INTESA SANPAOLO

Basel 2 Pillar 3

Disclosure as at 30 June 2012

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Disclosures
as at 30 June 2012

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 Registration number on the Torino Company Register and Fiscal Code 00799960158 VAT number 10810700152 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund, included in the National Register of Banks No. 5361 and Parent Company of "Intesa Sanpaolo", included in the National Register of Banking Groups.

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(*) This Table is not required for half-yearly disclosures (see also the "Introduction" to this document).

Introduction

Notes to the Basel 2 Pillar 3 disclosure

The purpose of the disclosure defined as "Basel 2 Pillar 3" is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2), by encouraging market efficiency through the development of a set of disclosure requirements that will allow market participants to assess key pieces of information on regulatory capital, risk exposures, risk assessment processes, and therefore the capital adequacy of the institution. This has particular relevance under the framework introduced by Basel 2, where reliance on internal methodologies gives banks more discretion in assessing capital requirements. The procedures to be adopted by Italian banks or banking groups when disclosing information (referred to in brief as Pillar 3) to the public have been laid down by the Bank of Italy in its Circular 263 of 27 December 2006: "New regulations for the prudential supervision of banks" (Annex A, Title IV). This disclosure has been prepared in compliance with these provisions, which incorporate the provisions of Annex XII to EU Directive 2006/48 and the subsequent changes made to the regulatory framework.

In accordance with the provisions of the abovementioned Circular, this document is divided into sections called "Tables" and has been drawn up on a consolidated basis with reference to a "prudential" scope of consolidation, essentially corresponding to the definition of Banking Group for Regulatory purposes (integrated by the proportional consolidation of the jointly controlled entities). The Tables include both a "qualitative section" and a "quantitative section". The "Basel 2 Pillar 3" disclosure is published in accordance with the rules laid down by the Bank of Italy with the following frequency:

- figures as at 31 December: full qualitative and quantitative disclosure;
- figures as at 30 June: update of the quantitative disclosure only (with the exception of information on remuneration - Table 15), because Intesa Sanpaolo is one of the groups that have adopted IRB and/or AMA approaches for credit and operational risk;
- figures as at 31 March and 30 September: update solely of the quantitative disclosure on capital (Table 3) and capital adequacy (Table 4), because Intesa Sanpaolo forms part of the groups that have adopted IRB and/or AMA approaches for credit and operational risk.

Please therefore refer to the document as at 31 December 2011 for a more comprehensive examination of the qualitative aspects. Furthermore, this report highlights any significant changes in the first six months of the year compared to the Annual Report 2011. The "prudential" scope of consolidation as at 30 June 2012 did not differ from that as at 31 December 2011.

It is noted that during the half year Banca IMI received authorisation to use the AIRB approach for the Regulatory Corporate segment as of 30 June 2012. For the same segment, Leasint and Mediofactoring received the authorisation to use the LGD internally estimated (AIRB). Moreover, the Group companies already authorised to use the internal models for the Corporate segment have been authorised to use the advanced internal rating models for subsegments Project Finance, Commercial Real Estate, Asset Finance and Leveraged & Acquisition Finance as of 30 June 2012. VUB Banka was authorised to use the IRB approach for the mortgage segment.

In relation to the definition of default, the exception granted by the Supervisory Authority for past due positions, which permitted the calculation of exposures to Italian counterparties, limited to several regulatory portfolios, using the time limit of 180 days, has expired. Therefore, starting from 1 January 2012, the Group applies the limit of 90 days to all regulatory portfolios. This has resulted in a portion of the performing portfolio (past due by over 90 days to 180 days) moving to non-performing status (past due loans).
Details on regulatory capital and capital adequacy are also published in the Half-yearly Report as at 30 June 2012. This Report also provides an update on Group liquidity risk.
The regulations governing the drafting of the "Basel 2 Pillar 3" disclosure require credit institutions to adopt a formal policy to meet the minimum public disclosure requirements and to put instruments in place that enable them to assess its adequacy. To this end, the Management Board and the Supervisory Board of

the Parent Company Intesa Sanpaolo S.p.A. have approved a specific document "Guidelines on Pillar 3 disclosure". This document sets out the duties and responsibilities of the Corporate Bodies and the various Group departments involved in the different stages of the process governing this disclosure. Given its public importance, this document is submitted by the Manager responsible for preparing the Company's financial reports for approval to the competent Corporate Bodies. This document is therefore subject to the related certification, pursuant to Art. 154 bis of Legislative Decree 58/1998 (Consolidated Law on Finance). As a consequence, the "Basel 2 Pillar 3" disclosure is subject to the checks and controls established in the Group's "Guidelines for administrative and financial governance", the document that sets out the rules for the application of art. 154 bis of the Consolidated Law on Finance in the Intesa Sanpaolo Group. In particular, the internal control system for accounting and financial information is designed to ensure the ongoing verification of the adequacy and effective implementation of the administrative and accounting procedures at Group level.

All the amounts reported in this disclosure, unless otherwise specified, are stated in millions of euro. The figures shown for comparison refer to the "Basel 2 Pillar 3" disclosure published as at 31 December 2011.

The notion of immateriality is only applied in this document for the establishment of the scope of consolidation, from which subsidiaries with assets of less than 10 million euro can be excluded. However, the total of the assets excluded from the full consolidation cannot exceed 50 million euro.

Lastly, certain terms and/or abbreviations commonly used in this disclosure are explained in the specific glossary annexed to this document.

The Intesa Sanpaolo Group publishes this disclosure (Basel 2 Pillar 3) and subsequent updates on its Internet site at the address www.group.intesasanpaolo.com.

Capital ratios as at 30 June 2012

(millions of euro)

Regulatory capital and capital ratios	30.06.2012	31.12.2011
Regulatory capital		
Tier 1 capital	37,034	37,295
of which: instruments not included in Core Tier 1 ratio (*)	*3,272*	*4,498*
Tier 2 capital	11,196	12,201
Minus items to be deducted (**)	-3,273	-3,144
REGULATORY CAPITAL	**44,957**	**46,352**
Tier 3 subordinated loans	-	-
TOTAL REGULATORY CAPITAL	**44,957**	**46,352**
Risk-weighted assets		
Credit and counterparty risks	263,427	277,498
Market risks	18,764	17,488
Operational risks	24,880	24,825
Other risks (***)	9,386	5,395
RISK-WEIGHTED ASSETS	**316,457**	**325,206**
Capital ratios %		
Core Tier 1 ratio	10.7	10.1
Tier 1 ratio	11.7	11.5
Total capital ratio	14.2	14.3

(*) The caption includes preferred shares, savings shares and preference ordinary shares.

(**) In compliance with the provisions of the Bank of Italy Circular 263/2006, in the calculation of capital ratios, elements to be deducted from total regulatory capital have been deducted separately and for an equal amount from Tier 1 and Tier 2 capital, with the exception of the contributions deriving from the insurance business that refer to contracts which arose prior to 20 July 2006 and continue to be deducted from total capital.

(***) In relation to risk-weighted assets, the caption includes further specific capital requirements as provided for by the Supervisory Authority to the various Group entities. It also includes the supplement for the floor relating to the calculation of capital requirements for the credit risk according to IRB approaches.

Regulatory capital and related capital ratios as at 30 June 2012 have been determined in accordance with Basel 2 provisions, by applying the Bank of Italy's instructions. Moreover, effective from 31 December 2010, the new methods for determining regulatory capital call for exclusion of the nominal value of preference shares issued by the Group from the Core Tier 1 Ratio.

As at 30 June 2012, total regulatory capital came to 44,957 million euro, compared to risk-weighted assets of 316,457 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risk.

The decrease in risk weighted assets recorded in the half year is mainly attributable to ordinary business operations, optimisation processes and – following Supervisory Authority approval - the elimination/decrease in specific capital requirements for certain subsidiaries and extension of the use of internal models within the Group. These effects were partly offset by the increase (in absolute terms) of integration of the floor imposed by the Supervisory Authority in relation to calculation of the requirement according to internal methods.
Regulatory capital takes account of ordinary operations and includes an estimate of the dividends to be paid on 2012 net income, the amount of which has been determined on a conventional basis as half of the dividend proposed for the year 2011 (through the distribution of reserves) corresponding to 0.05 euro per ordinary and savings share.
The Total capital ratio stood at 14.2%, while the Group's Tier 1 ratio was 11.7%. The ratio of Tier 1 capital net of ineligible instruments to risk-weighted assets (Core Tier 1) was 10.7%.

Lastly, in a Regulation published on 18 May 2010, the Bank of Italy provided new supervisory instructions concerning the prudential treatment of reserves associated with debt securities issued by the central governments of EU countries and classified among "Financial assets available for sale". In particular, the Regulation allows the capital gains and losses recognised through such reserves associated with the foregoing securities to be completely neutralised effective 1 January 2010, as an alternative to the already established asymmetrical approach (full deduction of the net capital loss from Tier 1 capital and partial inclusion of the net capital gain in Tier 2 capital). The Intesa Sanpaolo Group has elected to apply this approach. Accordingly, the regulatory capital and capital ratios as at 30 June 2012 account for this measure (the effect on the Core Tier 1 ratio is +28 basis points).

Table 1 – General requirements

Qualitative disclosure

Pursuant to the reference regulations issued by the Bank of Italy, the half-yearly "Basel 2 Pillar 3" report does not include a qualitative disclosure (the only disclosure required for this Table). As stated in the Introduction, the reader is referred to the document for the year ended 31 December 2011 for a more comprehensive examination of the qualitative aspects relating to the objectives and policies to manage the various risk categories to which the Group is exposed.
A summary of the Group's approach to risk exposure, management and control is also provided in the Half-yearly Report as at 30 June 2012, in the chapter entitled "Risk management".

Table 2 – Scope of application

Quantitative disclosure

Pursuant to the reference regulations issued by the Bank of Italy, the half-yearly "Basel 2 Pillar 3" report does not include a qualitative disclosure (which provides full breakdown of the scope of consolidation). The "prudential" scope of consolidation as at 30 June 2012 did not differ substantially from that as at 31 December 2011 and as at 31 March 2012.

Name of subsidiaries not included in the consolidation

Entities consolidated in the financial statements and not included in the prudential scope of consolidation as at 30 June 2012

Name of banking subsidiary not included in the consolidation	Consolidation method	
	Consolidated line-by-line	Consolidated at equity
INSURANCE COMPANIES (*)		
Fideuram Vita S.p.A.	X	
Intesa Sanpaolo Vita S.p.A.	X	
Intesa Sanpaolo Life Limited	X	
Intesa Sanpaolo Assicura S.p.A.	X	
OTHER		
Adriano Finance 2 S.r.l. (**)	X	
Adriano Finance S.r.l. (**)	X	
Adriano Lease SEC S.r.l. (**)		X
Arten Sicav	X	
BRIVON HUNGARY ZRT.	X	
Canova Sicav	X	
Cib Car Trading Limited Liability Company	X	
Cib Insurance Broker Ltd	X	
CIF S.r.l.	X	
CIL MNM LTD.		X
Cimabue Sicav	X	
DB Platinum II Sicav	X	
Duomo Funding Plc	X	
Eurizon Investimenti Sicav	X	
Fideuram Fund Bond Global Emerging Markets	X	
Fideuram Fund Bond Usa	X	
Fideuram Fund Bond Yen	X	
Fideuram Fund Bond Euro High Yield	X	
Fideuram Fund Equity Euro	X	
Fideuram Fund Equity Euro Corporate Bond	X	
Fideuram Fund Equity Europe Growth	X	
Fideuram Fund Equity Europe Value	X	
Fideuram Fund Equity Global Emerging Markets	X	
Fideuram Fund Equity Italy	X	
Fideuram Fund Equity Japan	X	
Fideuram Fund Equity Pacific Ex Japan	X	
Fideuram Fund Equity Usa	X	
Fideuram Fund Equity Usa Growth	X	
Fideuram Fund Equity Usa Value	X	
Fideuram Fund Euro Bond Long Risk	X	
Fideuram Fund Euro Bond Low Risk	X	
Fideuram Fund Euro Bond Medium Risk	X	
Fideuram Fund Euro Defensive Bond	X	

Name of banking subsidiary not included in the consolidation	Consolidation method	
	Consolidated line-by-line	Consolidated at equity
Fideuram Fund Zero Coupon 2012	X	
Fideuram Fund Zero Coupon 2013	X	
Fideuram Fund Zero Coupon 2014	X	
Fideuram Fund Zero Coupon 2015	X	
Fideuram Fund Zero Coupon 2016	X	
Fideuram Fund Zero Coupon 2017	X	
Fideuram Fund Zero Coupon 2018	X	
Fideuram Fund Zero Coupon 2019	X	
Fideuram Fund Zero Coupon 2020	X	
Fideuram Fund Zero Coupon 2021	X	
Fideuram Fund Zero Coupon 2022	X	
Fideuram Fund Zero Coupon 2023	X	
Fideuram Fund Zero Coupon 2024	X	
Fideuram Fund Zero Coupon 2025	X	
Fideuram Fund Zero Coupon 2026	X	
Fideuram Fund Zero Coupon 2027	X	
Fideuram Fund Zero Coupon 2028	X	
Fideuram Fund Zero Coupon 2029	X	
Fideuram Fund Zero Coupon 2030	X	
Fideuram Fund Zero Coupon 2031	X	
Fideuram Fund Zero Coupon 2032	X	
Fideuram Fund Zero Coupon 2033	X	
Fideuram Fund Zero Coupon 2034	X	
Fideuram Fund Zero Coupon 2035	X	
Fideuram Fund Zero Coupon 2036	X	
Fideuram Fund Zero Coupon 2037	X	
Fideuram Fund Zero Coupon 2038	X	
Fideuram Fund Zero Coupon 2039	X	
Fideuram Fund Zero Coupon 2040	X	
Fideuram Fund Zero Coupon 2041	X	
Fideuram Fund Zero Coupon 2042	X	
Fondo Bond Eur Long Term	X	
Fondo Bond Eur Medium Term	X	
Fondo Bond Eur Short Term	X	
Fondo Bond GBP	X	
Fondo Bond JPY	X	
Fondo Bond USD	X	
Fondo Caravaggio Sicav	X	
Fondo Cash Eur	X	
Fondo Equity Consumer Discretionary	X	
Fondo Equity High Tech	X	
Fondo Equity North America	X	
Fondo Equity Telecommunication	X	
Fondo Euro Cash	X	
Fondo Flexible Strategy	X	
Fondo Total Return Alpha Strategy	X	
Hayez Sicav	X	
IN.FRA. Investire nelle Infrastrutture S.p.A.	X	
Iniziative Logistiche	X	
Levanna Sicav	X	
Lunar Funding V Plc	X	
Mercurio Sicav	X	

Name of banking subsidiary not included in the consolidation	**Consolidation method**	
	Consolidated line-by-line	**Consolidated at equity**
RE.Consult Infrastrutture	X	
Recovery Ingatlanhasznosito es Szolgaltato ZRT	X	
Romulus Funding Corporation	X	
SP Lux Sicav II	X	
Split 2 (**)	X	
Starling Financial Plc	X	
Tiepolo Sicav	X	
Trade Receivables Investment Vehicle S.a.r.l. (**)	X	

(*) The book value of Fideuram Vita and Intesa Sanpaalo Vita have already been deducted from capital.

(**) A SPV for securitisation transactions whose securitised assets have not been derecognised for supervisory purposes by the Group company that originated the securitisation.

