of the year	Options for the year
			(2) Number of options	(3) Exercise price	(4) Possible exercise period (from-to)	(5) Number of options	(6) Exercise price	(7) Possible exercise period (from-to)	(8) Fair value at assignment date	(9) Assignment date	(10) Market price of underlying shares upon assignment of options	(11) Number of options	(12) Exercise price	(13) Market price of underlying shares at exercise date	(14) Number of options	(15) = (2) + (5) - (11) - (14) Number of options	(16) Fair value
██████████	██████████	Ex-SPIMI 2006-2008 Plan	-													-	
██████████	██████████	Ex-SPIMI 2006-2008 Plan	-													-	
██████████	██████████	Ex-SPIMI 2006-2008 Plan	-													-	
██████████	██████████	Ex-SPIMI 2006-2008 Plan	-													-	
Key managers		Ex-SPIMI 2006-2008 Plan	3,426,500	3.951	March 2009 - April 2012 (*)											3,426,500	

N.B.: The figures indicated refer to the remuneration assigned by the company drawing up the financial statements; the assignment of stock options to subsidiaries and associates is not envisaged.
 (*) Exercisable during pre-established time periods. The last exercise period ended on 13 April 2012 and the Plan is concluded.

Table No. 3A: Incentive plans based on financial instruments other than stock options, in favour of members of the Management Board, General Managers and other Key Managers

A Name and surname	B Office	(1) Plan	Financial instruments assigned in previous years and not vested during the year		Financial instruments assigned during the year					Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assigned		Financial instruments for the year
			(2) Number and type of financial instruments	(3) Vesting period	(4) Number and type of financial instruments	(5) Fair value at assignment date	(6) Vesting period	(7) Assignment date	(8) Market price at assignment	(9) Number and type of financial instruments	(10) Number and type of financial instruments	(11) Value at maturity date	(12) Fair value
██████████ ██████████	██████████ ██████████	2011 Incentive	-	-	-	-	-	-	-	-	-	-	-
██████████	██████████ ██████████	2011 Incentive	-	-	-	-	-	-	-	-	-	-	-
██████████	██████████ ██████████	2011 Incentive	-	-	-	-	-	-	-	-	-	-	-
██████████ ██████████	██████████	2011 Incentive	-	-	-	-	-	-	-	-	-	-	-
Key managers		2011 Incentive	(*)	2,460		May 2014 - May 2016	(*)	(*)					2,460

(*) The figures on assignable shares with respect to the incentive based on 2011 results will be available following the resolutions of the Ordinary Shareholders' Meeting convened on 28 May 2012.

N.B.: The figures indicated refer to the remuneration assigned by the company drawing up the financial statements; the assignment of variable remuneration to subsidiaries and associates is not envisaged.

Table No. 3B: Monetary incentive plans in favour of members of the Management Board, General Managers and other Key Managers

A Name and surname	B Office	(1) Plan	(2)			(3)			(4) Other bonuses
			Bonus for the year			Bonus for previous years			
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable (a)	Payable/Paid	Still deferred	
		2011 Incentive	-	-	-				
		2010 Incentive				500	-	-	
		2011 Incentive	-	-	-				
		2010 Incentive				-	-	330	
		2011 Incentive							
		2010 Incentive				-	-	400	
		2011 Incentive	-	-	-				
Key managers		2010 Incentive				260	-	2,275	
		2011 Incentive	984	1,476	May 2013 - May 2015				

N.B.: The figures indicated refer to the remuneration assigned by the company drawing up the financial statements; the assignment of variable remuneration to subsidiaries and associates is not envisaged.
(a) Amounts no longer payable following termination of service and/or office by the parties in question.

Equity investments

Table No. 1: Equity investments of members of the Supervisory Board and Management Board and of the General Managers

Name and surname	Office	Subsidiary	Number of shares held at the end of prior year	Number of shares purchased	Number of shares sold	Number of shares held at the end of current year
██████████	██████████	Intesa Sanpaolo ordinary shares	15,000	4,284 (a)		19,284
██████████	██████████	Intesa Sanpaolo ordinary shares	791	226		1,017
██████████ (b) (c)	██████████	Intesa Sanpaolo ordinary shares	5,000	1,500 (i)		n.a.
██████████	██████████	Intesa Sanpaolo ordinary shares	3,720			3,720
██████████	██████████	Intesa Sanpaolo ordinary shares	150,587	419,966 (f)		570,553
██████████	██████████	Intesa Sanpaolo ordinary shares	292,000	460,528 (g)		752,528
██████████	██████████	Intesa Sanpaolo ordinary shares	-	500,000		500,000
██████████ (d)	██████████	Intesa Sanpaolo ordinary shares	12,460	3,560 (a)		16,020
██████████ (c)	██████████	Intesa Sanpaolo ordinary shares	15,560,357	4,445,814 (a)	500,000	19,506,171
██████████	██████████	Intesa Sanpaolo ordinary shares	7,000	13,000 (h)		20,000
██████████ (b)	██████████	Intesa Sanpaolo ordinary shares	6,426,499	2,212,142 (e)		n.a.
██████████	██████████	Intesa Sanpaolo ordinary shares	700,164	200,046 (a)		900,210

(a) Upon the capital increase.

(b) In office until 16 November 2011; the figures regarding number of shares purchased and sold refer to the transactions carried out until said date.

(c) Shares held indirectly.

(d) Shares owned by spouse.

(e) Of which 1,836,142 upon the capital increase.

(f) Of which 42,866 upon the capital increase.

(g) Of which 83,428 upon the capital increase.

(h) Of which 3,000 upon the capital increase.

(i) Of which 1,428 upon the capital increase.

Table No. 2: Equity investments of other Key Managers

Number of other key managers	Subsidiary	Number of shares held at the end of prior year	Number of shares purchased	Number of shares sold	Number of shares held at the end of current year
13 (*)	Intesa Sanpaolo ordinary shares (a)	1,209,419	625,642 (b)	190,248	1,519,813
	Intesa Sanpaolo non convertible savings shares	125,000	80,000		205,000

(*) Total number of other key managers who do not yet hold any equity investments.

(a) Of which 12,245 shares as at 31 December 2010 and 15,743 shares as at 31 December 2011 pertaining to family members. The values at the beginning and end of the period take into account the changes in the composition of "Other key managers".

(b) Of which 248,942 upon the capital increase.

PART III – AGGREGATE QUANTITATIVE INFORMATION PURSUANT TO THE SUPERVISORY PROVISIONS OF THE BANK OF ITALY

The 2011 incentive system for Top Management and Risk Takers

Introduction

On 20 July 2011 the Intesa Sanpaolo Supervisory Board - upon proposal of the Management Board - approved updating of the Group's remuneration policies, in order to adopt the regulations issued by the Bank of Italy on this matter within the established deadline of 31 July 2011.

