## 1.4. BANKING GROUP – OPERATIONAL RISK

### QUALITATIVE INFORMATION

#### General aspects, operational risk management processes and measurement methods

Operational risk is defined as the risk of suffering losses due to inadequacy or failures of processes, human resources and internal systems, or as a result of external events. Operational risk includes legal risk, that is, the risk of losses deriving from breach of laws or regulations, contractual, out-of-contract responsibilities or other disputes; strategic and reputation risks are not included.
The Intesa Sanpaolo Group has for some time defined the overall operational risk management framework by setting up a Group policy and organisational processes for measuring, managing and controlling operational risk.
With regard to Operational Risk, the Group has adopted the Advanced Measurement Approaches (AMA – internal model) to determine the associated capital requirement for regulatory purposes:

- effective 31 December 2009, for an initial set including the Organisational Units, Banks and Companies of the Banca dei Territori Division (excluding network banks belonging to Cassa di Risparmio di Firenze Group, but including Casse del Centro), Leasint, Eurizon Capital and VUB Banka;
- effective 31 December 2010, for a second set of companies within the Corporate and Investment Banking Division, in addition to Setefi, the remaining banks of the Cassa di Risparmio di Firenze Group and PBZ Banka;
- effective 31 December 2011, a third set including Banca Infrastrutture Innovazione e Sviluppo.

The remaining companies, currently using the Standardised approach (TSA), will migrate progressively to the Advanced approaches starting from the end of 2012, based on the roll-out plan presented to the Management and Supervisory Authorities.
The control of the Group's operational risks was attributed to the Management Board, which identifies risk management policies, and to the Supervisory Board, which is in charge of their approval and verification, as well as of the guarantee of the functionality, efficiency and effectiveness of the risk management and control system.
The tasks of the Group Compliance and Operational Risk Committee include periodically reviewing the overall operational risk profile, authorising any corrective measures, coordinating and monitoring the effectiveness of the main mitigation activities and approving operational risk transfer strategies.

The Group has a centralised function within the Risk Management Department for the management of the Group's operational risk. This function is responsible for the definition, implementation, and monitoring of the methodological and organisational framework, as well as for the measurement of the risk profile, the verification of mitigation effectiveness and reporting to Top Management.
In compliance with current requirements, the individual organisational units are responsible for identifying, assessing, managing and mitigating risks. Specific officers and departments have been identified within these business units to be responsible for Operational Risk Management (collection and structured census of information relative to operational events, scenario analyses and evaluation of the business environment and internal control factors).

The Integrated self-assessment process allows the Group to:

- identify, measure, monitor and mitigate operational risk; and
- create significant synergies with the specialised functions of the Organisation and Security Department that supervise the planning of operational processes and business continuity issues and with control functions (Compliance and Internal Auditing) that supervise specific regulations and issues (Legislative Decree 231/01, Law 262/05) or conduct tests of the effectiveness of controls of company processes.

As well as last year, in 2011, the analysis identified a good overall level of control of operational risks and contributed to enhancing the dissemination of a business culture focused on the ongoing monitoring of these risks.

The internal model for calculating capital absorption is conceived in such a way as to combine all the main sources of quantitative and qualitative information (self-assessment).
The quantitative component is based on an analysis of historical data concerning internal events (recorded by organisational units, appropriately verified by the central function and managed by a dedicated IT system) and external events (from the Operational Risk Management eXchange Association).
The qualitative component (scenario analyses) focuses on the forward-looking assessment of the risk exposure of each unit and is based on the structured, organised collection of subjective estimates expressed directly by management (subsidiaries, Parent Company's business areas, the Corporate Centre) with the objective of assessing the potential economic impact of particularly serious operational events.
Capital-at-risk is therefore identified as the minimum amount at Group level required to bear the maximum potential loss (worst case); Capital-at-risk is estimated using a Loss Distribution Approach model (actuarial statistical model to calculate the Value-at-risk of operational losses), applied on quantitative data and the results of the scenario analysis assuming a one-year estimation period, with a confidence level of 99.90%; the methodology also applies a corrective factor, which derives from the qualitative analyses of the risk level of the business environment and internal control factors, to take account of the effectiveness of internal controls in the various organisational units.