Aggregate amount of the capital deficiencies of the subsidiaries not included in the scope of consolidation with respect to the mandatory capital requirements

As at 30 June 2012 there were no capital deficiencies of the subsidiaries not included in the scope of consolidation with respect to the mandatory capital requirements.

Table 3 – Regulatory capital structure

Quantitative disclosure

Regulatory capital structure

The structure of the regulatory capital of the Intesa Sanpaolo Group as at 30 June 2012 is summarised in the table below:

(millions of euro)

Information	30.06.2012	31.12.2011
A. Tier 1 capital before the application of prudential filters	**39,140**	**39,442**
B. Tier 1 capital prudential filters	**-535**	**-669**
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-535	-669
C. Tier 1 capital before items to be deducted (A+B)	**38,605**	**38,773**
D. Items to be deducted from Tier 1 capital	**1,571**	**1,478**
E. Total Tier 1 capital (C-D)	**37,034**	**37,295**
F. Tier 2 capital before the application of prudential filters	**12,834**	**13,737**
G. Tier 2 capital prudential filters	**-67**	**-58**
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-67	-58
H. Tier 2 capital before items to be deducted (F+G)	**12,767**	**13,679**
I. Items to be deducted from Tier 2 capital	**1,571**	**1,478**
L. Total Tier 2 capital (H-I)	**11,196**	**12,201**
M. Items to be deducted from total Tier 1 and Tier 2 capital	**3,273**	**3,144**
N. Regulatory capital (E+L-M)	**44,957**	**46,352**
O. Tier 3 capital	**-**	**-**
P. Regulatory capital including Tier 3 (N+O)	**44,957**	**46,352**

Regulatory capital takes into account an estimate of the dividends to be paid in 2013 on 2012 net income, determined by convention as 1/2 of the amount distributed to shareholders in 2012 (411 million euro of the 822 million euro paid in 2012).

Please note that "Items to be deducted from Tier 1 and Tier 2 Capital" include contributions deriving from the insurance business that refer to contracts which arose prior to 20 July 2006, and as such, will continue to be deducted from total capital up to 31 December 2012, instead of 50% from Tier 1 Capital and 50% from Tier 2 Capital.

On 6 February Intesa Sanpaolo announced an offer to purchase the following Tier 1 subordinated notes issued by the Parent Company.

Description of the notes	Purchase Price (% of Nominal value)	Nominal value issued	Nominal Value accepted for purchase	Nominal Value after settlement date (*)
9.5% Fixed Rate Resettable Perpetual Subordinated Notes	90%	€ 1,000,000,000	€ 277,900,000	€ 722,100,000
8.375% Fixed to Floating Rate Perpetual	91%	€ 1,500,000,000	€ 493,750,000	€ 1,006,250,000
8.047% Fixed to Floating Rate Perpetual	88%	€ 1,250,000,000	€ 454,200,000	€ 795,800,000

(*) Represents for each note the nominal value at the issue date net of the aggregate nominal value of the Notes accepted for purchase pursuant to the invitation. Any Notes already held by the Purchaser and its subsidiaries are not excluded.

The above instruments were included in Tier 1 Capital but excluded from Core Tier 1 Capital. The transaction allowed Intesa Sanpaolo to increase its Core Tier 1 Capital as a result of the capital gain arising from the repurchase of subordinated notes tendered at prices below their book value. It should be noted that such instruments – pursuant to the Capital Requirements Directive (CRD IV) published by the European Commission – will be subject to grandfathering regime and, thus, progressively derecognised as Additional Tier 1 Capital. As a result of the buy back finalisation on 20 February, the Intesa Sanpaolo Group's net income for the first half of 2012 registered a contribution of 183 million euro, including the positive impact of the unwinding of interest rate risk derivatives and taking account of tax effects. This amount corresponds to approximately 6 basis points of Core Tier 1 ratio.

More details of the breakdown of the Tier 1 and Tier 2 capital are provided below.

Tier 1 capital

(millions of euro)

Information	30.06.2012	31.12.2011
TOTAL TIER 1 CAPITAL(*)		
- Share capital - ordinary shares (**)	8,265	8,289
- Share capital - preference savings shares (***)	488	488
- Share premium reserve	31,000	36,212
- Reserves and net income	11,064	13,279
- Non-innovative equity instruments	722	1,000
- Innovative equity instruments with final expiry	-	-
- Innovative equity instruments subject to transition requirements (grandfathering) (***)	2,062	3,010
- Positive IAS / IFRS prudential filters (+)		
Fair value option: changes in bank's own creditworthiness	-	-
Redeemable shares	-	-
Capital resources forming the object of forward purchase commitments included in tier 1 capital	-	-
Other positive prudential filters	-	-
TOTAL POSITIVE ITEMS	**53,601**	**62,278**
- Treasury shares or quotas (****)	-12	-2
- Goodwill	-9,158	-9,177
- Other intangible assets	-5,291	-5,467
- Loss for the period	-	-8,190
- Adjustments to loans	-	-
- Adjustments calculated on the regulatory trading and banking books	-	-
- Other	-	-
- Negative IAS / IFRS prudential filters (-)		
Fair value option: changes in bank's own creditworthiness	*-5*	*-14*
Negative reserves on equities and quotas of UCI available for sale	-	-
Negative reserves on debt securities available for sale (*****)	*-496*	*-621*
Net accumulated capital gain on tangible assets	-	-
Capital resources forming the object of forward purchase commitments not included in tier 1 capital	-	-
Other negative prudential filters (******)	*-34*	*-34*
TOTAL NEGATIVE ITEMS	**-14,996**	**-23,505**
TOTAL TIER 1 CAPITAL BEFORE ITEMS TO BE DEDUCTED	**38,605**	**38,773**
TOTAL ITEMS TO BE DEDUCTED	**-1,571**	**-1,478**
- Investment in the Bank of Italy	-312	-312
- Insurance subsidiaries purchased after 20 July 2006	-582	-552
- Other banking and financial investments higher than 20% of the investee's capital	-241	-252
- Excess expected losses with respect to adjustments (IRB approaches)	-280	-230
- Other deductions	-156	-132
TOTAL TIER 1 CAPITAL NET OF ITEMS TO BE DEDUCTED	**37,034**	**37,295**

(*) The individual components of the regulatory capital include both the portion relating to the capital of the Group and of the third party shareholders.

(**) It does not include 10 millions euro of preference shares subject to grandfathering, calculated in Tier I capital in application of the transitional arrangements envisaged by Title I, Chapter 2, Section II, paragraph 1.4.1 of Circular No. 263 of 27 December 2006 – 5th update of 22 December 2010, "New regulations for the prudential supervision of banks".

(***) Securities subject to grandfathering, calculated in Tier I capital in application of the transitional arrangements envisaged by Title I, Chapter 2, Section II, paragraph 1.4.1 of Circular No. 263 of 27 December 2006 – 5th update of 22 December 2010, "New regulations for the prudential supervision of banks".

(****) The caption essentially includes ordinary shares, only for the component relating to the Banking Group.

(*****) The caption does not include the negative reserves on government bonds of EU countries, for which the supervisory regulations provided for the option – exercised by the Group – to exclude these from the negative Tier 1 capital filters, with an effect on the Core Tier 1 ratio of 28 basis points.

The "Total items to be deducted" amounted to half the overall deductions, 50% of which were allocated as a reduction to the Tier 1 capital and the remaining 50% as a reduction to the Tier 2 capital.

Tier 2 capital

(millions of euro)

Information	30.06.2012	31.12.2011
TIER 2 CAPITAL (*)		
- Valuation reserves - Tangible assets		
Legally-required revaluations	*352*	*352*
Property and equipment used in operations	-	-
- Valuation reserve - Securities available for sale		
Equities and quotas of UCI	*134*	*117*
Debt securities	-	-
- Non-innovative equity instruments not included in tier 1 capital	-	-
- Innovative equity instruments not included in tier 1 capital	-	-
- Hybrid capital instruments	1,514	1,707
- Tier 2 subordinated liabilities	11,034	11,549
- Excess total adjustments with respect to expected losses	112	363
- Net capital gains on equity investments	-	-
- Other positive items	4	1
- Positive IAS / IFRS prudential filters (+)		
Net accumulated capital gain on tangible assets	-	-
Capital resources forming the object of forward purchase commitments included in tier 2 capital	-	-
Other positive items	-	-
TOTAL POSITIVE ITEMS	**13,150**	**14,089**
- Net capital losses on equity investments	-45	-54
- Loans	-	-
- Other negative items	-271	-298
- Negative IAS / IFRS prudential filters (-)		
Portion not included of the valuation reserve on property and equipment used in operations	-	-
Portion not included of positive reserves on securities available for sale - Equities	*-67*	*-58*
Portion not included of positive reserves on securities available for sale - Debt securities	-	-
Tier 2 subordinated liabilities and hybrid capital instruments forming the object of forward purchase commitments not included in tier 2 capital	-	-
Other negative filters	-	-
TOTAL NEGATIVE ITEMS	**-383**	**-410**
TOTAL TIER 2 CAPITAL BEFORE ITEMS TO BE DEDUCTED	**12,767**	**13,679**
TOTAL ITEMS TO BE DEDUCTED	**-1,571**	**-1,478**
- Investment in the Bank of Italy	-312	-312
- Insurance subsidiaries purchased after 20 July 2006	-582	-552
- Other banking and financial investments higher than 20% of the investee's capital	-241	-252
- Excess expected losses with respect to adjustments (IRB approaches)	-280	-230
- Other deductions	-156	-132
TOTAL TIER 2 CAPITAL NET OF ITEMS TO BE DEDUCTED	**11,196**	**12,201**

(*) The individual components of the regulatory capital include the portion relating to the capital both of the Group and of the third party shareholders.

Table 4 – Capital adequacy

Quantitative disclosure

According to the "New regulations for the prudential supervision of banks" (Bank of Italy Circular 263 of 27 December 2006 and subsequent amendments), which adopt the provisions on the International convergence of capital measurement and capital standards (Basel 2), the banking Group's capital must amount to at least 8% of total risk-weighted assets (total capital ratio) arising from the risks typically associated with banking and financial activity (credit, counterparty, market, and operational risk), weighted according to the regulatory segmentation of borrowers and considering credit risk mitigation techniques.
In general terms, the group-level capital requirement is calculated as the sum of the individual requirements of the individual companies that make up the Banking group, net of exposures arising from intragroup relations included in the calculation of credit, counterparty and settlement risk.
Moreover, the Intesa Sanpaolo Group was subject to a capital requirement restriction, consisting in a floor of 90% of the sum of the requirements for credit, market, counterparty and operational risk, calculated based on the Basel 1 rules. This penalty was prudently introduced by the Bank of Italy on authorising the use of Internal Methods for the calculation of requirements for credit risk in relation to several aspects deemed worthy of implementing. Taking account of the measures implemented by the Intesa Sanpaolo Group in relation to the problems detected, the Bank of Italy authorised the reduction the floor from 90% to 85% starting from 30 June 2011.
In addition to the Total capital ratio referred to above, other more rigorous ratios are also used to assess capital soundness: the Tier 1 capital ratio, represented by the ratio between Tier 1 capital and risk-weighted assets, and the Core Tier 1 capital ratio, represented by the ratio between Tier 1 capital (net of preferred shares and, effective 31 December 2010, preferred savings and ordinary shares) and risk-weighted assets.

With the authorisation of the Supervisory Authority, the Intesa Sanpaolo Group calculates credit and counterparty risk capital requirements using the Advanced IRB approach (AIRB) and the foundation IRB approach for the Corporate segment and the IRB approach[1] for the Retail Mortgage segment (Residential mortgages for private individuals), starting from the report as at 31 December 2008 (31 December 2010 for the Advanced approach) and 30 June 2010, respectively. The scope of application of the foundation and advanced IRB approaches is presented in Table 7 of this document, together with a description of the key changes compared to the situation outlined in the Disclosure of December 2011. In particular, Banca IMI received authorisation during the half-year to use the AIRB approach for the regulatory Corporate segment. Furthermore, for companies already authorised to use internal models for the Corporate segment, the Group has obtained authorisation, as of 30 June 2012, to use specialised internal rating models for the sub-segments Project Finance, Commercial Real Estate, Asset Finance and Leveraged & Acquisition Finance (among these, the Project Finance sub-segment already benefited from use of the IRB approaches through the slotting criteria calculation method – See the attached glossary). Finally, Leasint and Mediofactoring also obtained authorisation to use the Advanced approaches for the Corporate segment, for which they were previously using the foundation IRB approach. From 30 June, VUB Banka also obtained authorisation to use the IRB approach on the Retail Mortgage segment.
The Group is also proceeding with the development of the rating models for the other segments, to which the standard methods are applied, and the extension of the scope of companies for their application in accordance with the gradual rollout plan for the advanced approaches presented to the Supervisory Authority.
Banks must also comply with capital requirements for market risks calculated on the whole trading book separately for the various types of risk: position risk on debt securities and equities and concentration risk. Moreover, with reference to the entire financial statements, foreign exchange risk, settlement risk and position risk on commodities must be calculated. The use of internal models to calculate the capital requirement for market risks is permitted; in particular, Intesa Sanpaolo and Banca IMI apply the internal model to calculate general position risk (price fluctuation risk) and specific risk (issuer risk) for equities, and general position risk (rate fluctuation risk) for debt securities. Banca IMI's internal model also includes the

[1] Given that the rating systems for retail exposures must reflect both the borrower risk and the specific risk of the transaction, in this case there is no distinction between the foundation and the advanced IRB approach.

position risk on quotas of UCI (for the Constant Proportion Portfolio Insurance - CPPI component). The scope of validated risks has subsequently been extended to dividend derivatives and commodity risk positions for Banca IMI. In addition, Banca IMI and Intesa Sanpaolo have been using stressed VaR to calculate the requirement for market risks since December 2011. Standardised approaches are used for the other types of risk. Counterparty risk is calculated independently of the portfolio of allocation.
With respect to Operational Risks, the Group has adopted the Advanced Measurement Approaches (AMA – internal model) to determine the associated capital requirements for regulatory purposes:
- effective from 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 from 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 from 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.

In April 2012 the Group presented its Annual Internal Capital Adequacy Assessment Process Report as a “class 1” banking group, according to Bank of Italy classification, based on the extensive use of internal approaches for the measurement of risk, internal capital and total capital available.

Capital requirements and capital ratios of the Intesa Sanpaolo Group

(millions of euro)

Information	30.06.2012			31.12.2011		
	Unweighted amounts	Weighted amounts	Requirements	Unweighted amounts	Weighted amounts	Requirements
A. CAPITAL REQUIREMENTS						
A.1 Credit and counterparty risks	**577,448**	**263,427**	**21,074**	**563,946**	**277,498**	**22,200**
1. Standardised approach	274,988	117,210	9,377	274,917	132,167	10,573
2. Internal models (IRB)	4,071	4,343	347	29,885	22,907	1,833
3. Internal models - Advanced approach and retail exposures	294,575	135,865	10,869	254,900	116,365	9,309
4. Securitisations - bankig book	3,814	6,009	481	4,244	6,059	485
A.2 Market risk		**18,764**	**1,501**		**17,488**	**1,399**
1. Standardised approach		10,178	814		12,240	979
2. Internal models		8,280	662		5,246	420
3. Concentration risk		306	25		2	-
A.3 Operational risk		**24,880**	**1,990**		**24,825**	**1,986**
1. Basic indicator approach		1,077	86		1,088	87
2. Standardised approach		4,083	327		4,075	326
3. Advanced measurement approach		19,720	1,577		19,662	1,573
A.4 Other capital requirements		**-**	**-**		-	-
A.5 Other calculation elements (*)		**9,386**	**751**		**5,395**	**432**
A6 Total capital requirements		**316,457**	**25,316**		**325,206**	**26,017**
B. CAPITAL RATIOS (%)						
B.1 Core Tier 1			**10.7%**			**10.1%**
B.2 Tier 1 ratio			**11.7%**			**11.5%**
B.3 Total capital ratio			**14.2%**			**14.3%**

(*) The caption includes further specific capital requirements as provided for by the Supervisory Authority to the various Group entities and the supplement for the floor relating to the calculation of capital requirements for the credit risk according to IRB approaches.