These policies include the 2011 Incentive System (subsequently also "System") intended for a part of the Management staff and the so-called "risk takers" of the Intesa Sanpaolo Group. This System replaced the long-term incentive Plan approved by the Shareholders' Meeting of 30 April 2010, in the light of the relevant changes that took place in national and international regulations.

The previous Plan already met, to a large extent, the criteria provided for in the new regulations, among which incentives linked to actual medium-term value creation and the appropriate balancing between fixed and variable components. The most significant difference between the proposed System and the previous Plan regarded the use - explicitly required by the Bank of Italy - of shares or equivalent financial instruments also as part of the short-term variable component.

The System is fully consistent with the recent regulatory provisions, with particular reference to:

- identification of "Key personnel", meaning those whose decisions have a significant impact on the Bank's risk profile, to which specific remuneration rules must be applied in terms of payment of variable remuneration;
- the ratio of the fixed component to the variable component of remuneration, suitably balanced;
- the structure of the variable component, of which:
 - a) at least 40% (which can be raised to 60% for executive directors, top managers and heads of the main business lines, corporate functions or geographical areas) must be subject to deferred payment systems for a period of at least 3 years;
 - b) at least 50% must be disbursed in shares or instruments linked to shares; this percentage is applied, in the same proportion, to the deferred variable component as well as to the non-deferred (upfront) component;
- the presence of a specific retention mechanism (of at least 2 years for the upfront component, shorter for the deferred component) for the financial instruments pursuant to point b);

Recipients

The System is addressed to "Key personnel", as defined by the Supervisory Provisions, identified by the Management Board and the Supervisory Board, each acting under its remit, as the Chief Executive Officer, the General Managers, the other Key Managers, the heads of the internal control functions at Group level, the heads of the main corporate functions and business areas and the persons defined by the regulations as "risk takers", who may take on significant risks for the Group, such as, merely by way of example, the heads of the main business units of Banca IMI, for a total of about 120 resources.

Therefore, recipients include managers who have regular access to privileged information and have the power to make management decisions which may affect the Group's evolution and outlook.

The Company may also decide to expand participation in the System to a larger group of recipients ("extended scope") than the individuals who can be identified through the mere application of the regulatory provisions, in order to disseminate a culture focused on sustainability as much as possible within the Group through a real connection between remuneration and the effectiveness and stability over time of results and the level of capital base.

For persons in the "extended scope", totalling a maximum of 780 resources, there are specific methods for deferring the variable component of remuneration, while the use of shares is limited, also in terms of

amount, to the members of the Top Executive Group who, due to the activities they supervise, are not classified as "Key personnel" (around 70 executives).

Plan rationale

Long-term incentive plans are designed, in general terms, to retain managers and support their motivation to achieve the company's long-term goals. Where they include financial instrument-based compensation, they also favour alignment of interest between employees and shareholders, via the employees' direct participation in corporate risk.

Under this approach, the plans are an integral component of the Intesa Sanpaolo Group compensation system addressed to executive officers, key managers and strategic professionals, fully in line with its investment in human capital development, in the framework of a policy targeting sustainable long-term development and accountability vis-à-vis all stakeholders, by incentivising the achievement of yearly and multi-year targets identified by the competent corporate functions from among the indicators that best reflect Group profitability over time, also taking account of risks assumed, the cost of capital, liquidity and the level of capital base required to handle the activities implemented.

Characteristics of the financial instruments to be awarded

For 2011, the System provides for the assignment to the recipients identified above of a bonus comprised of 50% cash and 50% Intesa Sanpaolo ordinary shares, which will be purchased on the MTA market (mercato telematico azionario) in compliance with the authorisations duly issued by the Shareholders' Meeting.

60% of the entire bonus (reduced to 40% for the Chief Executive Officer, Key Managers and other specific positions) is paid to the recipients in the year following the year the bonus refers to (upfront portion) according to the same cash/shares ratio as above.

The remaining portion is, instead, assigned proportionally in the three further following years, broken down as follows: the first third is paid entirely in cash, the second third exclusively through shares and the last third equally divided into cash and shares.

As per the Supervisory Provisions, each portion of the bonus assigned in shares shall be subject to a retention period of 2 years for the upfront portion and 1 year for the deferred portions. The retention period starts from the accrual date of the bonus.

The shares accrued in each case shall be delivered to the recipients only at the end of the retention period described above and, save for the cases of mutually agreed termination of employment, termination due to having reached retirement age or other similar situations, subject to continuation of employment in any company of the Group.

Given the unification of the prior short and long-term incentive plans into a single instrument, the total amount of the award to which recipients are theoretically entitled each year is essentially equal to the sum of the annual target bonus and the annual portion of the long-term incentive plan approved by the Shareholders' Meeting of 30 April 2010, with a reduction of about 10% for "Key personnel", in order to adopt the new regulatory provisions without an increase in costs for the income statement.

More specifically, if the assigned targets are fully achieved, "Key personnel" may generally receive a yearly bonus, including the deferred portion and the portion assigned in shares, of approximately 60% of the remuneration pay mix. In light of regulator's indications, the Heads of the internal control functions, even if they are included under Key Managers, may benefit from a variable portion of compensation, with the same characteristics as that for "Key personnel", though smaller - amounting to approximately 40% of the remuneration pay mix.

The personnel in the "extended scope" benefit from the same incentive mechanism as that for "Key personnel", except for a simpler deferral method (with a single solution after two years) and payment of the bonus. The deferred portion is normally paid fully through shares for members of the Top Executive Group and entirely in cash for the remaining resources; the upfront portion is paid exclusively in cash to all recipients in the "extended scope".

In full harmony with the criterion of symmetry between the amount of bonuses paid and actual corporate performance, the amount of the incentive, without prejudice to the provisions made for the Manager responsible for preparing the Company's financial reports and the Heads of the internal control functions¹, is linked to the degree of achievement of the yearly and multi-year corporate targets. Said targets are subject to verification following approval of the draft financial statements by the competent bodies. If the targets are only partially achieved, there will be a corresponding reduction in the bonus, while if the assigned targets are exceeded, the incentive may be increased.

Accrual of the total bonus is subject to achievement of the Group's targets, measured through the EVA® indicator, and to exceeding of a minimum threshold, at both the Group and Division/Business Unit level, for the specific overall performance indicator outlined below, which is also used to quantify the incentive.