Operational risks are monitored by an integrated reporting system, which provides management with the information necessary for the management and/or mitigation of the operational risk.
In order to support the operational risk management process on a continuous basis, a structured training programme was fully implemented for employees actively involved in the process of managing and mitigating operational risk.

In addition, the Group has activated a traditional operational risk transfer policy (to protect against offences such as employee disloyalty, theft and theft damage, cash and valuables in transit losses, computer fraud, forgery, earthquake and fire, and third-party liability), which contributes to mitigating exposure to operational risk, although it does not have an impact in terms of

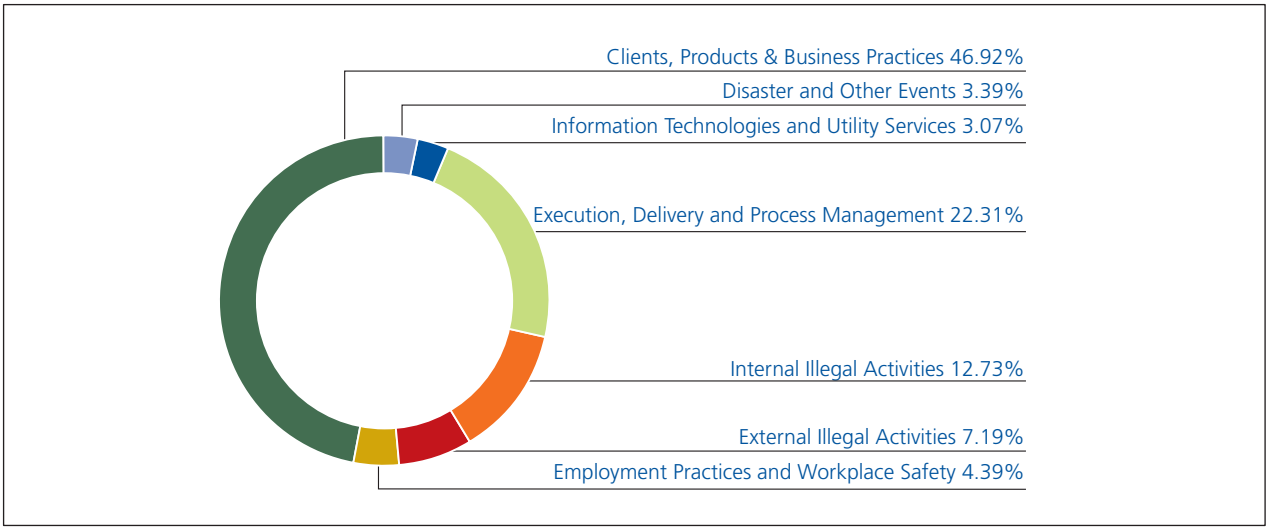
capital requirements. Coverage has already been extended to higher deductible and limit of liability levels, and the internal model insurance mitigation component will be submitted for regulatory approval in 2012.

## QUANTITATIVE INFORMATION

To determine its capital requirements, the Group employs a combination of the methods allowed under applicable regulations. The capital absorption resulting from this process amounts to 1,986 million euro.

The following shows the breakdown of capital requirement relating to the Advanced Measurement Approach (AMA) by type of operational event.

***Breakdown of capital requirement (Advanced Measurement Approach - AMA) by type of operational event***




### Legal risks

Legal risks are thoroughly and individually analysed by the Parent Company and Group companies. Provisions are made to the Allowances for risks and charges when there are legal obligations for which it is probable that funds will be disbursed to meet such obligations and where the amount of the disbursement may be reliably estimated.
The most complex legal procedures are described in the paragraphs below.