In the case of the standardised approach, “unweighted amounts” correspond – in accordance with regulatory provisions – to the exposure value, which takes into account prudential filters, risk mitigation techniques and credit conversion factors. In the case of the internal rating based approach, “unweighted amounts” correspond to “exposure at default” (EAD). For guarantees given and commitments to disburse funds, credit conversion factors are also included when determining EAD.

As always (see also the "Introduction" of this document), the comparative figures presented refer to the Pillar 3 Report of the prior year. For a better comparison of the figures for the two periods in the table above (non-uniform in terms of scope of application of the internal models), please note that:
- Banca IMI’s shift from the Standardised Approach to the Advanced Internal Approaches for the Corporate segment involved an analogous shift of the assets at risk between the two aggregates for

approximately 11.5 billion euro (unweighted amounts);

– VUB Banka's shift from the Standardised Approach to the Internal Approaches for the Mortgage segment involved an analogous shift of the assets at risk between the two aggregates for approximately 2 billion euro (unweighted amounts).

The tables below provide details of the Group's different capital requirements as at 30 June 2012.

Capital requirement for Credit and Counterparty Risk (Standardised Approach)

(millions of euro)

Regulatory portfolio	Capital requirement	
	30.06.2012	**31.12.2011**
Exposures to or secured by governments and central banks	108	111
Exposures to or secured by local authorities	287	292
Exposures to or secured by not for profit and public sector organisations	328	311
Exposures to or secured by multilateral development banks	-	1
Exposures to or secured by international organisations	-	-
Exposures to or secured by supervised institutions	1,316	1,429
Exposures to or secured by corporates	2,509	3,377
Retail exposures	2,554	2,757
Exposures secured by real estate property	475	573
Past due exposures	738	668
High-risk exposures	126	120
Exposures in the form of covered bonds	34	2
Short-term exposures to corporates	61	63
Exposures to UCI	128	164
Other exposures	713	705
Total capital requirement for credit risk and counterparty risk (Standardised Approach)	**9,377**	**10,573**

Capital requirement for Credit and Counterparty Risk (IRB Approach)

(millions of euro)

Regulatory portfolio	Capital requirement	
	30.06.2012	**31.12.2011**
A. Exposures to or secured by corporates (Foundation IRB Approach)	**10,217**	**10,204**
A.1) Specialised lending	1,253	490
A.2) Specialised lending - slotting criteria	7	297
A.3) SMEs	3,279	3,484
A.4) Other corporates	5,678	5,933
B. Exposures secured by residential property (IRB Approach)	**920**	**861**
B.1) Retail	920	861
C. Equity exposures (simple risk weight approach)	**79**	**77**
C.1) Private equity exposures in sufficiently diversified portfolios	22	26
C.2) Exchange-traded equity exposures	3	3
C.3) Other equity exposures	54	48
D. Equity instruments: Other assets - Ancillary investments	**-**	**-**
E. Exposures subject to supervisory transition regarding capital requirements	**-**	**-**
Total capital requirement for credit risk and counterparty risk (IRB Approach)	**11,216**	**11,142**

The equity exposures, for the companies that have adopted the IRB approach for the corporate regulatory portfolio, subject to grandfathering provisions regarding capital requirements, have a capital requirement of 173 million euro (167 million euro as at 31 December 2011).

Capital requirement for Credit and Counterparty Risk on securitisations – banking book (Standardised Approach)

(millions of euro)

Information	Capital requirement	
	30.06.2012	31.12.2011
Originated securitisations	35	41
Third-party securitisations	446	444
Total capital requirement for credit risk and counterparty risk on securitisations (Standardised approach)	**481**	**485**

Capital requirement for Market Risk

(millions of euro)

Information	Capital requirement	
	30.06.2012	31.12.2011
Assets included in the regulatory trading book	**1,389**	**1,265**
Position risk (*)	1,364	1,265
Concentration risk	25	-
Other assets	**112**	**134**
Foreign exchange risk	63	67
Settlement risk for DVP (Delivery Versus Payment) transactions	-	-
Commodity risk	49	67
Total capital requirement for market risk	**1,501**	**1,399**

(*) The caption includes capital requirements for exposures to securitisations of 229 million euro.

The capital requirement for "counterparty risk" is 733 million euro (718 million euro as at 31 December 2011). Counterparty risk is calculated for both the trading book and banking book. This requirement is shown - for the individual regulatory portfolios - in the tables of capital requirements for credit risk under the standardised approach and the IRB approach.

Capital requirement for Operational Risk

(millions of euro)

Information	Capital requirement	
	30.06.2012	31.12.2011
Basic indicator approach	86	87
Standardised approach	327	326
Advanced measurement approach	1,577	1,573
Total capital requirement for operational risk	**1,990**	**1,986**

Almost all the Group companies used the Advanced Measurement Approach (AMA) and the Standardised Approach to determine capital requirements for operational risk. A small remaining number of companies use the Basic Indicator Approach (BIA). For the AMA Approach the requirement is recalculated on a half yearly basis, whereas for the Standardised and the BIA Approaches the requirement is only calculated annually, unless one or more Group companies change approach during the year, by migrating towards more evolved models. In the first half of 2012, only one subsidiary (Intesa Sanpaolo Card doo – Zagreb) migrated from the BIA Approach to the Standardised Approach without significantly impacting the total capital requirement.

Table 5 – Credit risk: general disclosures for all banks

Quantitative disclosure

The tables below show the Gross credit exposures - total and average - and the related adjustments broken down by risk class, geographical area, counterparty category and residual maturity, together with the adjustments made during the period. The figures represent the exposures shown in the financial statements, and include both the positions relating to the banking book and the regulatory trading book.
"On-balance sheet exposures" include all on-balance sheet financial assets claimed from banks and customers, irrespective of their portfolio of IAS/IFRS allocation: trading, available for sale, held to maturity, loans and receivables, assets designated at fair value through profit and loss or assets under disposal. An exception is represented by equity exposures which, consistently with the Annual Report (Part E of the Notes to the financial statements – Credit risk) regulated by Circular 262 of the Bank of Italy, are excluded from Table 5. Equity exposures included in the banking book are detailed in Table 13. In compliance with the provisions already referred to, the units of UCI are included in Table 5 only under the Residual maturity table.
"Off-balance sheet exposures" include all financial activities that are not on the balance sheet (guarantees given, Irrevocable commitments to lend funds, derivatives, etc.) but entail the assumption of credit risk, regardless of the purpose of such activities (trading, hedging, etc.).

The first table below presents such exposures by risk class and IAS/IFRS portfolio, also including in the "Financial assets held for trading" portfolio derivatives positions not already classified to the Hedging derivatives portfolio.

In relation to the definition of default, the exception granted by the Supervisory Authority for past due positions, which permitted the calculation of exposures to Italian counterparties, limited to several regulatory portfolios, using the time limit of 180 days, has expired. Therefore, starting from 1 January 2012, the Group applies the limit of 90 days to all regulatory portfolios. This has resulted in a portion of the performing portfolio (past due by over 90 days to 180 days) moving to non-performing status (past due loans).

Overall credit exposure by risk class (*)

(millions of euro)

Portfolios/category	Doubtful loans			Substandard loans			Restructured exposures		
	Gross	Net	Gross Average (**)	Gross	Net	Gross Average (**)	Gross	Net	Gross Average (**)
1. Financial assets held for trading	7	3	9	87	63	83	23	16	22
2. Financial assets available for sale	3	3	4	-	-	-	-	-	-
3. Investments held to maturity	-	-	-	-	-	-	-	-	-
4. Due from banks	145	62	148	1	1	1	-	-	-
5. Loans to customers	25,462	9,600	25,212	13,132	10,460	12,309	3,982	3,319	4,007
6. Financial assets designated at fair value through profit and loss	-	-	-	-	-	-	-	-	-
7. Financial assets under disposal	-	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	-	-	-	-	-
TOTAL - 30.06.2012	**25,617**	**9,668**	**25,373**	**13,220**	**10,524**	**12,393**	**4,005**	**3,335**	**4,029**
TOTAL - 31.12.2011	**25,128**	**9,079**	**22,781**	**11,566**	**9,182**	**11,421**	**4,052**	**3,439**	**3,775**

Portfolios/category	Past due exposures			Other exposures			Total		
	Gross	Net	Gross Average (**)	Gross	Net	Gross Average (**)	Gross	Net	Gross Average (**)
1. Financial assets held for trading	16	14	12	63,563	63,563	60,494	63,696	63,659	60,620
2. Financial assets available for sale	-	-	-	44,334	44,334	35,420	44,337	44,337	35,424
3. Investments held to maturity	-	-	-	2,242	2,240	2,442	2,242	2,240	2,442
4. Due from banks	1	1	2	34,350	34,329	34,568	34,497	34,393	34,719
5. Loans to customers	3,005	2,723	2,162	353,282	350,608	356,161	398,863	376,710	399,851
6. Financial assets designated at fair value through profit and loss	-	-	-	1,122	1,122	1,000	1,122	1,122	1,000
7. Financial assets under disposal	-	-	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	11,708	11,708	10,959	11,708	11,708	10,959
TOTAL - 30.06.2012	**3,022**	**2,738**	**2,176**	**510,601**	**507,904**	**501,044**	**556,465**	**534,169**	**545,015**
TOTAL - 31.12.2011	**1,329**	**1,156**	**1,453**	**491,481**	**488,304**	**490,885**	**533,556**	**511,160**	**530,315**

(*) This table provides figures pertaining exclusively to the Banking Group.

(**) Half-yearly average.

Credit exposures by geographical area – customers and banks

Credit exposures by geographical area – customers (*)

(millions of euro)

Exposures/Geographical areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. ON-BALANCE SHEET EXPOSURES										
A.1. Doubtful loans	8,638	-13,454	914	-2,116	10	-38	2	-22	41	-231
A.2. Substandard loans	8,811	-2,229	1,503	-418	27	-3	9	-2	109	-19
A.3. Restructured exposures	2,982	-617	178	-35	4	-1	155	-11	-	-
A.4. Past due exposures	2,464	-230	183	-45	6	-	1	-	72	-6
A.5. Other exposures	333,471	-2,072	55,135	-484	9,721	-38	2,858	-16	4,844	-67
Total A	**356,366**	**-18,602**	**57,913**	**-3,098**	**9,768**	**-80**	**3,025**	**-51**	**5,066**	**-323**
B. OFF-BALANCE SHEET EXPOSURES										
B.1. Doubtful loans	156	-67	12	-5	-	-	-	-1	5	-18
B.2. Substandard loans	599	-71	67	-20	-	-	-	-	7	-1
B.3. Other non-performing assets	466	-22	3	-1	-	-	8	-	2	-
B.5. Other exposures	55,522	-146	49,328	-90	15,845	-12	914	-3	600	-5
Total B	**56,743**	**-306**	**49,410**	**-116**	**15,845**	**-12**	**922**	**-4**	**614**	**-24**
TOTAL (A+B) 30.06.2012	**413,109**	**-18,908**	**107,323**	**-3,214**	**25,613**	**-92**	**3,947**	**-55**	**5,680**	**-347**
TOTAL 31.12.2011	**395,465**	**-18,754**	**105,463**	**-3,437**	**28,429**	**-108**	**4,634**	**-60**	**5,392**	**-341**

(*) This table provides figures pertaining exclusively to the Banking Group.

Credit exposures by geographical area – banks (*)

(millions of euro)

Exposures/Geographical areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
A. ON-BALANCE SHEET EXPOSURES										
A.1. Doubtful loans	42	-8	20	-72	-	-	1	-2	-	-
A.2. Substandard loans	1	-	-	-	-	-	-	-	-	-
A.3. Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4. Past due exposures	1	-	-	-	-	-	-	-	-	-
A.5. Other exposures	11,292	-3	24,607	-10	2,061	-1	2,776	-6	1,441	-
Total A	**11,336**	**-11**	**24,627**	**-82**	**2,061**	**-1**	**2,777**	**-8**	**1,441**	**-**
B. OFF-BALANCE SHEET EXPOSURES										
B.1. Doubtful loans	-	-	-	-	-	-	-	-	-	-
B.2. Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3. Other non-performing assets	-	-	-	-	-	-	-	-	-	-
B.5. Other exposures	3,385	-1	62,181	-14	5,110	-3	1,517	-7	755	-2
Total B	**3,385**	**-1**	**62,181**	**-14**	**5,110**	**-3**	**1,517**	**-7**	**755**	**-2**
TOTAL (A+B) 30.06.2012	**14,721**	**-12**	**86,808**	**-96**	**7,171**	**-4**	**4,294**	**-15**	**2,196**	**-2**
TOTAL 31.12.2011	**23,302**	**-13**	**77,207**	**-97**	**7,682**	**-4**	**3,978**	**-16**	**2,155**	**-2**

(*) This table provides figures pertaining exclusively to the Banking Group.