The value of the bonus to be paid, including the deferred portion and any portion assigned in shares, is linked to the degree of achievement of a specific summary indicator composed of targets regarding i) profitability (operating income), ii) efficiency (cost/income), iii) risk containment (adjustments to loans), iv) sustainability, considering the risks taken on and the cost of capital (EVA®), and v) quality, fairness in relations with customers, or containment of legal and reputational risks (i.e. customer satisfaction, report of the control functions.) The economic targets, as a whole, have the greatest impact in forming the aforementioned summary indicator (approximately 20-25% each), while the qualitative parameters have a maximum weight of 10%.

Moreover, each deferred portion is subject to an ex post adjustment mechanism - the "malus condition" – according to which the relative amount paid and the number of shares assigned, if any, may be reduced by the level of achievement, in the year to which the deferred portion refers, of specific targets which measure the sustainability of value creation over time (EVA®) and respect of the maximum acceptable risk for the Group, in terms of capital base (using the Core Tier 1, or Common Equity Tier 1 value as a reference) as well as specific liquidity levels (through indicators similar to the Basel III Net Stable Funding Ratio, which enable monitoring of the structural trend of liquidity in the medium to long term).

¹ For the Heads of the internal control functions, determination of the incentive accrued is strictly defined with reference to the specific qualitative indicators of the respective functions, in compliance with the Supervisory Provisions.

Quantitative information subdivided by business area

Through its communication of 2 March 2012, the Bank of Italy also urged banks and banking groups to define the “total amount of variable remuneration” to be paid with respect to 2011 results with a value that is “sustainable with respect to the bank’s financial position” and that does not “limit its capacity to maintain or achieve an adequate level of capital base”.

In full harmony with the spirit of the regulatory provisions and anticipating the contents of the aforementioned communication by the Supervisory Authorities, the Bank has already adopted instruments (sustainability mechanism) that allow it to reduce ex post the amount of variable remuneration based on the financial statement restrictions.

In accordance with the above-described scenario, at the overall Group level, thereby considering employees of all grades and employees of the international subsidiaries, the total variable component set aside in the financial statements to reward 2011 results, including the contractual portion (so-called company bonus), amounts to 333 million euro, and is equal to approximately 2% of the Group’s operating income, 0.7% of the shareholders’ equity, 0.05% of total assets and 6% of the total cost of labour. All of the values, both in absolute as well as relative terms, are significantly down compared to those of the prior year.

Without prejudice to the total amount indicated above, the Management and Supervisory Boards of 17 April 2012, to the extent of their respective responsibilities, have decided to modify application methods of incentive systems in force within the Group, with the aim of correcting any distortions created in summarising the results of the various Business Units, from measurement of the non-recurring components, and achieving, therefore, greater equality in recognising the contribution provided by management and by all employees who, despite the particularly difficult situation, have demonstrated constant commitment and a strong sense of responsibility.

As in past year, distribution of the amounts set aside in the financial statements for payment of the variable component referring to 2011 results gives priority to employees of the business sectors most exposed to market variations (asset management, finance, corporate and investment banking), consistently with the results of specialised surveys of a sample of Italian and European banking groups which, due to size and composition of the business, constitute the reference benchmarking for Intesa Sanpaolo.

COMPARISON OF PERCENT DISTRIBUTION OF STAFF, FIXED COST AND VARIABLE COMPONENT FOR 2011

	Staff	Fixed Cost 2011	Variable Component 2011
Central Structures (including Top Management)	12%	16%	19%
Banca dei Territori	51%	63%	45%
Corporate & Investment Banking	4%	6%	16%
Public Finance	< 1%	1%	1%
Banca Fideuram	2%	2%	3%
Eurizon Capital	< 1%	1%	2%
International Subsidiaries	31%	11%	14%

Quantitative information subdivided among the various categories of “key personnel”

Segment	No.	Total Remuneration 2011		Detail of Variable Component 2011				Variable deferred amount from prior years paid in 2011
		Fixed remuneration	Variable remuneration	Upfront Cash	Upfront Shares	Deferred Cash	Deferred Shares	
██████████	1	67	-	-	-	-	-	-
██████████	1	1,758	-	-	-	-	-	-
GM, Other Key Managers ³ and MD/GM of the main Business Units/Companies	15	10,873	5,676	1,135	1,135	1,703	1,703	-
Heads of the Internal Control Functions ⁴	7	3,402	1,440	320	320	400	400	-
Other individuals who, individually or collectively, take on significant risk ⁵	96	24,914	13,704	3,961	3,961	2,891	2,891	-

1 Excluding any remuneration, including remuneration from unused holidays, recognised upon termination of employment.

2 The amount indicated under the column “Fixed Remuneration” also includes remuneration received ██████████

3 Excluding 4 Key Managers who are included under Managers of Internal Control Functions.

4 The amount indicated under the column “Fixed Remuneration” also includes any amounts paid as role indemnity.

5 Including any other managers with a variable remuneration of over 500,000 euro.

For the ██████████, the conditions for recognition of the variable component of remuneration for 2011 have not been met. The executive Management Board Members have waived their right to receive the variable portion of remuneration for 2011.

In terms of the information required on employee termination indemnities paid during the year, it is specified that, apart from ██████████

██████████ who, as we know, left the Group to take on key government positions, there was only 1 case of termination in 2011 among the executives classified under “Key personnel”, consisting of a resignation.

The total amount of termination indemnities paid to these managers amounted to 1,525 thousand euro, the highest of which was 1,125 thousand euro, paid to ██████████ in application of the relevant provisions under the Italian Civil Code and the Collective Labour Agreement for executive personnel.

In the previous year, no special benefits were paid for the start of employment relationships.



PART IV – INTERNAL AUDITING DEPARTMENT ASSESSMENT OF THE REMUNERATION SYSTEM

The Internal Auditing Department of Intesa Sanpaolo has carried out the relative audit to analyse the operational practices used in defining the incentive system for the year 2011 and their consistency with the policies resolved by the Bodies (already subject to verification of compliance by the Compliance Department) and with the recent provisions issued by the Bank of Italy in 2011.

The audit plan was broken down into two main separate stages, aimed at examining:

- 1) proper implementation of the process for quantification and approval of the “2011 incentive system” and its components (estimate of economic requirements, certification of results achieved, identification of beneficiaries, incentives for Key personnel, Risk Takers and the Control Functions);
- 2) the phase of actual payment of incentives, to verify alignment with what is defined and approved by the relevant Corporate bodies.

Internal Auditing also followed up on the stage of implementation of the recommendations made last year, noting that adequate improvement measures were activated, in terms of harmonisation of the incentive systems of the International Subsidiary Banks as well as with respect to the commercial component of Banca dei Territori.