*Dispute relating to anatocism* - After March 1999, the Italian Court of Cassation reversed its stance and found the quarterly capitalisation of interim interest payable on current accounts to be unlawful, assuming that the relevant clauses in bank contracts do not integrate the contract with a "regulatory" standard practice, but rather with a "commercial" practice, and therefore, such clauses are not adequate to derogate from the prohibition of anatocism pursuant to Art. 1283 of the Italian Civil Code.
The subsequent Legislative Decree 342 of 1999 confirmed the legitimacy of interim capitalisation of interest on current accounts, as long as interest is calculated with the same frequency on deposits and loans. From April 2000 (the date on which this regulation came into effect), quarterly capitalisation of both interest income and expense was applied to all current accounts.
Therefore the dispute on this issue concerns only those contracts which were stipulated before the indicated date.
In the judgment of the United Sections of 4 November 2004, the Court of Cassation again excluded the possibility that said use may be considered regulatory for the period prior to 2000.
In the judgment no. 24418 handed down by its United Sections on 2 December 2010, the Court of Cassation again made its voice heard on the matter, finding any form of capitalisation of interest to be unlawful and further ruling that the ten-year term of prescription applicable to account-holders' entitlement to reimbursement of unduly paid interest begins to toll on the date the account is closed, if the account had an overdraft facility and the facility's limit was respected, or on the date on which deposits were made to cover part or all of previous interest debits if the account was drawn beyond such limits or did not have an overdraft facility.
Although the application of such principles is limited to contracts entered into prior to 2000, it is not believed possible to prepare a general, a priori estimate of the impact that this judgment may have on ongoing litigation, given that a case-by-case assessment is instead required.
With Law Decree 225 of 29 December 2010, enacted, with amendments, as Law 10/2011, the legislator set forth an official interpretation, establishing that the term of prescription of rights arising from account entries begins to toll on the date of the entry itself (and thus, for usurious interest, on the date of each individual account debit), thus putting to rest any remaining uncertainty on this point.
The constitutionality of this provision has been challenged and a ruling on the matter by the Constitutional Court is pending.
The overall number of pending cases is at an insignificant level in absolute terms, and is the subject of constant monitoring. The risks related to these disputes are covered by specific, adequate provisions to the allowances for risks and charges.

*Litigation regarding bonds in default* - Group policy on management of complaints on financial instruments sold sets out a case-by-case assessment, with particular attention paid to the suitability with respect to the position of the single investor.
Disputes relating to the Parmalat bonds in particular have always remained at modest levels and are now coming to an end. This result is due in part to the measures taken on behalf of the customers of the two banking networks (the former Intesa and former Sanpaolo IMI) through the two different but complementary avenues of joint conciliation and the formation of the Parmalatbond Committee to protect participants' rights to compensation in a legal venue.

For the Argentina bonds, complaints are managed by the ordinary procedure in place for any other financial product, according to a case-by-case assessment of the individual positions.
As in other legal risk assessment procedures, provisions to account for a dispute are authorised on an individual basis after reviewing the specific circumstances that apply to particular cases.
The same criteria are applied to the assessments of claims relating to bonds issued by companies belonging to the Lehman Brothers Group whose default was declared in September 2008. The related dispute, which is limited in extent, is covered by appropriate allowances that reflect the specific nature of each case. The judgments to this point – with the exception of single isolated precedent subject to appeal – have all been favourable to the Bank. As part of a system-wide initiative, the Intesa Sanpaolo Group oversaw and secured the establishment of proof of debt in the insolvency procedures pending in various foreign countries for its customers who hold the aforementioned bonds, at no cost to its customers.

*The Cirio Group default* - In November 2002, the Cirio Group, one of Italy's largest agro-industrial operators, defaulted on the repayment of a loan issued on the Euromarket. This event led to a cross default on all its existing issues. The bonds issued by the Cirio Group had a nominal value totalling approximately 1.25 billion euro. Both the former Intesa Group and the former Sanpaolo IMI Group – like the other major banking groups – had granted loans to the Cirio Group.
In April 2007, 10 companies of the Cirio Group in Extraordinary Administration notified Intesa Sanpaolo and Banca Caboto, as well as five other banks, considered to be severally liable, of the filing of a claim for the reimbursement of alleged damages deriving from:

- the worsening of the default of the Cirio Group, from the end of 1999 to 2003, favoured also by the issue in the 2000-2002 period of 6 bond issues; the damages thereof are quantified – adopting three different criteria – with the main criteria in 2,082 million euro and, with the control criteria, in 1,055 million euro or 421 million euro;
- the impossibility by the Extraordinary Administration procedures of undertaking bankruptcy repeal, for undetermined amounts, in the event that the default of Cirio Group companies was not postponed in time;
- the payment of fees of 9.8 million euro for the placement of the various bond issues.