Credit exposures and adjustments to customers by counterparty (*)

(millions of euro)

	GOVERNMENTS			OTHER PUBLIC ENTITIES		
	Net exposure	Individual adjustments	Collective adjustments	Net exposure	Individual adjustments	Collective adjustments
A. ON-BALANCE SHEET EXPOSURES						
A.1. Doubtful loans	1	-10	X	176	-43	X
A.2. Substandard loans	-	-	X	18	-3	X
A.3. Restructured exposures	-	-	X	-	-	X
A.4. Past due exposures	3	-	X	20	-	X
A.5. Other exposures	66,570	X	-17	20,652	X	-34
Total A	**66,574**	**-10**	**-17**	**20,866**	**-46**	**-34**
B. OFF-BALANCE SHEET EXPOSURES						
B.1. Doubtful loans	-	-	X	-	-	X
B.2. Substandard loans	-	-	X	-	-	X
B.3. Other non-performing assets	-	-	X	8	-	X
B.4. Other exposures	4,357	X	-	1,663	X	-2
Total B	**4,357**	**-**	**-**	**1,671**	**-**	**-2**
TOTAL - 30.06.2012	**70,931**	**-10**	**-17**	**22,537**	**-46**	**-36**
TOTAL - 31.12.2011	**52,024**	**-10**	**-261**	**22,084**	**-51**	**-43**

	FINANCIAL INSTITUTIONS			INSURANCE COMPANIES		
	Net exposure	Individual adjustments	Collective adjustments	Net exposure	Individual adjustments	Collective adjustments
A. ON-BALANCE SHEET EXPOSURES						
A.1. Doubtful loans	64	-359	X	-	-	X
A.2. Substandard loans	318	-61	X	-	-	X
A.3. Restructured exposures	19	-2	X	-	-	X
A.4. Past due exposures	176	-4	X	-	-	X
A.5. Other exposures	24,396	X	-92	1,620	X	-3
Total A	**24,973**	**-426**	**-92**	**1,620**	**-**	**-3**
B. OFF-BALANCE SHEET EXPOSURES						
B.1. Doubtful loans	1	-1	X	-	-	X
B.2. Substandard loans	23	-	X	-	-	X
B.3. Other non-performing assets	-	-	X	-	-	X
B.4. Other exposures	33,015	X	-15	1,877	X	-2
Total B	**33,039**	**-1**	**-15**	**1,877**	**-**	**-2**
TOTAL - 30.06.2012	**58,012**	**-427**	**-107**	**3,497**	**-**	**-5**
TOTAL - 31.12.2011	**54,844**	**-422**	**-127**	**4,618**	**-**	**-3**

	NON-FINANCIAL COMPANIES			OTHER COUNTERPARTIES		
	Net exposure	Individual adjustments	Collective adjustments	Net exposure	Individual adjustments	Collective adjustments
A. ON-BALANCE SHEET EXPOSURES						
A.1. Doubtful loans	7,660	-12,548	X	1,704	-2,901	X
A.2. Substandard loans	8,263	-1,997	X	1,860	-610	X
A.3. Restructured exposures	3,267	-631	X	33	-31	X
A.4. Past due exposures	2,115	-175	X	412	-102	X
A.5. Other exposures	207,798	X	-2,130	84,993	X	-401
Total A	**229,103**	**-15,351**	**-2,130**	**89,002**	**-3,644**	**-401**
B. OFF-BALANCE SHEET EXPOSURES						
B.1. Doubtful loans	166	-71	X	6	-19	X
B.2. Substandard loans	637	-89	X	13	-3	X
B.3. Other non-performing assets	468	-23	X	3	-	X
B.4. Other exposures	78,530	X	-227	2,767	X	-10
Total B	**79,801**	**-183**	**-227**	**2,789**	**-22**	**-10**
TOTAL - 30.06.2012	**308,904**	**-15,534**	**-2,357**	**91,791**	**-3,666**	**-411**
TOTAL - 31.12.2011	**313,426**	**-15,275**	**-2,567**	**92,387**	**-3,531**	**-410**

(*) This table provides figures pertaining exclusively to the Banking Group.

The breakdown by maturity of financial assets is shown in the following table according to the rules set forth in financial statement regulations (Bank of Italy circular 262 and related clarifications issued by the Supervisory Authority), using accounting information organised by contractual residual maturity. Therefore, no operational data was used that would require, for example, the representation of cash items according to their level of liquidability.

Credit exposures by residual contractual maturity

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
A. ON-BALANCE SHEET EXPOSURES	**70,116**	**19,442**	**6,328**	**21,135**	**30,274**	**28,365**	**42,073**	**139,856**	**122,056**	**1,155**
A.1 Government bonds	-	138	70	958	5,551	6,853	12,571	18,880	8,105	2
A.2 Other debt securities	142	1,513	525	2,058	1,648	1,494	2,656	10,398	14,161	4
A.3 Quotas of UCI	2,140	-	-	-	-	-	-	-	-	-
A.4 Loans	67,834	17,791	5,733	18,119	23,075	20,018	26,846	110,578	99,790	1,149
- Banks	*14,404*	*7,539*	*609*	*1,852*	*2,504*	*845*	*785*	*1,310*	*201*	*1,130*
- Customers	*53,430*	*10,252*	*5,124*	*16,267*	*20,571*	*19,173*	*26,061*	*109,268*	*99,589*	*19*
B. OFF-BALANCE SHEET EXPOSURES	**130,070**	**59,460**	**20,376**	**34,561**	**57,941**	**33,611**	**33,083**	**142,709**	**77,197**	**604**
B.1 Financial derivatives with exchange of capital										
- Long positions	*553*	*28,386*	*10,075*	*17,011*	*26,971*	*12,546*	*8,886*	*20,687*	*52,073*	*174*
- Short positions	*530*	*24,852*	*10,136*	*17,052*	*25,988*	*14,052*	*9,176*	*19,136*	*14,156*	*174*
B.2 Financial derivatives without exchange of capital										
- Long positions	*50,822*	*143*	*50*	*226*	*535*	*426*	*1,099*	*1,400*	*625*	*-*
- Short positions	*49,177*	*145*	*55*	*149*	*384*	*515*	*1,019*	*1,499*	*764*	*-*
B.3 Irrevocable commitments to lend funds										
- Long positions	*821*	*3,777*	*45*	*79*	*2,347*	*2,879*	*6,141*	*33,985*	*5,806*	*250*
- Short positions	*28,020*	*2,154*	*12*	*27*	*1,649*	*3,065*	*6,627*	*65,781*	*3,616*	*6*
B.4 Financial guarantees given	*147*	*3*	*3*	*17*	*67*	*128*	*135*	*221*	*157*	*-*
TOTAL AS AT 30.06.2012	**200,186**	**78,902**	**26,704**	**55,696**	**88,215**	**61,976**	**75,156**	**282,565**	**199,253**	**1,759**
TOTAL AS AT 31.12.2011	**188,101**	**83,971**	**28,849**	**60,584**	**76,499**	**54,399**	**70,476**	**265,590**	**157,060**	**4,437**

(*) This table provides figures pertaining exclusively to the Banking Group.

The following tables present value adjustments recognised in the income statement and include both specific adjustments to non-performing positions and collective adjustments to performing positions.

Net adjustments for on-balance sheet exposures: breakdown (*)

(millions of euro)

	Impairment losses	Recoveries	30.06.2012	31.12.2011
A. Due from banks	**-5**	**10**	**5**	**1**
- Loans	-1	7	6	3
- Debt securities	-4	3	-1	-2
B. Loans to customers	**-2,957**	**1,109**	**-1,848**	**-4,230**
- Loans	-2,896	1,090	-1,806	-3,765
- Debt securities	-61	19	-42	-465
C. Total	**-2,962**	**1,119**	**-1,843**	**-4,229**

(*) This table provides figures pertaining exclusively to the Banking Group.

Net adjustments for off-balance sheet exposures: breakdown (*)

(millions of euro)

	Impairment losses	Recoveries	30.06.2012	31.12.2011
A. Guarantees given	-65	24	-41	-15
B. Credit derivatives	-	-	-	-
C. Commitments to lend funds	-17	10	-7	3
D. Other operations	-6	6	-	-
E. Total	**-88**	**40**	**-48**	**-12**

(*) This table provides figures pertaining exclusively to the Banking Group.

Changes in adjustments relating to non-performing exposures to customers and banks

Changes in adjustments relating to non-performing exposures to customers as at 30 June 2012 (*)

(millions of euro)

Information	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
A. Initial total adjustments	**15,963**	**2,360**	**607**	**172**
B. Increases	**2,354**	**1,395**	**231**	**362**
B.1 impairment losses	1,314	989	87	259
B.2 transfers from other non-performing exposure categories	606	243	85	20
B.3 other increases	434	163	59	83
B.4 business combinations	-	-	-	-
C. Decreases	**-2,456**	**-1,084**	**-174**	**-253**
C.1 recoveries on impairment losses	-342	-238	-25	-33
C.2 recoveries on repayments	-171	-47	-2	-9
C.3 write-offs	-1,647	-16	-40	-2
C.4 transfers to other non-performing exposure categories	-43	-688	-55	-168
C.5 other decreases	-253	-95	-52	-41
C.6 business combinations	-	-	-	-
D. Final total adjustments	**15,861**	**2,671**	**664**	**281**

(*) This table provides figures pertaining exclusively to the Banking Group.

Changes in adjustments relating to non-performing exposures to banks as at 30 June 2012 (*)

(millions of euro)

Information	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
A. Initial total adjustments	**85**	**-**	**-**	**1**
B. Increases	**1**	**-**	**-**	**-**
B.1 impairment losses	1	-	-	-
B.2 transfers from other non-performing exposure categories	-	-	-	-
B.3 other increases	-	-	-	-
B.4 business combinations	-	-	-	-
C. Decreases	**-4**	**-**	**-**	**-1**
C.1 recoveries on impairment losses	-3	-	-	-1
C.2 recoveries on repayments	-	-	-	-
C.3 write-offs	-1	-	-	-
C.4 transfers to other non-performing exposure categories	-	-	-	-
C.5 other decreases	-	-	-	-
C.6 business combinations	-	-	-	-
D. Final total adjustments	**82**	**-**	**-**	**-**

(*) This table provides figures pertaining exclusively to the Banking Group.

Table 6 – Credit risk: disclosures for portfolios subject to the standardised approach and for specialised lending and equity exposures subject to the IRB approaches

Quantitative disclosure

The quantitative disclosures in this Table complement those provided in Table 8 – Risk mitigation techniques. In fact, each regulatory portfolio provided for by regulations under the standardised approach is broken down as follows:

– amount of on- and off-balance exposures, "without" the risk mitigation, which does not take into account the decrease in exposure arising from application of collateral and guarantees; in the case of guarantees, which transfer risk in respect of the guaranteed portion, reference is made to the guarantor's regulatory portfolios and weightings, while as to the residual exposure, reference is made to the guaranteed party's information;
– amount of the same exposures "with" the risk mitigation effect, i.e. net of the guarantees mentioned in the previous point. the difference between exposures "with" and "without" credit risk mitigation thus represents the amount of approved guarantees, disclosed in Table 8 - Risk mitigation techniques.

The above information is listed in the "with" and "without" credit risk mitigation columns and associated with the risk weightings defined by the current Prudential Supervisory regulations.

The exposures listed in the columns "Exposures with credit risk mitigation" and "Exposures without credit risk mitigation" also contain the off-balance sheet exposures in relation to guarantees and commitments (including the margins available on lines of credit) without the application of the credit conversion factors (CCF) required by the prudential regulations. The off-balance sheet exposures in relation to guarantees and commitments are disclosed side by side with the counterparty weighting factor.

Please note that exposures backed by collateral - whose exposure level is reduced due to application of the comprehensive method as provided for by applicable regulations - are conventionally represented side by side with 0% weighting in the table "Exposures without credit risk mitigation".

The column "Exposures deducted from regulatory capital" reports all the exposures not considered for the purposes of determining the weighted assets, as they are directly deducted from the regulatory capital (see Table 3). These exposures include both exposures deducted at 50% from the Tier 1 capital and 50% from the Tier 2 capital (net of expected losses in excess of impairment losses – IRB models) and the exposures deducted from the total of the Tier 1 and Tier 2 capital.

Breakdown of exposures: standardised approach

(millions of euro)

Regulatory portfolio	30.06.2012			31.12.2011		
	Exposure with credit risk mitigation	Exposure without credit risk mitigation	Exposures deducted from regulatory capital	Exposure with credit risk mitigation	Exposure without credit risk mitigation	Exposures deducted from regulatory capital
Exposures to or secured by governments and central banks	84,336	88,857	624	68,767	72,688	624
Exposures to or secured by local authorities	21,170	21,730	-	19,885	20,300	-
Exposures to or secured by not for profit and public sector organisations	10,414	11,033	-	10,922	11,536	-
Exposures to or secured by multilateral development banks	4,065	4,072	-	2,333	2,338	-
Exposures to or secured by international organisations	43	43	-	40	40	-
Exposures to or secured by supervised institutions	84,834	123,650	348	87,475	116,889	327
Exposures to or secured by corporates	43,334	48,874	-	56,350	60,346	-
Retail exposures	59,350	61,871	-	62,992	65,510	-
Exposures secured by real estate property	13,886	13,886	-	17,145	17,145	-
Past due exposures	8,166	8,265	-	7,415	7,496	-
High-risk exposures	1,090	1,090	-	1,062	1,062	-
Exposures in the form of covered bonds	1,794	1,794	-	272	272	-
Short-term exposures to corporates	1,230	1,279	-	1,216	1,272	-
Exposures to UCI	1,961	2,877	-	2,441	3,156	-
Other exposures	14,240	14,240	4,882	13,616	13,616	4,688
Securitisations (*)	4,003	4,003	-	4,478	4,478	-
Total credit risk	**353,916**	**407,564**	**5,854**	**356,409**	**398,144**	**5,639**

(*) Further information on securitisations is contained in Table 10 - Securitisations.

For certain regulatory portfolios (Exposures to or secured by corporates and Exposures secured by real estate property), the Group uses the standardised approach to a lesser extent, as it obtained authorisation to use the IRB approaches. For information on the different scope of companies which the IRB approaches are applied to, see the information in Table 7.

The exposure value shown in the tables of this Table is stated net of adjustments.

Further details on the amounts of exposures with or without credit risk mitigation are provided in the following two tables.

Breakdown of exposures by credit quality step and by exposure class: standardised approach – exposures "with" credit risk mitigation

(millions of euro)

Regulatory portfolio	Guarantor's weights										
	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	TOTAL
Exposures to or secured by governments and central banks	82,437	X	482	X	916	X	501	-	X	-	84,336
Exposures to or secured by local authorities	134	X	20,348	X	232	X	456	-	X	X	21,170
Exposures to or secured by not for profit and public sector organisations	-	X	169	X	8,741	X	1,504	-	X	X	10,414
Exposures to or secured by multilateral development banks	4,048	X	12	X	5	X	-	-	X	X	4,065
Exposures to or secured by international organisations	43	X	X	X	X	X	X	X	X	X	43
Exposures to or secured by supervised institutions	1,082	X	52,556	X	16,193	X	14,727	276	X	X	84,834
Exposures to or secured by corporates	13	X	1,108	X	3,485	X	38,366	362	X	X	43,334
Retail exposures	-	X	X	X	X	59,350	X	X	X	X	59,350
Exposures secured by real estate property	X	X	X	6,468	7,418	X	X	X	X	X	13,886
Past due exposures	-	X	X	X	250	X	4,840	3,076	X	X	8,166
High-risk exposures	X	X	X	X	X	X	563	71	456	X	1,090
Exposures in the form of covered bonds	X	426	991	X	377	X	-	X	X	X	1,794
Short-term exposures to corporates	-	X	-	X	-	X	1,230	-	X	X	1,230
Exposures to UCI	-	X	-	X	-	X	1,737	41	X	183	1,961
Other exposures	3,826	X	1,797	X	X	X	8,617	X	X	X	14,240
Securitisations	X	X	X	X	X	X	X	X	X	X	4,003
Total credit risk 30.6.2012	**91,583**	**426**	**77,463**	**6,468**	**37,617**	**59,350**	**72,541**	**3,826**	**456**	**183**	**353,916**
Total credit risk 31.12.2011	**73,410**	**237**	**75,322**	**9,032**	**42,397**	**62,992**	**84,456**	**3,664**	**421**	**-**	**356,409**

Breakdown of exposures by credit quality step and by exposure class: standardised approach – exposures "without" credit risk mitigation

(millions of euro)