In this respect, an assessment was carried out on the methods for initial implementation and application of the new 2011 Incentive System for Network Personnel of the Banca dei Territori Division, presented to the Management Board on 20 September 2011, along with the prescribed assessment of consistency with the regulations formulated by the Compliance Function. The new incentive system, which also takes into account the audit results reported last year, is broken down into 2 components: basic (annual) and commercial (interim). The suggestions formulated following analysis of the commercial component were aimed at: better formalisation of the guidelines for the assignment of bonuses; improvement of the evaluation factors and ex post adjustment mechanisms for performance; guarantee of traceability/storage of the performance results of each business unit over time.

For 2011, Internal Auditing confirms that the remuneration policy, in line with the regulatory provisions and based on consolidated practice, is set up in accordance with principles of (remuneration) fairness, (performance) merit, sustainability (of costs) and solidarity (between Group and Division results).

Internal Auditing determined that the incentive system’s quantification process followed the various operating phases envisaged. The process is supported by defined procedures and methods to measure performance and determine “bonuses”, divided according to the role covered and the type of activity carried out (managerial, control, commercial or central structures).

For all personnel, activation of the system is subject to achievement of a positive EVA for the Group. To this end, the Auditing Department carried out a number of assessments and independent recalculations that confirm achievement of the 1st threshold of activation of the system at Group level (EVA>0). Further assessments, with positive outcome, were carried out on the results of the Group and of the Divisions.

The Internal Auditing Department verified that the criteria used in allocating the incentive system for the Business Areas are consistent over time. The total 2011 bonus pool is approximately 40% less than the amount paid for 2010, with less impact on the indicators of sustainability and profitability (operating income, shareholders’ equity, assets, and cost of labour).

As timely application of the rules would result in elimination of the bonuses of the Divisions, in accordance with the provisions set aside, a proposal was made for a different distribution of part of the “bonus pool” allocated for the Central Structures in favour of the Divisions, as an exception to the minimum thresholds for bonuses envisaged by the Policies. In accordance with the procedures for adoption and implementation of the remuneration policies, the distribution proposal, along with the positive assessment of compliance with the relative regulations, formulated by the Compliance Department, was brought to the attention of

the Management and Supervisory Boards on 17 April 2012 (for the relative aspects under their responsibility). The official certifications regarding the related levels of achievement of results for the General Managers, Heads of the Control Functions, as well as for the Management Board Members, were resolved on this date.

Regarding the remuneration for the Management Boards and Key Managers, summarised in the Remuneration Report, Internal Auditing has determined that the fixed remuneration components for 2011 are accurate, and that the proposals for variable compensation of key personnel are consistent with the reference values envisaged by the incentive system.

Taking into consideration the above, the Internal Auditing Department, following the analyses carried out during the 1st phase of assessments, formulated a positive judgement regarding the adequacy of the relative decision-making process.

The revision process will be completed with the assessments on accuracy of the disbursement process, including the deferred portion, in order to ensure alignment with what was defined and approved by the relevant corporate bodies.

Appendix



Table No. 1: Check List

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
1. ROLE OF THE BOARD OF DIRECTORS				
1.P.1. Listed companies are governed by a Board of Directors that meets at regular intervals, and that adopts an organisation and a modus operandi which enable it to perform its functions in an effective, efficient manner.	✓			page 26, 43 (S.B.) page 46, 56 (M.B.)
1.P.2. The Directors act and pass resolutions with full knowledge of the facts and autonomously, pursue the priority of creating value for the shareholders. Consistent with this goal, they also take into account the directives and policies defined for the group of which the issuer is a member, as well as the benefits deriving from being a member of a group.	✓			page 43, 44 (S.B.) page 48, 57 (M.B.)
1.C.1. The Board of Directors shall:				
a) examine and approve the company's strategic, operational and financial plans and the corporate structure of the group it heads, the management and control system of the issuer and the group structure;	✓			page 26 (S.B.) page 46 (M.B.)
b) evaluate the adequacy of the organisational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest;	✓			page 27 (S.B.) page 46 (M.B.)
c) delegate powers to the managing directors and to the executive committee and revoke them; it shall specify the limits on these delegated powers, the manner of exercising them and the frequency, as a rule no less than once every three months, with which the bodies in question must report to the board on the activities performed in the exercise of the powers delegated to them;	✓			page 46, 51, 60, 61 (M.B.)
d) determine, after examining the proposal of the special committee and consulting the board of auditors, the remuneration of the managing directors and of those directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determine the total amount to which the members of the board and of the executive committee are entitled;	✓			
e) evaluate the general performance of the company, paying particular attention to the information received from the executive committee (when established) and the managing directors, and periodically comparing the results achieved with those planned;	✓			page 47, 61 (M.B.)
f) examine and approve in advance transactions carried out by the issuer and its subsidiaries having a significant impact on the company's profitability, assets and liabilities or financial position, paying particular attention to transactions in which one or more Directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board establishes general criteria for identifying the transactions which might have a significant impact;	✓			page 26 (S.B.) page 47 (M.B.) page 74

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
g) evaluate, at least once a year, the size, composition and performance of the Board of Directors and its committees, eventually characterising new professional figures whose presence on the board would be considered appropriate;	✓			page 45 (S.B.) page 59 (M.B.)
h) provide information, in the report on corporate governance, regarding the application of this article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the related percentage of attendance of each director.	✓			page 44 (S.B.) page 46, 58 (M.B.)
1.C.2. The directors shall accept the office of director when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or auditor held by the directors in the above-mentioned companies and include them in the report on corporate governance.	✓			page 32 (S.B.) page 53 (M.B.)
1.C.3. The board shall issue guidelines regarding the maximum number of offices as director or auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties. To this end, the board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive, non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group; it may also take into account the participation of the directors in committees established within the ranks of the board.	✓			page 32 (S.B.) page 53 (M.B.)
1.C.4. If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.	✓			page 53 (M.B.)