In a judgment filed on 3 November 2009, the Court of Rome found the Cirio Group's claims to be unfounded on the merits and therefore rejected said claims on the grounds of a lack of a causal relationship between the actions of the banks named defendants in the suit and the claimed damage event.
The claimants appealed this judgment and the proceedings were adjourned until 27 January 2016.

*Equitalia Polis S.p.A. (formerly Gest Line S.p.A.) - Tax-collection litigation* - With three different transactions, the first in September 2006, the second in December 2007 and the last in April 2008, the Bank, as part of the state's internalisation of tax collection activities, sold to Equitalia S.p.A. (a company owned by Agenzia delle Entrate - Italian Revenue Agency - and INPS – the Italian Social Security Institute) the entire share capital of Gest Line S.p.A., now Equitalia Polis, which performed tax-collection activities in the former Sanpaolo IMI Group.
Intesa Sanpaolo also undertook to indemnify the buyer against any out-of-period expenses associated with the collection activity carried out up to the moment of sale of the investment (September 2006): the most significant share of such contingent liabilities may be attributed to ongoing proceedings before the Court of Auditors regarding alleged irregularities committed by the collection agent, in particular in activity performed in the early Nineties.
In addition, a statute, that calls for any payment obligations associated with the collection activity carried out by the transferred company prior to the sale to be transferred directly to the seller, entered into force in 2005.
Although Gest Line availed itself of the option afforded to it by Law 311/2004 to remedy irregularities deriving from the performance of collection activity by paying an amount determined according to the parameter of three euro per inhabitant served, some regional sections of the Court of Auditors, which were hearing the cases regarding those irregularities, and later the Central Sections on appeal, have found that the amnesty statute does not apply to the circumstances at issue in the case.
Law Decree 248/2007 was then enacted with the aim of providing an official interpretation of the scope of application of the above amnesty. Nonetheless, the situation in case law has remained essentially unchanged.
Finally, Law Decree 40 of 25 March 2010 allowed parties that have sold their interests in collection agencies to settle on advantageous terms all proceedings pending at 26 May 2010 in connection with collection activity conducted through 30 June 1999 by paying 10.91% of the amounts at issue.

On 29 October 2010, the Bank opted to reach such an advantageous settlement, paying the indicated percentage of 10.91% by the stated terms.
The Group is awaiting the announcement of discontinuation of all proceedings affected by the provision in question, following the review delegated by the Court of Auditors to the regional offices of the Agenzia delle Entrate (Italian Revenue Agency) in order to establish that the sums paid by the Bank had been properly determined.

*Banca Infrastrutture Innovazione e Sviluppo and Municipality of Taranto litigation* - Banca Infrastrutture Innovazione e Sviluppo (BIIS), as the successor to Banca OPI, was involved in a case pending before the Court of Taranto brought by the Municipality of Taranto in relation to the subscription in May 2004 by Banca OPI for a 250 million euro bond issued by the Municipality.
In its judgement of 27 April 2009, the Court declared the invalidity of the operation, ordering the Bank to reimburse, with interest, the partial repayments of the loan made by the Municipality of Taranto. The latter was ordered to reimburse, with interest, the loan granted. Lastly, the Court ordered compensation in favour of the Municipality, to be calculated by separate proceedings.