Regulatory portfolio	Guarantor's weights										
	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	TOTAL
Exposures to or secured by governments and central banks	86,063	X	681	X	1,594	X	519	-	X	-	88,857
Exposures to or secured by local authorities	162	X	20,847	X	232	X	489	-	X	X	21,730
Exposures to or secured by not for profit and public sector organisations	583	X	169	X	8,751	X	1,530	-	X	X	11,033
Exposures to or secured by multilateral development banks	4,055	X	12	X	5	X	-	-	X	X	4,072
Exposures to or secured by international organisations	43	X	X	X	X	X	X	X	X	X	43
Exposures to or secured by supervised institutions	38,349	X	52,813	X	17,481	X	14,731	276	X	X	123,650
Exposures to or secured by corporates	5,275	X	1,108	X	3,763	X	38,366	362	X	X	48,874
Retail exposures	2,521	X	X	X	X	59,350	X	X	X	X	61,871
Exposures secured by real estate property	X	X	X	6,468	7,418	X	X	X	X	X	13,886
Past due exposures	99	X	X	X	250	X	4,840	3,076	X	X	8,265
High-risk exposures	X	X	X	X	X	X	563	71	456	X	1,090
Exposures in the form of covered bonds	X	426	991	X	377	X	-	X	X	X	1,794
Short-term exposures to corporates	49	X	-	X	-	X	1,230	-	X	X	1,279
Exposures to UCI	916	X	-	X	-	X	1,737	41	X	183	2,877
Other exposures	3,826	X	1,797	X	X	X	8,617	X	X	X	14,240
Securitisations	X	X	X	X	X	X	X	X	X	X	4,003
Total credit risk 30.6.2012	**141,941**	**426**	**78,418**	**6,468**	**39,871**	**59,350**	**72,622**	**3,826**	**456**	**183**	**407,564**
Total credit risk 31.12.2011	**111,714**	**237**	**76,644**	**9,032**	**44,467**	**62,992**	**84,495**	**3,664**	**421**	**-**	**398,144**

Specialised lending and equity exposures subject to the IRB approaches

(millions of euro)

Regulatory portfolio	Exposure value	
	30.06.2012	31.12.2011
A) Exposures to or secured by corporates: Specialised lending - slotting criteria	**79**	**3,994**
A.1) Regulatory assessment - weak	-	13
A.2) Regulatory assessment - sufficient	43	921
A.3) Regulatory assessment - good	36	2,712
A.4) Regulatory assessment - strong	-	348
A.5) Default	-	-
B. Equity exposures: Simple risk weight approach	**344**	**346**
B.1) Private equity exposures in sufficiently diversified portfolios - 190%	147	170
B.2) Exchange-traded equity exposures - 290%	15	13
B.3) Other equity exposures - 370%	182	163
C. Equity instruments: Other assets - Ancillary investments - (100%)	-	-
Total Specialised lending and equity exposures subject to the IRB approaches	**423**	**4,340**

The decrease of Specialised Lending, whose capital requirement is calculated by means of the slotting criteria, derives from the authorisation received during the half year for the use of advanced internal rating based approaches for Project Finance, Commercial Real Estate, Asset Finance and Leveraged&Acquisition Finance sub-segments (see Table 7).

The weighted values of the equities subject to the IRB approaches and the weighted values of the equity instruments subject to the Standardised approach are detailed in Table 13 “Equity exposures: disclosures for banking book positions”.

Table 7 – Credit risk: disclosures for portfolios subject to IRB approaches

Quantitative disclosure

The table below shows the scope of companies for which the Group, as at 30 June 2012, uses the IRB approaches in calculating the capital requirements for credit and counterparty risk for the "Corporate" (Foundation and Advanced IRB) and "Residential mortgages to private individuals" (IRB [1]) regulatory segments.

Scope of companies for application of the IRB approaches

Name	Regulatory segment		
	Corporate		Residential mortgages to private individuals
	Foundation	Advanced	
Intesa Sanpaolo S.p.A.		x	x
Banca CR Firenze S.p.A.		x	x
Banca dell'Adriatico S.p.A.		x	x
Banca di Credito Sardo S.p.A.		x	x
Banca di Trento e Bolzano S.p.A.		x	x
Banca IMI S.p.A.		x	
Banco di Napoli S.p.A.		x	x
BIIS - Banca Infrastrutture Innovazione e Sviluppo S.p.A.		x	
Cassa di Risparmio del Friuli Venezia Giulia S.p.A.		x	x
Cassa di Risparmio del Veneto S.p.A.		x	x
Cassa di Risparmio della Provincia di Viterbo S.p.A.		x	x
Cassa di Risparmio di Ascoli Piceno S.p.A.		x	x
Cassa di Risparmio di Città Castello S.p.A.		x	x
Cassa di Risparmio di Civitavecchia S.p.A.		x	x
Cassa di Risparmio di Foligno S.p.A.		x	x
Cassa dei Risparmio di Forlì e della Romagna S.p.A.		x	x
Cassa di Risparmio di Pistoia e Pescia S.p.A.		x	x
Cassa di Risparmio di Rieti S.p.A.		x	x
Cassa di Risparmio di Spoleto S.p.A.		x	x
Cassa di Risparmio di Terni e Narni S.p.A.		x	x
Cassa di Risparmio di Venezia S.p.A.		x	x
Cassa di Risparmio in Bologna S.p.A.		x	x
Intesa Sanpaolo Bank Ireland P.l.c.		x	
Leasint S.p.A.		x	
Mediocredito Italiano S.p.A.		x	
Mediofactoring S.p.A.		x	
Vseobecna Uverova Banka A.S.	x		x

The scope of application of the AIRB approach for the Corporate segment includes the Parent Company, the network banks, Banca Infrastrutture Innovazione e Sviluppo and Mediocredito Italiano. The foreign company Intesa Sanpaolo Bank Ireland Plc obtained authorisation for the use of the advanced approach effective as of the report dated 31 December 2011. The foreign company VUB Banka obtained authorisation to use the FIRB approach effective as of the report dated 31 December 2010.

[1] Given that the rating systems for retail exposures must reflect both the borrower risk and the specific risk of the transaction, in this case there is no distinction between the Foundation and the Advanced IRB approach.

Banca IMI received authorisation during the half-year to use the AIRB approach for the regulatory Corporate segment. Furthermore, for companies already authorised to use internal models for the Corporate segment, the Group has obtained authorisation, as of 30 June 2012, to use specialised internal rating models for the sub-segments Project Finance, Commercial Real Estate, Asset Finance and Leveraged & Acquisition Finance (previously included in the IRB approaches through use of the slotting criteria – See the attached glossary).
Also effective 30 June 2012, the product companies Leasint and Mediofactoring obtained authorisation to use the Advanced approaches for the Corporate segment (the FIRB approach had been in use since December 2008).
For the Retail Mortgage segment, permission to use the IRB approach was granted effective June 2010, extended to the former Casse del Centro network banks effective as of the report as at 31 December 2011 and to international subsidiary bank VUB Banca, effective from 30 June 2012.
The development of IRB systems for the other segments and the extension of the scope of companies is proceeding according to the gradual roll-out plan for the advanced approaches presented to the Supervisory Authority.

A brief description of the new internal rating models PD (Probability of Default) and LGD (Loss Given Default) validated during the half-year is provided hereafter.

Specialised lending models

As indicated above, the Intesa Sanpaolo Group has obtained authorisation from the Bank of Italy to use the advanced internal credit risk rating system for exposures under Specialised Lending[2], relating to the broader regulatory Corporate segment (AIRB Approach – Advanced Internal Rating Based), to calculate the capital requirements, effective from 30 June 2012. The Bank of Italy's validation process also authorised use of the Leveraged & Acquisition Finance rating system which, although not part of the Specialised Lending portfolio, is developed along the same lines.

The characteristics of Specialised Lending exposures have made it necessary to use predominantly simulative methods to estimate the PD and LGD parameters. This type of approach is common in evaluating the risk of non-standard financing transactions, where the historical series are not adequate for the econometric estimation involved in default driven rating models.
Specialised Lending includes all transactions aimed at financing specific assets, generally through complex financial structures with high leverage and non-standard lending formats; debt servicing is provided by the cash flows generated by the transaction itself, normally without recourse to shareholders.
Simulative internal rating models are based on a forward-looking assessment of the Business Plans of the transactions, and they comprise various modules in the model design:

- quantitative: evaluates the characteristics of the draft financial plan with a forward-looking approach based on Monte Carlo simulations, taking into consideration the main project risks and generating, as an output, the PD - referring to a rating class – and the estimated transaction-based LGD;
- qualitative: examines the elements not included in the quantitative module, such as quality of management, quality of assets financed, etc. It consists of an expert-developed, closed-question questionnaire that produces a score, referring to a macro risk class, that may adjust the quantitative rating within a predefined range;
- Analyst assessment: this integrates and reinforces the intermediate outputs of the model, playing a part in determining the final rating (always performed by an independent party). Analysts represent an essential source of knowledge in order to best evaluate the transactions, incorporating all of the available information.

The Specialised Lending rating models use the same Master Scale used in the Corporate models, with application of a prudential cap on the best rating obtainable. The LGD calculated by the models is mapped on a segment-specific scale, including the downturn effects and indirect credit recovery costs and adopting a minimum floor from a prudential standpoint.
As for the Corporate segment, the internal validity of Specialised Lending ratings is 12 months: the monitoring activities envisaged for Specialised Lending transactions may lead to an advance rating review if

[2] Specialised Lending exposures include Asset Finance, Real Estate and Project Finance transactions.

there are signs of impairment in credit quality (for example, infringement of covenants), permitting immediate action in the phase prior to an actual default status.

Project Finance Model

The Project Finance (PF) rating model is applied to the counterparties of a vehicle company ("project company" or also "SPV" - Special Purpose Vehicle) whose ultimate goal is the realisation and management of a specific project (large infrastructures, systems, etc.) and whose repayment almost exclusively depends on the cash flows from the assets created with the project.
Project finance transactions, carried out predominantly in the sectors of Energy (electricity, photovoltaic, gas extraction, utilities, etc.) and Infrastructures (motorways, bridges, parking lots, etc.) feature the following:

- complexity of Business Plans, different parties involved, wide spectrum of contractual clauses and high standing of the security packages to guarantee the transaction;
- high correlation between PD and LGD, as both parameters depend on the cash flows generated by the project and not on the value of the assets financed;
- limited historical series of default to use as benchmark, given the unique nature of each project.

The Project Finance model's scope of application covers initiatives with a financial package of over 10 million euro and consists of a quantitative module based on Monte Carlo simulation of cash flows and on the characteristics of the parties involved in the Project (Sponsors, Offtakers, etc.), also taking into account country risk and exchange rate risk. The quantitative data is obtained from the quantification of the initiative's Business Plan. The qualitative module is structured according to the five areas of risk taken into consideration by the reference regulations via Slotting (degree of financial soundness, political and legal context, characteristics of the transaction, sponsor strength and package of guarantees supporting the project).
The default event is identified by verifying, for each simulation, any inability of the cash flows to fulfil the debt servicing envisaged for the year, simultaneously considering other flow indicators. In the event of default, the relative loss (LGD) is estimated by discounting the future cash flows envisaged in the project's financial plans, based on a going concern approach.
It is necessary to point out that, contrary to the other specialist models described below, the PF model had already been approved for the calculation of capital requirements with the Slotting approach since 31 December 2008.

Commercial Real Estate Model

The Commercial Real Estate (CRE) rating model is used to assess medium and large-sized real estate projects designated for sale and/or letting, carried out through the establishment of special purpose vehicles as well as through property funds, which have a single source of debt repayment, namely the cash flows generated by the asset that is let (rent) and/or sold (sales proceeds).
The financial statements of major real estate initiatives are not always representative of their income prospects. For example:

- debt servicing is predominantly ensured by the cash flows from rents collected and/or from the proceeds from any sales of real estate units. Counterparty risk therefore consists of the variability of the cash flows generated by the real estate portfolio;
- the financing transaction is designed to support the acquisition and/or construction/refurbishment of the specific "tangible" asset and is structured in such a way as to allow the Bank to closely monitor risk through "control" of the asset and of the relative revenues generated;
- the capital invested by the counterparty mainly consists of the "tangible" assets that are the subject of the initiative, which is the single or main source of repayment of the loan granted by the Bank.

The CRE model differentiates the projects based on the following aspects: economic use of the property, geographical area, purpose of the transaction (sale/rental), status of the property (purchase of a finished property or of a property under construction), single or multiple units (single or fractionated lot) and project phases, distinguishing between development and operational. The types of properties envisaged by the model are industrial, office, residential, shopping centre, etc.
The model creates simulative project cash flow scenarios based on estimated volatility parameters related to historical market prices for rents and sales; it includes unexpected scenarios created by events such as delays in the construction phase (with consequent increases in the planned costs), bankruptcy of tenants (with temporary interruptions in contracts and in the relative cash flows), etc.

The simulation takes into consideration the entire duration of the loan. Calculation of the default events (identified as the inability of simulated cash flows to satisfy debt servicing requirements, also evaluating the impact of the financial debt on the value of the asset) over the total number of simulations determines the probability of default for each year, which is then averaged to calculate the project's total probability of default. Similarly, the average losses generated in simulated default events determines the LGD: the loss for each event is calculated by hypothesising a prudential asset disposal value lower than market value, considering estimated ad hoc haircuts (administrative costs, recovery times, etc.).
Note that the Group uses the Real Estate Development (RED) rating model for smaller real estate transactions, aimed exclusively at the sale of the assets financed. The RED model has already been approved with the advanced approaches (PD/LGD) for calculation of the capital requirements since 31 December 2008.

Asset Finance Model
The Asset Finance (AF) model is used to assess transactions involving the purchase of ships and airplanes, with a mortgage-type interest over the asset financed, to be leased to a third party that does not belong to the Borrower's group. Broadly speaking, transactions in this portfolio have the following characteristics:
- they are financing initiatives aimed at the acquisition of assets (ships and airplanes) that will be leased by the Borrower to a third party;
- the primary source of repayment is the cash flows generated by the asset;
- the cash flows are asset-specific, driven by the volatility of the assets.

The model is differentiated based on the characteristics and ageing of the underlying asset. The types of ships include tankers, dry bulks, gas carriers, containers, etc., while the types of airplanes are widebody and narrowbody, along with other technical characteristics.
This model is based on simulation of the cash flows in the project's operational phase. The purchase or construction phase is excluded from the simulations, as the financial resources are identified and the related risks are covered by a specific guarantees package. In the operational phase, cash flows are simulated based on the proceeds of the lease, the insolvency of the tenant and the non-renewal of contracts. If the contract also contains a sale option, the calculation includes the uncertainty as regards exercising of the option by the tenant, which depends on the difference between the exercise price and the market value of the asset, simulated by the model based on the relative historical series.
The PD is determined through analysis of the amount of simulated cash flows based on the historical volatility of leasing prices and the debt servicing, also evaluating the impact of the asset value on financial debt. The LGD is estimated starting from the simulated value of the asset at the moment of default, minus the recovery costs and the haircut percentage to ensure a more prudential estimate.

Leveraged & Acquisition Finance Model
The Leveraged & Acquisition Finance (LAF) rating model is used to assess extraordinary finance transactions for corporate acquisitions carried out predominantly with debt capital (high financial leverage), with repayment guaranteed by the assets of the acquired company and sustained by the cash flows generated by it.
The main characteristics of these transactions are:
- high financial leverage, with the primary source of repayment being the cash flows generated, without recourse to shareholders;
- specific types of contractual protection, also in the form of covenants and negative pledges, in order to provide the Bank (or the lead manager in the case of Pools) with a certain degree of risk protection beyond the current risk typical of traditional firms;
- the rating is determined based on prospective analyses of future years, as the financial statements analysed are not generally representative of the income expected from the investment financed.