2. COMPOSITION OF THE BOARD OF DIRECTORS

2.P.1. The Board of Directors shall be made up of executive and non-executive directors.	✓			page 49 (M.B.)
2.P.2. Non-executive directors shall bring their specific expertise to board discussions and contribute to the taking of balanced decisions paying particular care to the areas where conflicts of interest may exist.	✓			page 43 (S.B.) page 49, 58 (M.B.)
2.P.3. The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of board's decisions.	✓			page 49, 52 (M.B.)
2.P.4. It is appropriate to avoid the concentration of corporate offices in one single individual.	✓			page 50 (M.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
2.P.5. Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the report on corporate governance on the reasons for such an organisational choice.			✓	page 50 (M.B.)
2.C.1. The following are executive directors: <ul style="list-style-type: none"> – the managing directors of the issuer or a subsidiary having strategic importance, including the relevant chairmen when these are granted individual management powers and when they play a specific role in the definition of the business strategies; – the directors vested with management duties in the issuer or in one of its subsidiaries having strategic importance, or in a controlling company when the office concerns also the issuer; – the directors who are members of the executive committee of the issuer, when no managing director is appointed or when participation in the executive committee, taking into account the frequency of meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer. <p>The granting of powers only in cases of urgency to directors who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, unless such powers are actually exercised with considerable frequency.</p>	✓			page 49 (M.B.)
2.C.2. The directors shall know the duties and responsibilities relating to their office. The chairman of the Board of Directors shall use his best efforts for causing the directors to participate in initiatives aimed at increasing their knowledge of reality and business dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.	✓			page 45 (S.B.) page 50, 60 (M.B.)
2.C.3. In the event that the chairman of the Board of Directors is the chief executive officer of the company, as well as in the event that the office of chairman is covered by the person controlling the issuer, the board shall designate a lead independent director who represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below.			✓	

3. INDEPENDENT DIRECTORS

3.P.1. An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer, of such significance as to influence their autonomous judgement.	✓			page 33 (S.B.) page 52 (M.B.)
3.P.2. The directors' independence shall be periodically assessed by the Board of Directors. The results of the assessments of the board shall be communicated to the market.	✓			page 33 (S.B.) page 52 (M.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
<p>3.C.1. The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear to be independent in the following events, to be considered merely as an example and not limited to:</p> <ul style="list-style-type: none"> a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise control or considerable influence over the issuer; b) if he/she is, or has been in the preceding three fiscal years, a relevant representative of the issuer, of a subsidiary having strategic importance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence also jointly with others through a shareholders' agreement; c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship: <ul style="list-style-type: none"> - with the issuer, one of its subsidiaries, or any of its significant representatives; - with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with relevant significant representatives; or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects; d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans; e) if he/she has been a director of the issuer for more than nine years in the last twelve years; f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director; g) if he/she is a shareholder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer; h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs. 	✓			page 33 (S.B.)
<p>3.C.2. For the purpose of the above, the legal representative, the president of the entity, the chairman of the Board of Directors, the executive directors and executives with strategic responsibilities of the relevant company or entity, must be considered as "significant representatives".</p>	✓			page 33 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
3.C.3. The number and competences of independent directors shall be adequate in relation to the size of the board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the board, according to the indications set out in the Code. If the issuer is subject to management and coordination activity by third parties or is controlled by a subject operating, directly or through other subsidiaries, in the same sector of activity or in contiguous sectors, the composition of the Board of Directors of the issuer shall be suitable to ensure adequate conditions of autonomous management and, therefore, to pursue in a priority way the objective of the creation of value for the shareholders of the issuer.	✓			page 28, 33 (S.B.)
3.C.4. The Board of Directors shall evaluate, after the appointment of a director who qualifies as independent, and subsequently at least once a year, on the basis of the information provided by the same director or however available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, on the occasion of the appointment, through a press release to the market and, subsequently, within the report on corporate governance, specifying, with adequate reasons, whether any criteria have been adopted other than those indicated herein.	✓			page 31, 33 (S.B.) page 52 (M.B.)
3.C.5. The Board of Auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the board for evaluating the independence of its members. The result of such controls is notified to the market in the report on corporate governance or in the report of the Board of Auditors to the shareholders' meeting.	✓			page 33 (S.B.)
3.C.6. The independent directors shall meet at least once a year without the presence of the other directors.	✓			page 34 (S.B.)

4. TREATMENT OF CORPORATE INFORMATION

4.P.1. Directors and members of the Board of Auditors shall keep confidential the documents and information acquired in the performance of their duties and shall comply with the procedure adopted by the issuer for the internal handling and disclosure to third parties of such documents and information.	✓			page 43 (S.B.) page 48 (M.B.) page 81
4.C.1. The managing directors shall ensure the correct handling of corporate information; to this end they shall propose to the Board of Directors the adoption of a procedure for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to price sensitive information.	✓			page 81, 83

5. COMPOSITION AND DUTIES OF THE INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

5.P.1. The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.	✓			page 34 (S.B.) page 46 (M.B.)
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Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
5.C.1. The establishment and functioning of committees within the Board of Directors shall meet the following criteria:				
a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than five members, committees may be made up of two directors only, provided that they are both independent;	✓			page 34 (S.B.)
b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;	✓			page 34 (S.B.)
c) the functions that the Code attributes to different committees may be distributed in a different manner or delegated to a number of committees less than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of underlying objectives;	✓			page 34 (S.B.)
d) minutes shall be drafted of the meetings of each committee;	✓			page 35 (S.B.)
e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers. The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the board;	✓			page 35 (S.B.)
f) persons who are not members of the committee may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;	✓			page 35 (S.B.)
g) the issuer shall provide adequate information, in the report on corporate governance, on the establishment and composition of committees, the contents of the mandate entrusted to them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage of participation of each member.	✓			page 35 (S.B.)

6. APPOINTMENT OF DIRECTORS

6.P.1. The appointment of Directors shall occur according to a transparent procedure. The procedure shall ensure, inter alia, timely adequate information on the personal and professional qualifications of the candidates.	✓			page 29 (S.B.) page 48 (M.B.)
6.P.2. The Board of Directors shall evaluate whether to establish among its members a nomination committee made up, for the majority, of independent directors.	✓			page 34, 35 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
6.C.1. The lists of candidates to the office of director, accompanied by exhaustive information on the personal traits and professional qualifications of the candidates with an indication where appropriate of their eligibility to qualify as independent directors as defined in Article 3, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete with information on the characteristics of the candidates, shall be timely published through the Internet site of the issuer.	✓			page 29 (S.B.)
6.C.2. Where established, the committee to propose candidates for appointment to the position of director may be vested with one or more of the following functions: a) to propose to the Board of Directors candidates to the position of director in the events provided by Article 2386, first paragraph, of the Italian Civil Code, as it is necessary to replace an independent director; b) to designate candidates to the position of independent director to be submitted to the shareholders' meeting of the issuer, taking into account any recommendation in this regard received from shareholders; c) to express opinions to the Board of Directors regarding the size and composition of the same as well as, possibly, with regard to the professional skills whose presence within the board is considered appropriate.	✓			page 36 (S.B.)