Both parties appealed against the judgement. Moreover, the Bank requested the stay of enforcement of the judgement and brought a case for negative clearance. The Municipality and Bank have agreed not to enforce the judgement, given that the trial is expected to be concluded soon.
According to the legal firms assisting BIIS, there are valid grounds to believe that the first level judgement will be modified.
In the meantime, the insolvency procedure entity for the Municipality of Taranto informed BIIS that the Municipality's debt to the Bank for the repayment of the 250 million euro bond had been added to "the insolvency procedures' list of debts". The fact that the Municipality's debt to the Bank has been included in "the insolvency procedure's list of debts" instead of in the "rebalanced financial statements" does not, in and of itself, have consequences for the Bank's right to repayment of its loan to the Municipality and, accordingly, on the position's risk profile. The Bank nonetheless appealed the judgment before the Regional Administrative Court of Puglia, which found the appeal inadmissible, ruling that the dispute fell within the jurisdiction of the civil courts and establishing – albeit on an incidental basis – that the appealed judgment was devoid of dispositional content and was thus incapable of undermining the Banks' credit claims.

*Codacons class action* - On 5 January 2010, Codacons, acting on behalf of a single account holder, served Intesa Sanpaolo with a writ of summons for a class-action suit pursuant to art. 140-*bis* of Legislative Decree 206/2005 (Consumer Code).
The suit, brought before the Court of Turin, seeks a finding that the new fee structure introduced by the Bank to replace the overdraft charges is unlawful and, accordingly, a sentence ordering the Bank to provide compensation for the alleged damages, which may also be determined on an equitable basis, suffered by the claimant (who has quantified them at 1,250 euro) and all other customers in the same class who elect to participate in the initiative.
On 4 June 2010, the Court of Turin filed an order stating the inadmissibility of such class action. The order was appealed before the Turin Court of Appeal, which in an order filed on 25 October 2010 rejected the appeal. Codacons also appealed this judgment before the Court of Cassation, where the proceedings are still pending.

*Altroconsumo class action* - On 17 November 2010, the association Altroconsumo, acting on behalf of three account holders, served Intesa Sanpaolo with a writ of summons for a class-action suit pursuant to art. 140-*bis* of Legislative Decree 206/2005 (Consumer Code).
The suit originally sought a finding that application of overdraft charges and the new fee for overdrawing accounts without credit facilities in place is unlawful. It also sought an inquiry into whether the "threshold rate" set out in Law 108/96 (usury) has been exceeded and a sentence enjoining the restitution of any amounts collected by the Bank in excess of that threshold.
The claim had been quantified at a total of 456 euro in connection with the three accounts cited in the suit.
By order of 28 April 2010, the Court of Turin declared the suit inadmissible.
Following the complaint filed by the plaintiffs, the Turin Court of Appeal, by order of 16 September 2011, overturned the previous order, declaring the suit admissible as limited solely to account overdraft charges applied effective 16 August 2009.
The trial thus resumed before the Court with the aim of seeking findings determining the criteria for identifying the class of account holders who may join the suit, the methods for publicising the action and the terms within which applications for joinder must be filed.
In the interim, the Bank has appealed the order of the Turin Court of Appeal to the Court of Cassation.
With respect to the merits of the dispute – which will be examined *ex professo* only after the term for submission of applications for joinder has lapsed – it is believed that the Bank has valid arguments in support of the legitimacy of the account overdraft charge.

*Angelo Rizzoli litigation* - In September 2009, Angelo Rizzoli filed suit against Intesa Sanpaolo (as the successor of the former Banco Ambrosiano) and four other parties seeking a finding of nullity for the transactions undertaken between 1977 and 1984 alleged to have resulted in a detrimental loss of the control that he would have exercised over Rizzoli Editore S.p.A. and claiming compensation in an amount ranging from 650 to 724 million euro according to entirely subjective damage quantification criteria.
Rizzoli's claims, in addition to being without foundation on the merits due to the lack of a breach of the provision that prohibits preferential collateral rights argued to have occurred in the transactions whereby Rizzoli Editore S.p.A. was transferred, are also inadmissible at a preliminary procedural level, as held by the Bank in its motion of appearance, on the grounds that the Milan Court of Appeal had already decided the matter in its judgment of 1996, which has become res judicata, as well as that Rizzoli lacked an interest to sue due to prescription of claims for compensation or restitution and usucaption by third parties.
In a judgment filed on 11 January 2012, the Court of Milan granted the preliminary objections of prescription and change into res judicata of the subject of the dispute and rejected the claims brought by Angelo Rizzoli, sentencing him to compensate Intesa Sanpaolo for expenses and frivolous litigation.