Strictly speaking, leveraged transactions are different from Specialised Lending transactions in that the financing does not regard a specific project or asset but is designed to support extraordinary finance transactions. The model differentiates the projects based on the economic sector and geographical area.
The cash flow simulation is based on the Business Plan figures and on volatility, which is a parameter of the model estimated on long-term historical series (by geographical area and business sector). In addition to the risk of fluctuating interest rates, the model also takes into account exchange rate risk for the major world currencies. Given the transnational nature of transactions with high financial leverage, transfer risk is also taken into consideration, namely the possibility that the reference currency is blocked if the country in which the cash flows are generated goes into default.

Determination of the LGD takes into consideration the current value of the cash flows upon default and the hypothetical sales value of the asset itself, calculated as a multiple of EBITDA: the sum of losses generated in each default scenario are compared to the sum of EADs recorded during the corresponding scenarios. The LGD is estimated for each tranche of debt, taking into consideration the various levels of seniority.

LGD models for Leasing and Factoring

The LGD models developed for Leasing and Factoring products have the same methodological layout used in the LGD Corporate model of Intesa Sanpaolo's banking products, duly customised in order to take into account the specific characteristics of the two products.

The historical or observed LGD values constitute the basis for the estimate of the model. For the "Doubtful Loans" model, the length of the historical series used meets the need to cover a broad timescale and is based on a 9-year historical series, while the "Danger Rate" model meets the need to represent the structure of the Group for the future and is based on observation of defaults in the most recent periods (observations since 2009 for Leasint and 2010 for Mediofactoring).

The model for estimation of the LGD is therefore made up of the following elements:

- estimate of a "Non-Performing LGD" Model: starting from the LGD observed on the portfolio, or the "workout LGD", determined on the basis of the recoveries and costs, an econometric model of regression of the LGD is estimated on variables considered to be significant for the determination of the loss associated with the Default event;
- application of a correction factor, known as the "Danger Rate": the Danger Rate is a multiplying correction factor, aimed at recalibrating the Non-Performing LGD with the information available on other default events, in order to produce an LGD that is representative of all the possible default events and their evolution;
- application of other correction factors, known as the "Final Settlement Component": this component is used as an add-on to the recalibrated estimate of the Danger Rate in order to take account of the loss rates associated with positions that have not become Non-Performing (Substandard and Past Due positions that end the default with a return to performing status or a loss).

The data from the estimation sample has been subject to normalising: censoring of LGD values that are negative or higher than 100%, filtering of exposures of small amounts and the exclusion of positions with information gaps.

The Incomplete Workout phenomenon is then considered in the estimation model. This phenomenon regards default positions still active at the observation date, but classified as doubtful loans for a significant amount of time. For these positions, the residual exposure at the observation date is considered to be completely unrecoverable. The length of the period is different from the Parent Company's model, due to the specific nature of the products, and is 6 years for Leasint and 8 years for Mediofactoring. The particularly rigorous approach used for leasing has reduced the need to introduce precautionary margins, especially for the real estate sector, characterised by few defaults and limited losses.

Bankruptcy revocatory actions for transactions implemented prior to the bankruptcy date, indicated as "pursuant to art. 67 of the Bankruptcy Law" and similar articles, are included in the "boundary" category between credit risk and operational risk and, as in the Parent Company's model, have been included in the area of credit risk. Revocatory actions which are not attributable to credit risk are managed in the area of operational risk.

The time factor is taken into consideration by discounting at a risk-free rate all cash movements, recoveries and charges occurring from the time of default to the time of closure (or return to performing status) of the position. The rates are then increased by a spread determined according to the segment, in order to include a premium that takes account of the risk implicit in the volatility of recoveries.

Starting with a long list of variables, using univariate statistical analyses, the short list is defined based on the contribution of the single variables in the valuation of the loss rate. For the Leasing product, the following bases of analysis were significant: product type (real estate, instrumental, naval-aviation and railway, motor vehicles) and regulatory segment (Corporate and SME Corporate). The following were significant for Factoring: product type (with recourse, without recourse), geographical area (Italy, Foreign) and regulatory segment (Corporate and SME Corporate). The model applied to the small set of variables involves the use of a multivariate regression, in order to capture the joint capacity of the explanatory variables in the valuation of the loss rate. The outcome of the multivariate model is the estimate of the Non-Performing LGD, determined in relation to the significant bases of analysis.

In order to comply with regulatory provisions that require the adjustment of LGD estimates for an economic downturn, and in the absence of a direct relationship between the economic cycle and LGD, it was decided to incorporate this element in the discounting process, by using a suitably stressed risk premium.

VUB Retail Mortgage Models

The PD and LGD models for the Slovak residential mortgage market have been developed by the company VUB, in collaboration with the Parent Company as part of the Basel 2 Project.

The PD model consists of two statistical modules. The acceptance module processes the socio-demographic characteristics of customers, such as educational qualification, marital status and home address. The behavioural module integrates, for each of the four retail products (mortgages, personal loans, credit cards and credit facilities), behavioural information regarding operations, non-payment, use of credit lines, duration of relationship with the Bank, etc.
Both of these modules are subsequently integrated statistically with additional information on the customer’s risk status. Finally, the model assigns a rating based on an internal scale related to that of the Parent Company.

The LGD model was developed on a “workout” approach, analysing the losses sustained by the Bank on the historical defaults. LGD is therefore determined based on the recovery rates achieved during the default period, taking into consideration direct and indirect costs and recovery times. Assessment of the loss rates was carried out for each individual transaction. The model classifies the data into two groups, according to two risk factors: LTV (residual debt at default over the value of the guarantee provided) and PPI (purchasing power index of the geographical area in which the collateral is situated).

The exposure values as at 30 June 2012 for the various IRB approaches (IRB, Foundation IRB and Advanced IRB) are shown in the tables below.

Exposure values by regulatory portfolio (Foundation IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value	
	30.06.2012	31.12.2011
Exposures to or secured by corporates:		
- Specialised lending	*810*	*754*
- SMEs (Small and Medium Enterprises)	*972*	*11,259*
- Other corporates	*1,859*	*13,530*
Total credit risk (IRB)	**3,641**	**25,543**

Exposure values by regulatory portfolio (Advanced IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value	
	30.06.2012	31.12.2011
Exposures to or secured by corporates:		
- Specialised lending	*18,771*	*7,098*
- SMEs (Small and Medium Enterprises)	*77,587*	*67,420*
- Other corporates	*133,767*	*119,847*
Total credit risk (Advanced IRB approach)	**230,125**	**194,365**

Exposure values by regulatory portfolio (IRB Approach)

(millions of euro)

Regulatory portfolio	Exposure value	
	30.06.2012	31.12.2011
Exposures secured by residential property		
- Retail	*64,437*	*60,535*
Total credit risk (IRB)	**64,437**	**60,535**

The exposure value shown in the tables set forth in this Table is expressed gross of adjustments and takes into account (for guarantees given and commitments to disburse funds) credit conversion factors. Conversely, the exposure value does not consider the techniques for mitigation of risk which – for exposures assessed using internal models – are directly incorporated in the weightings applied to the exposure.

Breakdown of exposures by exposure class and PD class (Foundation IRB Approach and Advanced IRB Approach)

(millions of euro)

		30.06.2012						31.12.2011
Regulatory portfolio	**Rating class**	**Central PD (%)**	**Exposure value**	**Average risk weight**	**Weighted average LGD (%) (*)**	**Revocable and irrevocable margins (*)**	**Weighted average EAD (*)**	**Exposure value**
Exposures to or secured by corporates								
- Specialised lending			**19,581**			**4,156**		**7,852**
	-class from 1 to 8	-	-	0%	-	-	0%	-
	-class 9	0.23	1,496	39%	26.5	386	62%	46
	-class 10	0.36	702	38%	23.5	95	69%	126
	-class 11	0.51	1,331	49%	24.9	172	67%	298
	-class 12	0.84	1,962	65%	27.3	434	60%	533
	-class 13	1.28	1,742	74%	28.1	501	66%	753
	-class 14	1.77	2,504	84%	28.9	656	63%	1,208
	-class 15	2.84	3,339	90%	29.4	773	50%	1,104
	-class 16	4.67	2,235	85%	24.9	397	40%	1,037
	-class 17	6.79	1,142	112%	30.8	276	56%	827
	-class 18	10.43	959	120%	25.8	179	64%	953
	-class 19	15.92	250	159%	29.3	53	61%	132
	-class 20	25.18	1,119	157%	25.6	173	65%	214
	-class 21 (default)	100.00	800	0%	35.2	61	44%	621
- SMEs (Small and Medium Enterprises)			**78,559**			**4,424**		**78,679**
	-class from 1 to 3	-	-	0%	-	-	0%	-
	-class 4	0.04	2	8%	34.5	2	38%	1
	-class 5	0.05	-	0%	n.s.	-	0%	3
	-class 6	0.07	1,558	14%	33.2	152	5%	1,907
	-class 7	0.10	1,695	17%	33.4	155	7%	1,659
	-class 8	0.15	2,878	23%	33.2	294	9%	2,779
	-class 9	0.23	3,749	29%	33.7	282	9%	3,899
	-class 10	0.36	3,586	36%	32.9	424	17%	3,422
	-class 11	0.51	6,118	44%	32.9	351	10%	6,107
	-class 12	0.84	6,015	54%	32.2	357	12%	5,905
	-class 13	1.28	7,259	62%	31.8	399	14%	7,231
	-class 14	1.77	7,379	70%	31.8	426	16%	7,797
	-class 15	2.84	8,891	77%	30.8	476	19%	8,799
	-class 16	4.67	6,064	84%	30.5	364	26%	6,961
	-class 17	6.79	3,512	93%	29.4	251	36%	3,663
	-class 18	10.43	3,174	114%	30.0	156	29%	3,309
	-class 19	15.92	965	139%	30.8	56	34%	1,058
	-class 20	25.18	1,095	145%	28.8	57	33%	1,203
	-class 21 (default)	100.00	14,619	0%	45.2	222	28%	12,976
- Other corporates			**135,626**			**45,201**		**133,377**
	-class 1	-	-	0%	-	-	0%	-
	-class 2	-	-	0%	-	-	0%	-
	-class 3	0.03	4,096	12%	38.9	3,657	37%	4,333
	-class 4	0.04	7,495	15%	38.2	2,808	38%	7,684
	-class 5	0.05	2,853	19%	39.4	2,411	37%	3,532
	-class 6	0.07	9,625	22%	37.2	5,798	39%	10,214
	-class 7	0.10	8,109	26%	38.0	3,580	35%	11,618
	-class 8	0.15	12,643	32%	37.9	7,297	42%	8,880
	-class 9	0.23	6,781	38%	37.0	3,149	35%	6,228
	-class 10	0.36	16,461	47%	36.3	5,334	35%	15,016
	-class 11	0.51	14,787	58%	36.0	3,197	31%	14,328
	-class 12	0.84	10,187	68%	36.0	1,453	28%	9,021
	-class 13	1.28	8,970	81%	35.3	1,863	38%	10,481
	-class 14	1.77	8,424	97%	36.5	1,237	32%	7,561
	-class 15	2.84	7,044	104%	34.4	1,342	37%	8,001
	-class 16	4.67	2,703	119%	34.1	534	45%	2,804
	-class 17	6.79	1,918	137%	34.0	251	40%	1,598
	-class 18	10.43	2,143	169%	36.1	414	51%	1,898
	-class 19	15.92	717	185%	35.9	44	27%	785
	-class 20	25.18	555	204%	35.2	177	62%	414
	-class 21 (default)	100.00	10,115	0%	40.1	655	43%	8,981

(*) The disclosure refers only to the Advanced IRB approach. The weighted average EAD refers to both revocable and irrevocable margins.

Breakdown of exposures by exposure class and PD class (IRB Approach)

(millions of euro)

Regulatory portfolio	Rating class	30.06.2012 Central PD (%)	Exposure value (*)	Average risk weight	Weighted average LGD (%)	31.12.2011 Exposure value
Exposures secured by residential property						
Retail			**64,437**			**60,535**
	-class from 1 to 5	-	-	-	-	-
	-class 6	0.07	2,792	3%	17.4	1,604
	-class 7	-	-	-	-	-
	-class 8	0.15	2,387	4%	12.9	2,275
	-class 9	0.23	6,333	6%	13.1	5,798
	-class 10	-	-	-	-	-
	-class 11	0.51	13,903	10%	12.9	13,267
	-class 12	0.84	14,208	15%	13.0	13,440
	-class 13	-	-	0%	-	-
	-class 14	1.77	11,003	23%	13.4	10,764
	-class 15	2.84	5,124	32%	13.9	5,079
	-class 16	4.67	4,166	48%	13.6	4,021
	-class 17	-	-	-	-	-
	-class 18	-	-	-	-	-
	-class 19	-	-	-	-	-
	-class 20	25.18	1,330	87%	14.5	1,285
	-class 21 (default)	100.00	3,191	0%	21.7	3,002

(*) Given the nature of the sole regulatory portfolio for which the IRB approach is currently used, the Exposure value for Unused margins is only 169 million euro. This Exposure value takes into account, usually, the application of an average credit conversion factor, or "Weighted average EAD", of 50% for all rating classes.

Actual losses and comparison with expected losses

The actual adjustments made during the first half of 2012 on the counterparties in default belonging to the Corporate regulatory portfolio amounted to 1,090 million euro (2,023 million euro for the whole of 2011). With regard to the regulatory Residential mortgages for private individuals segment, the adjustments on counterparties in default amounted to 64 million euro (100 million euro for the whole of 2011).

As previously highlighted, the Intesa Sanpaolo Group adopts advanced methods for determining capital requirements for the Corporate and Retail Mortgage segments. Therefore, for these two portfolios, the PD and LGD parameters, estimated internally, are used.
The comparison between estimated losses and actual losses is carried out annually by the Internal Validation Unit as part of the backtesting procedures.
For the PD, the default rates over a one-year period are compared with the ex ante estimated PDs, using measures of the performance of the model's discriminating power, in other words its ability to correctly rank the counterparties according to creditworthiness, and statistical tests to assess its calibration, namely the ability to correctly predict the default rates.
In terms of LGD, it can be noted that the approach adopted in the estimation phase (including the most recent data and introducing various prudential elements) guarantees the application of parameters representing conservative estimates of losses.

Table 8 – Risk mitigation techniques

Quantitative disclosure

As required by the specific regulations, this table lists only the portions of exposures secured by financial collateral and personal guarantees subject to the calculation of capital requirements using the standard and foundation IRB approaches. The column "Personal guarantees or credit derivatives" consists almost exclusively of guarantees received in the form of personal guarantees, as credit derivatives represent an insignificant proportion of the total guarantees of the Intesa Sanpaolo Group.