7. REMUNERATION OF DIRECTORS

7.P.1. The remuneration of directors and key management personnel shall be established in a sufficient amount to attract, retain and motivate people with the professional skills necessary to successfully manage the issuer.	✓			page 104, 105, 108, 111
7.P.2. The remuneration of executive directors and key management personnel shall be defined in such a way as to align their interests with pursuing the priority objective of the creation of value for the shareholders in a medium-long term timeframe. With regard to directors with managerial powers or performing, also de-facto, functions related to business management, as well as with regard to key management personnel, a significant part of the remuneration shall be linked to achieving specific performance objectives, possibly including non-economic objectives, identified in advance and determined in line with the guidelines contained in the general policy described in principle 7.P.4. The remuneration of non-executive directors shall be proportionate to the commitment required from each of them, also taking into account their possible participation in one or more committees.	✓			page 102, 105, 108, 110
7.P.3. The Board of Directors shall establish among its members a remuneration committee, made up of non-executives directors, the majority of which are independent. At least one committee member shall have an adequate knowledge and experience in finance, to be assessed by the Board of Directors at the time of his/her appointment.	✓			page 34, 36 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
7.P.4. The Board of Directors shall, upon proposal of the remuneration committee, establish a general policy for the remuneration of executive directors, other directors who cover particular offices and key management personnel. The directors shall submit a yearly report describing such a policy at the annual shareholders' meeting.	✓			page 101, 104, 108
7.C.1. The general policy for the remuneration of executive directors and other directors covering particular offices shall define guidelines on the issues and consistently with the criteria detailed below: a) the non-variable component and the variable component are properly balanced according to issuer's strategic objectives and risk management policy, taking into account the business sector in which it operates and the nature of the business carried out; b) upper limits for variable components shall be established; c) the non-variable component shall be sufficient to reward the director when the variable component was not delivered because of the failure to achieve the performance objectives specified by the Board of Directors; d) the performance objectives – i.e. the economic performance and any other specific objectives to which the payment of variable components (including the objectives for the share-based compensation plans) is linked – shall be predetermined, measurable and linked to the creation of value for the shareholders in the medium-long term; e) the payment of a significant portion of the variable component of the remuneration shall be deferred for an appropriate period of time; the amount of that portion and the length of that deferral shall be consistent with the characteristics of the issuer's business and associated risk profile; f) termination payments shall not exceed a fixed amount or fixed number of years of annual remuneration. Termination payments shall not be paid if the termination is due to inadequate performance.	✓			page 105, 106 page 104, 105, 110, 111 page 104, 111 page 104, 105, 106, 110, 111 page 104, 105, 110 page 105, 106, 111, 112 page 114
7.C.2. In preparing plans for share-based remuneration, the Board of Directors shall ensure that: a) shares, options and all other rights granted to directors to buy shares or to be remunerated on the basis of share price movements shall have a vesting period of at least three years; b) the vesting referred to in paragraph a) shall be subject to predetermined and measurable performance criteria; c) directors shall retain a certain number of shares granted or purchased through the exercise of the rights referred to in paragraph a), until the end of their mandate.	✓			page 115
7.C.3. The criteria 7.C.1 and 7.C.2 shall apply, mutatis mutandis, also to the definition - by the bodies entrusted with that task – of the remuneration of key management personnel. Any incentive plan for the persons in charge of internal controls and for the executive responsible for the preparation of the corporate financial documents shall be consistent with their role.	✓			page 36, 37 (S.B.) page 101, 110
7.C.4. The remuneration of non-executive directors shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of share-based compensation plans, unless it is so decided by the annual shareholders' meeting, which shall also give the relevant reasons.	✓			page 104

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
<p>7.C.5. The remuneration committee shall:</p> <ul style="list-style-type: none"> - periodically evaluate the adequacy, overall consistency and actual application of the general policy adopted for the remuneration of executive directors, other directors who cover particular offices and key management personnel, also on the basis of the information provided by the managing directors; it shall formulate proposals to the Board of Directors in that regard; - submit to the Board of Directors proposals for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; it shall monitor the implementation of decisions adopted by the Board of Directors and verify, in particular, the actual achievement of performance objectives. 	✓			page 37 (S.B.) page 101
<p>7.C.6. No director shall participate in meetings of the remuneration committee in which proposals are formulated to the Board of Directors relating to his/her remuneration.</p>	✓			page 37 (S.B.)
<p>7.C.7. When using the services of an external consultant in order to obtain information on market standards for remuneration policies, the remuneration committee shall previously verify that the consultant concerned is not in a position which might compromise its independence.</p>	✓			page 37 (S.B.)

8. INTERNAL CONTROL SYSTEM

<p>8.P.1. The internal control system is the set of rules, procedures and organisational structures aimed at making possible a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of the main risks.</p>	✓			page 65
<p>8.P.2. An effective internal control system contributes to safeguard the company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information, and compliance with laws and regulations.</p>	✓			page 65
<p>8.P.3. The Board of Directors shall evaluate the adequacy of the internal control system with respect to the characteristics of the company.</p>	✓			page 27, 66 (S.B.) page 65
<p>8.P.4. The Board of Directors shall ensure that its evaluations and decisions relating to the internal control system, the approval of the balance sheets and the half yearly reports and the relationships between the issuer and the external auditor are supported by an adequate preliminary activity. To such purpose the Board of Directors shall establish an internal control committee, made up of non-executive directors, the majority of which are independent. If the issuer is controlled by another listed company, the internal control committee shall be made up exclusively of independent directors. At least one member of the committee must have an adequate experience in accounting and finance, to be evaluated by the Board of Directors at the time of his/her appointment.</p>	✓			page 34, 66 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
8.C.1. The Board of Directors, with the assistance of the internal control committee, shall:				
a) define the guidelines of the internal control system, so that the main risks concerning the issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining moreover the criteria for establishing whether such risks are compatible with sound, correct management of the company;	✓			page 46 (M.B.) page 65
b) identify an executive director (usually one of the managing directors) for supervising the functionality of the internal control system;	✓			page 52, 66 (M.B.)
c) evaluate, at least on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system;	✓			page 65
d) describe, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same.	✓			page 65
Moreover, the Board of Directors shall, upon proposal of the executive director in charge of supervising the functionality of the internal control system and after consulting with the internal control committee, appoint and revoke one or more persons in charge of internal control and define their remuneration in line with the company's policies.	✓			page 46 (M.B.)
8.C.2. The Board of Directors shall exercise its functions with regard to the internal control system taking into due consideration the reference models and the best practices existing on the national and international fields. Particular attention shall be devoted to the organisation and management models adopted pursuant to Legislative Decree no. 231 of 8 June 2001.	✓			page 65, 78
8.C.3. In addition to assisting the Board of Directors in the performance of the duties set out in criterion 8.C.1, the internal control committee shall:	✓			page 66 (S.B.)
a) evaluate together with the executive responsible for the preparation of the company's accounting documents and the auditors, the correct utilisation of the accounting principles and, in the event of groups, their consistency for the purpose of preparation of the consolidated financial statements;	✓			page 38 (S.B.)
b) upon request of the executive director, express opinions on specific aspects relating to the identification of the principal risks for the company as well as on the design, implementation and management of the internal control system;		✓		page 61 (M.B.)
c) review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them;	✓			page 38, 40 (S.B.)
d) evaluate the proposals submitted by the auditing firm for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and letter of suggestions, if any;	✓			page 38 (S.B.)
e) supervise the efficiency of the auditing process;	✓			page 38 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
f) perform any additional duties that are assigned to it by the Board of Directors;	✓			page 38 (S.B.)
g) report to the board, at least on a half-yearly basis, on the occasion of approval of the financial statements and half-yearly report, on the activity carried out, as well as on the adequacy of the internal control system.	✓			page 40 (S.B.)
8.C.4. The chairman of the Board of Auditors or another auditor designated by the chairman of the board shall participate in the works for the internal control.			✓	
8.C.5. The executive director responsible for supervising the functionality of the internal control system, shall:	✓			page 66 (M.B.)
a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to review by the Board of Directors;				
b) implement the guidelines defined by the Board of Directors, through the design, implementation and management of the internal control system, constantly monitoring its overall adequacy, effectiveness and efficiency; moreover, it shall adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework;				
c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control.				page 66
8.C.6. Each person in charge of internal control shall:	✓			page 72
a) ensure that the internal control system is always adequate, fully operating and effective;				
b) not be responsible for any operational divisions and shall not report hierarchically to any manager of operational divisions, including the administration and finance divisions;				
c) have direct access to all useful information for the performance of his/her duties;				
d) have the availability of adequate means for the performance of the functions assigned to him/her;				
e) report on his/her activity to the internal control committee and the board of auditors; moreover, they could be required to report also to the executive director responsible for the supervision of the functionality of the internal control system. In particular, he/she shall report on the procedures according to which the risk management is conducted, as well as about the compliance with the plans defined for their reduction and express his/her evaluation of the internal control system to achieve an acceptable overall risk profile.				
8.C.7. The issuer shall establish an internal audit function. The person responsible for internal control shall usually coincide with the person responsible for the internal audit function.	✓			page 72