*Allegra Finanz AG* – On 31 January 2011, Allegra Finanz AG and 16 international institutional investors sued Intesa Sanpaolo and Eurizon Capital SGR, along with six other major international financial institutions, before the Court of Milan. The claimants are seeking compensation of approximately 129 million euro due to the losses they sustained as a result of various investments in bonds and shares issued by Parmalat Group companies.
According to the claimants, those investments were allegedly undertaken under the assumption that the issuers were solvent, an assumption deliberately fabricated by the banks named as defendants in the suit, which are alleged to have acted in various capacities and ways to permit the Parmalat Group to survive, despite an awareness of its state of insolvency.
Intesa Sanpaolo's involvement is claimed to derive from a private placement of 300 million euro by Parmalat Finance Corporation BV, fully underwritten by Morgan Stanley and placed with Nextra in June 2003, a transaction that subsequently gave rise to disputes with the Administration procedure to which the Parmalat Group companies were subject and a settlement between the Administration procedure and Intesa Sanpaolo (which succeeded Nextra due to the subsequent corporate events affecting the latter).
Intesa Sanpaolo defended itself by raising a number of objections at a preliminary level and on the merits (including the lack of a causal relationship between the actions attributed to Nextra and the loss claimed by the claimants, considering their capacity as professional operators and the speculative nature of the investments undertaken).

The judge's decisions concerning the preliminary matters raised by Intesa Sanpaolo and the other defendants are currently pending.
The claimants' claims are believed to be without foundation and it is therefore not considered necessary to recognise specific provisions.

*Other judicial and administrative proceedings involving the New York branch* - A criminal investigation is underway in the United States, instigated by the New York District Attorney's Office and the Department of Justice, aimed at verifying the methods used for clearing through the United States payments in dollars to/from countries embargoed by the U.S. government in the years from 2001 to 2008.
The investigation involves the treatment of payment orders in dollars generally issued in the SWIFT interbank payments settled through U.S. banks, and the alleged omission or alteration of the information relating to the originators and beneficiaries of these payments. The Bank is cooperating in full with this investigation.
A parallel administrative proceeding is also underway, initiated in March 2007 by the U.S. banking supervisory authorities that, having found certain weaknesses in 2006 in the anti-money laundering systems of the New York branch, requested a series of actions (already implemented) to strengthen the anti-money laundering procedures and an examination of the payment traffic of the first half of 2006 by an independent consultant to verify the existence of any violations of the local anti-money laundering and embargo regulations.
While a settlement involving the payment of a fine by ISP is still possible, available information do not allow for a forecast of the timing, outcome and amount of the possible fine.

*Labour litigation*
There were no significant cases of labour litigation from either a qualitative or quantitative standpoint as at 31 December 2011. In general, all labour litigation is covered by specific provisions adequate to meet any outlays.

## Tax litigation

Overall tax litigation risks are covered by adequate provisions to allowances for risks and charges.
The Parent Company is a party to 182 litigation proceedings, in which a total of 602 million euro are at issue, including disputes in both administrative and judicial venues at various instances. The actual risks associated with these proceedings were quantified at 100 million euro at 31 December 2011.
Specific mention should be made of the fact that in 2011 settlements were reached, through special dispute settlement mechanisms, of disputes with the financial authorities based on the use of the prohibition against "misuse of a right" – a concept deriving from case law but not formally established in Italian statute – in connection with certain financial transactions, a detailed description of which has already been given in the Notes to the 2010 consolidated financial statements – Part E and the Notes to the Half-yearly Report as at 30 June 2011 (under "Legal risks"):

- structured finance transactions undertaken by the Parent Company in 2005 involving shares of companies listed in Italy;
- repurchase agreement transactions involving international bonds, undertaken by the Parent Company and other companies currently or formerly belonging to the Group from 2005 to 2009, resulting in credits for taxes paid abroad;
- an investment held by Intesa Investimenti S.p.A. in an English open-end investment company (OEIC), the dividends from which were reclassified by the financial authorities;
- equity-swap transactions undertaken by Banca IMI and reclassified by the financial authorities as beneficial ownership of shares.