Breakdown of exposures secured by collateral, guarantees or credit derivatives by exposure class

Secured exposures subject to the Standardised approach

(millions of euro)

Regulatory portfolio	30.06.2012			31.12.2011		
	Collateral		Personal guarantees or credit derivatives	Collateral		Personal guarantees or credit derivatives
		of which: Simple approach			*of which: Simple approach*	
Exposures to or secured by governments and central banks	634	432	3,887	572	422	3,349
Exposures to or secured by local authorities	28	-	532	1	-	414
Exposures to or secured by not for profit and public sector organisations	583	-	36	592	-	22
Exposures to or secured by multilateral development banks	6	6	1	4	4	1
Exposures to or secured by international organisations	-	-	-	-	-	-
Exposures to or secured by supervised institutions	37,287	20	1,529	27,372	46	2,042
Exposures to or secured by corporates	5,262	-	278	3,862	-	134
Retail exposures	2,521	-	-	2,518	-	-
Past due exposures	99	-	-	81	-	-
High-risk exposures	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-
Short-term exposures to corporates	49	-	-	56	-	-
Exposures to UCI	916	-	-	715	-	-
Other exposures	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-
Total	**47,385**	**458**	**6,263**	**35,773**	**472**	**5,962**

The Table above complements the disclosures, in the sub-table "exposures with credit risk mitigation" in Table 6, which shows the residual exposure not covered by these guarantees. Under the current regulations, when the comprehensive method is adopted (as Intesa Sanpaolo does in the majority of cases), collateral (e.g. cash collateral or securities received as pledges) reduces risk exposure, whereas personal guarantees (and the remaining collateral - simplified method) transfer the related risk to the guarantor's regulatory portfolio; consequently, the representation of personal guarantees included in this Table is the guarantor's responsibility.
Exposures secured by mortgage collateral, for which the regulations require the assignment of preferential weightings, are not shown in this Table, as they are already included in Table 6 under "exposures secured by real estate property".

Exposures secured by guarantees or credit derivatives and collateral – simplified method: guarantor weighting factors (Standardised approach)

(millions of euro)

Regulatory portfolio	Guarantor's weights										
	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	Total as at 30.06.2012
Exposures to or secured by governments and central banks	3,424	X	199	X	678	X	18	-	X	-	4,319
Exposures to or secured by local authorities	-	X	499	X	-	X	33	-	X	X	532
Exposures to or secured by not for profit and public sector organisations	-	X	-	X	10	X	26	-	X	X	36
Exposures to or secured by multilateral development banks	7	X	-	X	-	X	-	-	X	X	7
Exposures to or secured by international organisations	-	X	X	X	X	X	X	X	X	X	-
Exposures to or secured by supervised institutions	-	X	257	X	1,288	X	4	-	X	X	1,549
Exposures to or secured by corporates	-	X	-	X	278	X	-	-	X	X	278
Retail exposures	-	X	X	X	X	-	X	X	X	X	-
Exposures secured by real estate property	X	X	X	-	-	X	X	X	X	X	-
Past due exposures	-	X	X	X	-	X	-	-	X	X	-
High-risk exposures	X	X	X	X	X	X	-	-	-	X	-
Exposures in the form of covered bonds	X	-	-	X	-	X	-	X	X	X	-
Short-term exposures to corporates	-	X	-	X	-	X	-	-	X	X	-
Exposures to UCI	-	X	-	X	-	X	-	-	X	-	-
Other exposures	-	X	-	X	X	X	-	X	X	X	-
Securitisations	X	X	X	X	X	X	X	X	X	X	-
Total 30.6.2012	**3,431**	**-**	**955**	**-**	**2,254**	**-**	**81**	**-**	**-**	**-**	**6,721**
Total 31.12.2011	**3,003**	**-**	**1,322**	**-**	**2,070**	**-**	**39**	**-**	**-**	**-**	**6,434**

Secured exposures subject to the foundation IRB approach

(millions of euro)

Regulatory portfolio	30.06.2012		31.12.2011	
	Collateral	Personal guarantees or credit derivatives	Collateral	Personal guarantees or credit derivatives
Exposures to or secured by corporates				
Specialised lending	-	-	-	-
SMEs	-	-	*4,518*	*112*
Other corporates	-	-	*2,324*	*41*
Specialised lending - slotting criteria	-	-	-	-
Total	**-**	**-**	**6,842**	**153**

Following migration of the Group companies to Advanced IRB approaches during the half year, as at 30 June 2012 there are no secured exposures subject to the foundation IRB approach.

Exposures secured by residential mortgage collateral for private individuals (regulatory segment of residential mortgages for private individuals), for which the Group applies the IRB approach (other than the foundation IRB approach), are not included in this Table as they are specifically indicated in Table 7.

Table 9 – Counterparty risk

Quantitative disclosure

Counterparty risk

(millions of euro)

Transaction categories	Mark-to-market method - Exposure	
	30.06.2012	31.12.2011
Derivative contracts	22,072	19,563
SFT transactions and long settlement transactions	48,741	38,560
Cross product netting	-	-

For regulatory reporting purposes the Group uses the "mark-to-market" approach for the calculation of the exposures subject to counterparty risk for OTC financial and credit derivatives, whereas for repurchase agreements it considers the guarantee in securities as financial collateral, directly reducing the value of the exposure ("comprehensive" method). For reverse repurchase agreements, the cash received is considered as financial collateral.

The exposure value shown in the table above, for both positions in the regulatory trading book and the banking book, is calculated by referring to:

– for positions in derivatives, at the loan equivalent, which takes account of the effects of any netting agreements, but does not consider the effect of any guarantees received;
– for positions deriving from SFTs with long-term settlement, at the exposure value, without taking account of risk mitigation techniques.

The exposures in the table above benefited from risk mitigation (collateral) for a total of 44,572 million euro, of which 3,822 million euro referring to derivative exposures (33,720 million euro and 3,271 million euro respectively as at 31 December 2011).

The capital requirement for "counterparty risk", for both the regulatory trading book and the banking book, is shown - for the individual regulatory portfolios - in the tables of the capital requirements for credit risk treated under the standardised approach and the IRB approach.

The tables below show the information on financial and credit derivatives required by the regulations. In particular, the fair value of OTC derivative financial instruments was determined considering the creditworthiness of the single counterparties ("Credit Risk Adjustment"). With regard to contracts outstanding as at 30 June 2012, this led to a net negative impact of 57 million euro being recorded in the income statement of which 51 million euro referring to contracts negotiated with customers (81 million euro and 75 million euro respectively as at 31 December 2011). Adjustments, which were recorded for every single contract, on the market value determined using the risk free curves, amounted to 340 million euro as at 30 June 2012, of which 37 million euro relating to non-performing positions (274 million euro and 33 million euro respectively as at 31 December 2011).

Financial derivatives - Regulatory trading book: period-end and average notional amounts

(millions of euro)

	30.06.2012		31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**2,917,181**	**145,342**	**2,929,078**	**188,238**
a) Options	288,232	46,877	328,496	105,366
b) Swaps	2,628,544	-	2,599,155	-
c) Forwards	127	-	199	159
d) Futures	278	98,465	1,228	82,713
e) Others	-	-	-	-
2. Equities and stock indices	**28,186**	**22,345**	**27,431**	**18,627**
a) Options	27,262	21,345	26,817	18,059
b) Swaps	506	-	445	-
c) Forwards	418	-	169	-
d) Futures	-	1,000	-	568
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**118,023**	**336**	**114,384**	**129**
a) Options	14,253	-	12,807	-
b) Swaps	22,088	-	20,328	-
c) Forwards	81,184	-	80,645	-
d) Futures	-	336	-	129
e) Others	498	-	604	-
4. Commodities	**8,253**	**1,544**	**4,504**	**1,452**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**3,071,643**	**169,567**	**3,075,397**	**208,446**
AVERAGE VALUES	**2,787,295**	**185,246**	**2,930,368**	**215,414**

Transactions in futures presented in the column "Over the counter" refer to transactions closed through direct participants in organised futures markets not belonging to the banking group.

Financial derivatives - Banking book: period-end and average notional amounts

Hedging

(millions of euro)

	30.06.2012		31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**278,549**	**-**	**262,464**	**159**
a) Options	9,413	-	9,584	-
b) Swaps	269,136	-	252,880	-
c) Forwards	-	-	-	159
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equities and stock indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**5,394**	**-**	**5,344**	**-**
a) Options	-	-	-	-
b) Swaps	5,394	-	5,344	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**283,943**	**-**	**267,808**	**159**
AVERAGE VALUES	**267,188**	**-**	**262,677**	**-**

Other derivatives

(millions of euro)

	30.06.2012		31.12.2011	
	Over the counter	**Central counterparties**	**Over the counter**	**Central counterparties**
1. Debt securities and interest rates	**12,123**	**-**	**12,979**	**159**
a) Options	7,807	-	7,857	-
b) Swaps	4,316	-	5,122	-
c) Forwards	-	-	-	159
d) Futures	-	-	-	-
e) Others	-	-	-	-
2. Equities and stock indices	**6,199**	**-**	**6,109**	**-**
a) Options	6,199	-	6,109	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
3. Foreign exchange rates and gold	**4,299**	**-**	**5,003**	**-**
a) Options	41	-	41	-
b) Swaps	1,831	-	2,308	-
c) Forwards	2,427	-	2,654	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
TOTAL	**22,621**	**-**	**24,091**	**159**
AVERAGE VALUES	**23,311**	**-**	**24,400**	**-**

Financial derivatives - gross positive fair value: breakdown by product

(millions of euro)

	Positive fair value			
	30.06.2012		31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	**43,619**	**614**	**37,081**	**829**
a) Options	6,345	499	5,889	574
b) Interest rate swaps	35,197	-	28,666	159
c) Cross currency swaps	1,223	-	1,161	-
d) Equity swaps	16	-	33	-
e) Forwards	791	-	1,113	-
f) Futures	-	115	-	58
g) Others	47	-	219	38
B. Banking book - hedging	**11,708**	**-**	**10,208**	**-**
a) Options	383	-	524	-
b) Interest rate swaps	10,518	-	8,996	-
c) Cross currency swaps	807	-	688	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**708**	**-**	**757**	**-**
a) Options	174	-	169	-
b) Interest rate swaps	461	-	485	-
c) Cross currency swaps	62	-	98	-
d) Equity swaps	-	-	-	-
e) Forwards	11	-	5	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**56,035**	**614**	**48,046**	**829**

Financial derivatives - gross negative fair value: breakdown by product

(millions of euro)

	Negative fair value			
	30.06.2012		31.12.2011	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading book	**47,499**	**881**	**40,868**	**954**
a) Options	7,745	705	7,145	712
b) Interest rate swaps	37,129	-	30,661	159
c) Cross currency swaps	1,696	-	1,502	-
d) Equity swaps	12	-	7	-
e) Forwards	885	-	1,371	-
f) Futures	-	176	-	42
g) Others	32	-	182	41
B. Banking book - hedging	**9,563**	**-**	**8,324**	**-**
a) Options	85	-	156	-
b) Interest rate swaps	9,173	-	7,939	-
c) Cross currency swaps	305	-	229	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
C. Banking book - other derivatives	**774**	**-**	**878**	**-**
a) Options	595	-	603	-
b) Interest rate swaps	153	-	187	-
c) Cross currency swaps	19	-	59	-
d) Equity swaps	-	-	-	-
e) Forwards	7	-	29	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
TOTAL	**57,836**	**881**	**50,070**	**954**

Over the counter financial derivatives – regulatory trading book: notional amounts, gross positive and negative fair values by counterparty as at 30 June 2012

Contracts not included under netting agreements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	3,557	41,176	18,887	1,996	39,081	285
- positive fair value	-	554	506	142	9	2,208	14
- negative fair value	-	-107	-1,016	159	-37	-359	-1
- future exposure	-	29	137	67	8	231	1
2. Equities and stock indices							
- notional amount	2	-	361	3,135	4,475	19	20
- positive fair value	-	-	-	16	-	1	-
- negative fair value	-	-	-86	-2,327	-112	-	-3
- future exposure	-	-	10	219	4	1	-
3. Foreign exchange rates and gold							
- notional amount	-	164	9,921	10,641	250	13,255	240
- positive fair value	-	-	75	85	2	246	2
- negative fair value	-	-135	-504	-353	-1	-130	-
- future exposure	-	12	75	207	2	204	4
4. Other values							
- notional amount	-	-	-	33	-	6,605	1
- positive fair value	-	-	-	3	-	327	-
- negative fair value	-	-	-9	-	-	-333	-
- future exposure	-	-	-	3	-	734	-

Over the counter financial derivatives – regulatory trading book: notional amounts, gross positive and negative fair values by counterparty as at 30 June 2012

Contracts included under netting agreements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	8,425	-	1,698,226	1,103,425	951	1,172	-
- positive fair value	3,485	-	28,881	4,540	19	62	-
- negative fair value	-7	-	-35,132	159	-18	-14	-
2. Equities and stock indices							
- notional amount	-	-	12,924	7,038	212	-	-
- positive fair value	-	-	373	127	2	-	-
- negative fair value	-	-	-293	-116	-11	-	-
3. Foreign exchange rates and gold							
- notional amount	-	-	72,520	7,462	531	3,039	-
- positive fair value	-	-	805	492	123	369	-
- negative fair value	-	-	-1,563	-70	-	-170	-
4. Other values							
- notional amount	-	-	275	179	-	1,160	-
- positive fair value	-	-	97	5	-	49	-
- negative fair value	-	-	-31	-4	-	-29	-

Over the counter financial derivatives – banking book: notional amounts, gross positive and negative fair values by counterparty as at 30 June 2012

Contracts not included under netting agreements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	-	67,575	361	-	-	8,514
- positive fair value	-	-	1,274	-	254	-	5
- negative fair value	-	-	-4,540	159	-	-	-359
- future exposure	-	-	21	4	-	-	3
2. Equities and stock indices							
- notional amount	-	-	2,843	367	-	295	1,457
- positive fair value	-	-	1	-	-	-	-
- negative fair value	-	-	-182	-	-	-82	-36
- future exposure	-	-	6	2	-	1	-
3. Foreign exchange rates and gold							
- notional amount	-	-	2,918	134	-	32	8
- positive fair value	-	-	53	-	-	-	-
- negative fair value	-	-	-181	-65	-	-	-
- future exposure	-	-	35	9	-	-	-
4. Other values							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

Over the counter financial derivatives – banking book: notional amounts, gross positive and negative fair values by counterparty as at 30 June 2012

Contracts included under netting agreements

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Debt securities and interest rates							
- notional amount	-	-	203,876	10,346	-	-	-
- positive fair value	-	-	9,684	267	-	-	-
- negative fair value	-	-	-4,088	159	-	-	-
2. Equities and stock indices							
- notional amount	-	-	1,011	226	-	-	-
- positive fair value	-	-	36	4	-	-	-
- negative fair value	-	-	-	-	-	-	-
3. Foreign exchange rates and gold							
- notional amount	-	-	6,467	135	-	-	-
- positive fair value	-	-	818	20	-	-	-
- negative fair value	-	-	-99	-1	-	-	-
4. Other values							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

Credit derivatives – period-end and average notional amounts

(millions of euro)

	Regulatory trading book		Banking book	
	single counterparty	more counterparties (*basket*)	single counterparty	more counterparties (*basket*)
1. Protection purchases				
- Credit default products	29,260	41,362	-	-
- Credit spread products	-	-	-	-
- Total rate of return swap	474	-	-	159
- Other	-	-	-	-
Total 30.06.2012	**29,734**	**41,362**	**-**	**159**
Average values	**28,014**	**33,506**	**-**	**-**
Total 31.12.2011	**30,624**	**29,399**	**-**	**-**
2. Protection sales				
- Credit default products	28,802	41,952	-	-
- Credit spread products	-	-	-	-
- Total rate of return swap	122	-	-	-
- Other	-	-	-	-
Total 30.06.2012	**28,924**	**41,952**	**-**	**-**
Average values	**34,725**	**33,619**	**-**	**-**
Total 31.12.2011	**28,269**	**29,686**	**-**	**-**

Over the counter credit derivatives – gross positive fair value: breakdown by product

(millions of euro)