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
8.C.8. The internal audit functions may be entrusted, as a whole or by business segments, to persons external to the issuer, provided, however, that they are endowed with adequate professionalism and independence; these persons may also be responsible for the internal control. The adoption of such organisational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the report on corporate governance.			✓	

9. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

9.P.1. The Board of Directors shall adopt measures aimed at ensuring that the transactions in which a director is bearer of an interest, on his/her behalf or on behalf of third parties, and transactions carried out with related parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.	✓			page 73, 74 76 (M.B.)
9.C.1. The Board of Directors shall, after consulting the internal control committee, establish approval and implementation procedures for transactions carried out by the issuer, or its subsidiaries, with related parties. It shall define, in particular, the specific transactions (or shall determine the criteria for identifying those transactions), which must be approved after consulting the internal control committee and/or with the assistance of independent experts.	✓			page 37, 38 (S.B.) page 47 (M.B.) page 73, 74
9.C.2. The Board of Directors shall adopt operating solutions suitable to facilitate the identification and an adequate handling of those situations in which a director is bearer of an interest on his/her behalf or on behalf of third parties.	✓			page 75

10. MEMBERS OF THE BOARD OF AUDITORS

10.P.1. The appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, timely adequate information on the personal and professional characteristics of the candidates.	✓			page 29 (S.B.)
10.P.2. The auditors shall act with autonomy and independence, also vis-à-vis the shareholders, which elected them.	✓			page 44 (S.B.)
10.P.3. The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the board of auditors.	✓			page 26, 28 (S.B.)
10.C.1. The lists of candidates for the position of auditor, accompanied by detailed information on the personal traits and professional qualifications of the candidates, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete with the information on the characteristics of the candidates, shall be timely published through the Internet site of the issuer.	✓			page 29 (S.B.)
10.C.2. The auditors shall be chosen from among persons who may be qualified as independent also on the basis of the criteria provided in this Code with reference to directors. The Board of Auditors shall check compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in the report on corporate governance.	✓			page 31, 33 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
10.C.3. The auditors shall accept appointment when they believe they can devote the necessary time to the diligent performance of their duties.	✓			page 32 (S.B.)
10.C.4. An auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other auditors and the chairman of the board of the nature, terms, origin and extent of his/her interest.	✓			page 76 (S.B.)
10.C.5. The board of auditors shall monitor the independence of the auditing firm, verifying both compliance with the provisions of law and regulations governing the subject matter thereof, and the nature and extent of services other than accounting control provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to the network of the same.	✓			page 27 (S.B.) page 79
10.C.6. In the framework of their activities, the auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.	✓			page 39 (S.B.)
10.C.7. The board of auditors and the internal control committee shall promptly exchange material information for the performance of their respective duties.			✓	

11. RELATIONS WITH THE SHAREHOLDERS

11.P.1. The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.	✓			page 84
11.P.2. The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	✓			page 83
11.C.1. The Board of Directors shall use its best efforts for ensuring that access to the information concerning the issuer and of significance to its shareholders is timely and easily accessible, so as to provide shareholders with information appropriate in the exercise of their rights. For this purpose, the issuer shall establish a specific section on its internet site that may be easily identified and accessed, in which the above-mentioned information is available, with particular reference to the procedures regarding attendance and the exercise of the voting right in the shareholders' meetings, as well as the documentation relating to items on the agenda of the shareholders' meetings, including the lists of candidates for the positions of director and auditor with an indication of the relevant personal traits and professional qualifications.	✓			page 83, 84, 86
11.C.2. The Board of Directors shall ensure that a person is identified as responsible for handling the relations with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	✓			page 83
11.C.3. The Board of Directors shall use its best efforts for reducing the restrictions and fulfilments, which make it difficult and burdensome for shareholders to participate in shareholders' meeting and exercise their voting rights.	✓			page 86

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
11.C.4. All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting with regard to performed and planned activity and shall make every effort to ensure that shareholders receive adequate information on the necessary elements for them to make informed decisions that are the competence of the shareholders' meeting.	✓			page 85
11.C.5. The Board of Directors shall propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the ordinary and extraordinary shareholders' meetings of the issuer, without prejudice, however, to the right of each shareholder to express his or her opinion on the matters under discussion.		✓		page 85
11.C.6. In the event of a significant change in the market capitalisation of the company, the composition and/or the number of the shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the Articles of Association as regards to the minimum percentage required for exercising actions and rights provided for as a protection of minority interests.		✓		page 86