At the Group level, the settlement of these disputes resulted in a total charge, including taxes and penalties, of approximately 270 million euro, plus interest, compared to the 1,150 million euro claimed by the financial authorities.
The Bank opted for the settlement of the above disputes though fully confident of the fairness of its operations and only in view of long lasting litigation proceedings, and associated costs, and unforeseeable judiciary opinions on the specific subject concerned. It should be recalled that in this light provisions for risks and charges of 100 million euro had already been recognised in 2010, whereas other companies had established provisions of 47 million euro, with the consequence that the charge to the income statement, considering interest and auxiliary expenses, amounted to 158 million euro (147 million euro net of the deductibility of interest expense).
Contrary to their most recent practice, the audits conducted by the financial authorities in 2011 were characterised by an absence of new interpretative themes, inasmuch as they were essentially aimed at extending avenues of inquiry embarked upon in previous years to other annual periods and Group entities. Of these, we cite in particular the report of findings served on the Parent Company on 17 January 2012, in conclusion of the audit of 2006 and 2007, disputing structured finance transactions involving shares of listed Italian companies and a total tax claim of 117 million euro, in addition to penalties and interest, on the basis of arguments similar to those in the assessment of the previous year, which was settled through judicial reconciliation, as mentioned above.

In addition, in late December 2011, dismissal during the preliminary phase resulted in the discontinuation of the dispute amounting to 42 million euro, in addition to penalties and interest, relating to alleged irregularities in the trading of raw gold with a counterparty belonging to a Swiss multinational, an account of which was provided in Part E of the Notes to the 2010 consolidated financial statements.

The Group's other Italian companies within the scope of consolidation are parties to tax litigation proceedings in which a total of 986 million euro is at stake at 31 December 2011, reflected by specific allowances of 36 million euro.
The most significant disputes that arose in 2011 in this area also revolve around interpretative issues; the charges brought in this connection appear largely groundless.

These include:

- Fideuram Investimenti SGR, which received a new report of findings concerning the years 2003 to 2006. The auditors disputed the fictitious interposition of the Irish company Fideuram Asset Management Ireland LTD in the management under mandate of certain Luxembourg funds, attributing additional income of 686 million euro to the Italian company and reporting costs associated with such income of 105 million euro. This finding is believed to be groundless. Similarly, Fideuram Investimenti had already been served, on 21 July 2010, with a report of findings from the same Tax Police squad in Rome following an onsite inspection and audit of the years 2005, 2006 and 2007. In further detail, the auditors disputed the inadequacy, according to transfer pricing principles, of compensation for financial advice provided by the firm in 2005 and 2006 to the Irish company; owing to the advisability of avoiding burdensome, complex litigation before the tax courts, acceptance of the assessment findings was formalised through the payment of approximately 17 million euro;
- Banca IMI, on which assessment notices of a total of 28 million euro were served, including taxes, penalties and interest, in connection with the part of the observations attributable to 2006 presented in the report of findings marking the conclusion at the audit to which the company was subject in 2009, in relation to its transactions in share dividends and other matters related to its core capital markets and investment banking business;
- Leasint, which in three separate reports of findings of a total of 17 million euro, consisting of taxes only, was charged with violations relating to a complex pool property transaction, a nautical lease transaction (which renewed the vexed question of whether the transaction in question was subject to the ordinary VAT regime or the special lump-sum regime applicable to the type of assets concerned) and various property leasing and sale-and-lease-back transactions, contested from the standpoint of misuse of a right. Other observations concern certain transactions claimed to be non-existent on a subjective and objective basis. A further 27 million euro in VAT, penalties and interest associated with 2006 is claimed in an equal number of assessment notices, also regarding nautical leasing and alleged non-existent transactions.

Pending international charges, whose total amount comes to approximately 11 million euro, are not material in amount when compared to the size of the company involved and the Group.
Specific prudential provisions of adequate amount have been recognised to account for the risks associated with such charges.