12. TWO TIER AND ONE TIER MANAGEMENT AND CONTROL SYSTEMS

12.P.1. In the event of adoption of a two-tier or one-tier management and control system, the above articles shall apply insofar as compatible, adapting individual provisions to the particular system adopted, consistently with the objectives of good corporate governance, transparency of information and protection of investors and the markets pursued by the Code and in the light of the criteria provided by this article.	✓			page 15
12.P.2. In the event that a new management and control system is proposed, the directors shall inform the shareholders and the market with regard to the reasons for such proposal, as well as on how it is envisaged that the Code will be applied to the new management and control system.	✓			page 25
12.P.3. In the first report on corporate governance published after modification of the management and control system, the issuer shall describe in detail how the Code has been applied to such system. Such information shall be published also in subsequent reports, indicating any amendments to the procedure followed in applying the Code to the selected management and control system.	✓			page 25
12.C.1. In the event of adoption of the two-tier management and control system, the Code shall be applied according to the following criteria: a) except as provided in paragraph (b) below, the articles of the Code that make reference to the Board of Directors and the Board of Auditors, or their members, are applied in principle to the Management Board and Supervisory Board or their members respectively; b) due to the specific options of the Articles of Association adopted, in the configuration of the management and supervisory bodies also in consideration of the number of members and the powers and duties attributed to them, and of the specific circumstances existing, the issuer may apply the provisions concerning the Board of Directors or directors to the Supervisory Board or its members; c) provisions relating to the appointment of directors provided in Article 6 of this Code shall apply, insofar as compatible, to the appointment of the members of the Supervisory Board and/or the members of the Management Board.	✓			page 25

Table No. 2: “Art 123-bis - Report on corporate governance and ownership structures”

Art 123-bis - Report on corporate governance and ownership structures	Page of the Report
1. The management report of issuers with securities admitted to trading on regulated markets shall contain a specific section entitled: “Report on corporate governance and ownership structures”, providing detailed information on:	
a) the capital structure, including securities not traded on a regulated market in an EU Member State, with an indication of the different classes of shares and, for each class of shares, the related rights and obligations and the percentage of total share capital represented;	page 21, 22
b) any restriction on the transfer of securities, e.g. limitations in the possession of securities or the need to obtain consent from the company or other securities holders;	page 22
c) significant direct and indirect holdings, for example through pyramid structures and cross-holdings, as stated in reports submitted pursuant to article 120;	page 22
d) if known, the holders of any securities with special control rights and a description of such rights;	page 21
e) the mechanism for the exercise of voting rights in any employee share scheme where voting rights are not exercised directly by the employees;	page 22
f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for the exercise of voting rights, or systems whereby, with the company’s cooperation, the financial rights attached to the securities are separate from the holding of securities;	page 22, 87
g) agreements known to the company pursuant to article 122;	page 22
h) any significant agreements to which the company is party and which take effect, alter or terminate upon a change of control of the company, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;	page 24
i) agreements between companies and directors, members of the control body or supervisory council which envisage indemnities in event of resignation or dismissal without just cause, or if their employment contract should terminate as a result of a takeover bid.	page 103, 106
l) rules applying to the appointment and replacement of directors and members of the control body or supervisory council, and to amendments to the articles of association if different from those applied as a supplementary measure;	page 29 (S.B.) page 87
m) the existence of delegated powers regarding share capital increases pursuant to article 2443 of the Italian Civil Code or powers of the directors or members of the control body to issue security-related financial instruments or to authorise the purchase of own shares.	page 21, 22

2. In the same section of the report referred to in subsection 1, information shall be provided regarding:

- a) adoption of a corporate governance code of conduct issued by regulated market management companies or trade associations, giving reasons for any decision not to adopt one or more provisions, together with the corporate governance practices actually applied by the company over and above any legal or regulatory obligations. The company shall also indicate where the adopted corporate governance code of conduct may be accessed by the public; page 13, 15
- b) the main characteristics of existing risk management and internal audit systems used in relation to the financial reporting process, including consolidated reports, where applicable; page 65
- c) the operating mechanisms of the shareholders' meeting, its main powers, shareholder rights and their terms of exercise, if different from those envisaged by legal and regulatory provisions applicable as supplementary measures; page 84
- d) the composition and duties of the administrative and control bodies and their committees. page 28, 35 (S.B.)
page 48, 53, 56 (M.B.)

Table No. 2: “Art. 123-ter - Report on remuneration”

Art. 123-ter - Report on remuneration	Page of Report
1. At least twenty-one days prior to the date of the shareholders' meeting established by article 2364, paragraph two, or the shareholders' meeting established by article 2364-bis second paragraph of the Italian Civil Code, companies with listed shares shall make a report on remuneration available to the public at the company registered offices, on its internet website or in any of the other ways established by Consob regulation.	page 99
2. The report on remuneration shall be laid out in the two sections established by paragraphs 3 and 4 and is approved by the Board of Directors. In companies adopting the dualism system, the report is approved by the supervisory board, upon proposal, limited to the section established by paragraph 4, letter b), of the management board.	page 100
3. The first section of the report on remuneration explains: <ul style="list-style-type: none"> <li data-bbox="287 851 1244 940">a) the company's policy on the remuneration of the members of the administrative bodies, general managers and executive with strategic responsibilities with reference to at least the following year; <li data-bbox="287 963 1244 1019">b) the procedures used to adopt and implement this policy. 	page 103, 108 page 101
4. The second section, which is intended for the members of the administrative and auditing bodies, general managers and, in aggregate form, without prejudice to the provisions of the regulation issued in accordance with paragraph 8, for executives with strategic responsibilities: <ul style="list-style-type: none"> <li data-bbox="287 1153 1244 1265">a) provides a suitable representation of each of the items comprising remuneration, including treatment provided for in the event of cessation of office or termination of employment, highlighting the coherence with the company's policy in terms of remuneration approved the previous year; <li data-bbox="287 1288 1244 1489">b) analytically illustrates the fees paid during the financial year of reference, for any title and in any form by the company and by subsidiaries or associates, noting any components of said fees that refer to activities performed in years prior to that of reference, in addition to highlighting the fees to be paid in one or more subsequent years in exchange for the work performed in the year of reference, potentially specifying an estimated value for components that cannot objectively be quantified in the year of reference. 	page 115 page 117
5. Fee plans established by article 114-bis are attached to the report, or the report specifies the section of the company's website where these documents can be viewed.	page 129
6. Without prejudice to the provisions of articles 2389 and 2409-terdecies, first paragraph, letter a) of the Italian Civil Code and article 114-bis, the shareholders' meeting called in accordance with article 2364, paragraph two or article 2364-bis, paragraph two, of the Italian Civil Code, resolves in favour or against the section of the report on remuneration established by paragraph 3. The resolution is not binding. The outcome of voting is made available to the public in accordance with article 125-quater, paragraph 2.	page 100

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