	Positive fair value	
	30.06.2012	31.12.2011
A. Regulatory trading book	**3,047**	**3,342**
a) Credit default products	2,879	3,099
b) Credit spread products	-	-
c) Total rate of return swap	168	243
d) Other	-	-
B. Banking book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
TOTAL	**3,047**	**3,342**

Over the counter credit derivatives – gross negative fair value: breakdown by product

(millions of euro)

	Negative fair value	
	30.06.2012	31.12.2011
A. Regulatory trading book	**3,589**	**3,789**
a) Credit default products	3,418	3,579
b) Credit spread products	-	-
c) Total rate of return swap	171	210
d) Other	-	-
B. Banking book	**-**	**-**
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
TOTAL	**3,589**	**3,789**

Over the counter credit derivatives – gross (positive and negative) fair values by counterparty: contracts not included under netting agreements as at 30 June 2012

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
REGULATORY TRADING BOOK							
1. Protection purchases							
- notional amount	-	88	651	1,384	-	-	-
- positive fair value	-	94	46	159	-	-	-
- negative fair value	-	-	-1	-2	-	-	-
- future exposure	-	9	52	97	-	-	-
2. Protection sales							
- notional amount	-	-	768	1,803	-	-	-
- positive fair value	-	-	2	35	-	-	-
- negative fair value	-	-	-52	-586	-	-	-
- future exposure	-	-	17	75	-	-	-
BANKING BOOK							
1. Protection purchases							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2. Protection sales							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

Over the counter credit derivatives – gross (positive and negative) fair values by counterparty: contracts included under netting agreements as at 30 June 2012

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
REGULATORY TRADING BOOK							
1. Protection purchases							
- notional amount	-	-	50,344	18,629	-	-	-
- positive fair value	-	-	1,846	159	-	-	-
- negative fair value	-	-	-283	-24	-	-	-
2. Protection sales							
- notional amount	-	-	49,725	18,580	-	-	-
- positive fair value	-	-	88	33	-	-	-
- negative fair value	-	-	-1,775	-865	-	-	-
BANKING BOOK		-					
1. Protection purchases							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
2. Protection sales							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

Over the counter credit and financial derivatives – net fair values and future exposure by counterparty as at 30 June 2012

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non-financial companies	Other counterparties
1. Financial derivatives - bilateral agreements							
- positive fair value	3,479	-	2,273	553	140	320	-
- negative fair value	-	-	-1,910	-423	-23	-51	-
- future exposure	121	-	896	159	47	149	-
- net counterparty risk	3,600	-	1,279	687	187	469	-
2. Credit derivatives - bilateral agreements							
- positive fair value	-	-	-	4	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	3	-	-	-
- net counterparty risk	-	-	-	7	-	-	-
3. "Cross product" agreements							
- positive fair value	-	-	1,511	466	-	-	-
- negative fair value	-	-	-5,342	-31	-	-	-
- future exposure	-	-	3,603	788	-	-	-
- net counterparty risk	-	-	3,604	888	-	-	-

The effect of netting on the positive fair value of OTC (financial and credit) derivative contracts included under netting agreements (bilateral and/or cross-product) amounted to 44,314 million euro, mainly referring to banking counterparties (40,603 million euro as at 31 December 2011).

The total positive net fair value of derivatives concluded OTC or with Central Counterparties was 14,768 million euro (10,785 million as at 31 December 2011); this amount includes both contracts included under netting agreements and those not included under such agreements.

Table 10 – Securitisations

Quantitative disclosure

The tables below detail the net exposures and adjustments for the securitisations. The figures in the tables represent the exposures shown in the financial statements, and include both the positions relating to the banking book and the regulatory trading book.

Securitisations: amount of the securitisation positions originated and third party

(millions of euro)

	On-balance sheet exposures						Guarantees given					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Exposure		Exposure		Exposure		Exposure		Exposure		Exposure	
	gross	net	gross	net	gross	net	gross	net	gross	net	gross	net
A. Originated underlying assets	**7**	**6**	**114**	**114**	**82**	**83**	**-**	**-**	**-**	**-**	**-**	**-**
a) Non-performing	-	-	*3*	*3*	*21*	*21*	-	-	-	-	-	-
b) Other	*7*	*6*	*111*	*111*	*61*	*62*	-	-	-	-	-	-
B. Third party underlying assets (*)	**4,855**	**4,844**	**401**	**400**	**28**	**27**	**20**	**20**	**-**	**-**	**-**	**-**
a) Non-performing	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	*4,855*	*4,844*	*401*	*400*	*28*	*27*	*20*	*20*	-	-	-	-
TOTAL 30.06.2012	**4,862**	**4,850**	**515**	**514**	**110**	**110**	**20**	**20**	**-**	**-**	**-**	**-**
TOTAL 31.12.2011	**5,693**	**5,684**	**556**	**551**	**146**	**142**	**24**	**24**	**-**	**-**	**-**	**-**

	Credit lines						Total					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Exposure		Exposure		Exposure		Exposure		Exposure		Exposure	
	gross	net	gross	net	gross	net	gross	net	gross	net	gross	net
A. Originated underlying assets	**761**	**761**	**-**	**-**	**-**	**-**	**768**	**767**	**114**	**114**	**82**	**83**
a) Non-performing	-	-	-	-	-	-	-	-	*3*	*3*	*21*	*21*
b) Other	*761*	*761 (**)*	-	-	-	-	*768*	*767*	*111*	*111*	*61*	*62*
B. Third party underlying assets (*)	**1,663**	**1,663**	**-**	**-**	**-**	**-**	**6,538**	**6,527**	**401**	**400**	**28**	**27**
a) Non-performing	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	*1,663*	*1,663*	-	-	-	-	*6,538*	*6,527*	*401*	*400*	*28*	*27*
TOTAL 30.06.2012	**2,424**	**2,424**	**-**	**-**	**-**	**-**	**7,306**	**7,294**	**515**	**514**	**110**	**110**
TOTAL 31.12.2011	**2,326**	**2,326**	**-**	**-**	**-**	**-**	**8,043**	**8,034**	**556**	**551**	**146**	**142**

(*) Including Romulus and Duomo Asset Backed Commercial Paper (ABCP) programmes as detailed in the tables relating to third party securitisations.

(**) Including 667 million euro referring to credit lines granted to cover loans which did not meet the criteria for derecognition pursuant to IAS 39.

With the exception of the Da Vinci securitisation, the Group's originated securitisations include only traditional transactions and ABCP (Asset Backed Commercial Paper) programmes.

Total amount of assets awaiting securitisation

At the end of June, the Intesa Sanpaolo Group had no significant securitisation transactions pending in the short term.

Breakdown of net exposures to securitisations by financial assets portfolio and by type of exposure

(millions of euro)

	On-balance sheet exposures (*)			Off-balance sheet exposures		
	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior
Financial assets held for trading	1,023	78	2	-	-	-
Financial assets measured at fair value	-	-	-	-	-	-
Financial assets available for sale	15	6	20	-	-	-
Investments held to maturity	103	-	-	-	-	-
Loans (**)	3,708	319	30	1,777	-	-
Total 30.06.2012	**4,849**	**403**	**52**	**1,777**	**-**	**-**
Total 31.12.2011	**5,678**	**433**	**85**	**1,702**	**-**	**-**

(*) Excluding on-balance sheet (171 million euro) and off-balance sheet (667 million euro) exposures as at 30 June 2012 deriving from originated securitisations in which assets sold have not been fully derecognised.

(**) This caption includes off-balance sheet exposures referred to "Guarantees given" and "Credit lines".

Securitisations: breakdown of on-balance sheet exposures deriving from main originated securitisations by type of securitised asset and by type of exposure

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
A. Fully derecognised	**3**	**-**	**3**	**-2**	**26**	**-6**
A.1 Intesa Sec						
- performing mortgages	*-*	*-*	*-*	*-*	*-*	*-*
A.2 Intesa Sec Npl						
- doubtful mortgages	*-*	*-*	*3*	*-2*	*21*	*-6*
A.3 Cr Firenze Mutui						
- performing mortgages	*-*	*-*	*-*	*-*	*5*	*-*
A.4 Facility Services Securitisation						
- trade receivables	*3*	*-*	*-*	*-*	*-*	*-*
B. Partly derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised	**3**	**-**	**111**	**-**	**57**	**-**
C.1 Intesa Sec 3 (*)						
- performing residential mortgages	*-*	*-*	*78*	*-*	*29*	*-*
C.2 Da Vinci (**)						
- loans to the aircraft sector	*3*	*-*	*1*	*-*	*-*	*-*
C.3 Split 2 (***)						
- performing leasing contracts	*-*	*-*	*4*	*-*	*18*	*-*
C.4 Electricity Securitisation						
- trade receivables	*-*	*-*	*24*	*-*	*8*	*-*
C.5 Gas Securitisation						
- trade receivables	*-*	*-*	*4*	*-*	*2*	*-*
TOTAL 30.06.2012	**6**	**-**	**114**	**-2**	**83**	**-6**
TOTAL 31.12.2011	**9**	**-1**	**139**	**-2**	**113**	**-1**

(*) Not derecognised for financial statement purposes, but derecognised for prudential purposes.

(**) Synthetic securitisation.

(***) A securitisation vehicle not recorded under the Banking Group, but whose securitised assets are not derecognised by the Group originating the securitisation.

Securitisations: breakdown of off-balance sheet exposures deriving from main originated securitisations by type of securitised asset and by type of exposure

(millions of euro)

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries
A. Fully derecognised for accounting and prudential purposes	**-**	**-**	**-**	**-**	**-**	**-**	**94**	**-**	**-**	**-**	**-**	**-**
A.1 Duomo												
- trade receivables	-	-	-	-	-	-	*94*	-	-	-	-	-
B. Partly derecognised for accounting and prudential purposes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised for accounting and prudential purposes	**-**	**-**	**-**	**-**	**-**	**-**	**667**	**-**	**-**	**-**	**-**	**-**
C.1 Duomo												
- trade receivables	-	-	-	-		-	*667*	-	-	-	-	-
TOTAL 30.06.2012	**-**	**-**	**-**	**-**	**-**	**-**	**761**	**-**	**-**	**-**	**-**	**-**
TOTAL 31.12.2011	**-**	**-**	**-**	**-**	**-**	**-**	**742**	**-**	**-**	**-**	**-**	**-**

Securitisations: breakdown of on-balance sheet exposures deriving from main third party securitisations by type of securitised asset and by type of exposure

(millions of euro)

	On-balance sheet exposures										
	Senior				Mezzanine				Junior		
	Book value	Adjust./ recoveries	of which: non performing		Book value	Adjust./ recoveries	of which: non performing		Book value	Adjust./ recoveries	of which: non performing
A.1 Romulus Funding Corp.											
- Romulus portfolio											
of which: Banking book	*1,811*	-	-		-	-	-		-	-	-
A.2 TCW GLOBAL PROJECT FUND III											
- Project Finance loans											
of which: Banking book	*358*	-	-		-	-	-		-	-	-
A.3 Tevere Finance											
- Exposures to Italian local authorities											
of which : Trading book	*339*	*-6*	-		-	-	-		-	-	-
A.4 Fondo Immobili Pubblici											
- Financial credits deriving from rental of properties to the public sector											
of which: Banking book	*188*	-	-		-	-	-		-	-	-
of which : Trading book	*51*	-	-		-	-	-		-	-	-
A.5 Posillipo Finance											
- Loans to the Italian health system											
of which: Banking book	*179*	*-1*	-		-	-	-		-	-	-
A.6 D'Annunzio											
- Loans to the Italian health system											
of which: Banking book	*131*	*-1*	-		-	-	-		-	-	-
A.7 Nepri finance S.r.l											
- Residential mortgage											
of which : Trading book	*119*	*-5*	-		-	-	-		-	-	-
A.8 Duchess (**)											
- CLOs											
-Trading book	*113*	*1*	-		-	-	-		-	-	-
A.9 Sunrise S.r.l.											
- Consumer credit											
of which: Banking book	*4*	-	-		*5*	-	-		-	-	-
of which : Trading book	*103*	*1*	-		-	-	-		-	-	-
A.10 Berica Residential MBS S.r.l.											
- Residential mortgages											
of which: Banking book	*62*	-	-		*8*	-	-		-	-	-
of which : Trading book	*30*	-	-		-	-	-		-	-	-
A.11 Vintage Finance											
- Electric company receivables from the public sector											
of which: Banking book	*74*	*-1*	-		-	-	-		-	-	-
A.12 CLARIS Finance Srl											
- Residential mortgages											
of which: Banking book	*25*	-	-		-	-	-		-	-	-
of which : Trading book	*40*	-	-		-	-	-		-	-	-
A.13 Cordusio RMBS Securitisation											
- Residential mortgages											
of which: Banking book	*45*	-	-		*18*	-	-		-	-	-
of which : Trading book	*17*	-	-		*8*	-	-		-	-	-
A.14 Siena Mortgage											
- Residential mortgages											
of which: Banking book	*50*	-	-		-	-	-		-	-	-
of which : Trading book	*9*	-	-		-	-	-		-	-	-
A.15 Cartesio											
- Loans to the Italian health system											
of which: Banking book	*55*	-	-		-	-	-		-	-	-
A.16 AYT Cedulas											
- Residential mortgages											
of which: Banking book	*54*	-	-		-	-	-		-	-	-
A.17 Residual portfolio divided in 324 securities (*)	*987*	*-5*	-	*(***)*	*361*	*-2*	-	*(****)*	*27*	-	-
of which: Banking book	*788*	*-4*	-		*291*	*-3*	-		*25*	-	-
of which : Trading book	*199*	*-1*	-		*70*	*1*	-		*2*	-	-
TOTAL 30.06.2012	**4,844**	**-17**	**-**		**400**	**-2**	**-**		**27**	**-**	**-**
of which: Banking book	**3,824**	**-7**	**-**		**322**	**-3**	**-**		**25**	**-**	**-**
of which: Trading book	**1,020**	**-10**	**-**		**78**	**1**	**-**		**2**	**-**	**-**
TOTAL 31.12.2011	**5,675**	**-114**	**5**	**-**	**412**	**-11**	**-**	**-**	**29**	**-1**	**-**
of which: Banking book	**4,330**	**-83**	**5**	**-**	**335**	**-4**	**-**	**-**	**26**	**-1**	**-**
of which: Trading book	**1,345**	**-31**	**-**	**-**	**77**	**-7**	**-**	**-**	**3**	**-**	**-**

(*) It should be noted that 68 million euro included in the residual portfolio refer to single tranche securitisations, classified as Senior securities, and not considered as exposures to securitisations for supervisory purposes.

(**) Position included in packages, whose credit risk is entirely hedged by a specific credit default swap (CDS). The adjustment highlighted was, therefore, practically identical to the positive fair value of the derivative.

(***) Of which -3 million euro related to securities included in packages.

(****) Of which 1 million euro related to securities included in packages.

Securitisations: breakdown of on-balance sheet exposures deriving from main third party securitisations by type of securitised asset and by type of exposure: composition of the residual banking book as at 30 June 2012

(millions of euro)

Residual portfolio divided by type of underlying asset - banking book	On-balance sheet exposures - 30.06.2012								
	Senior			Mezzanine			Junior		
	Book value	Adjust./ recoveries	of which: non performing	Book value	Adjust./ recoveries	of which: non performing	Book value	Adjust./ recoveries	of which: non performing
Residential mortgages	306	-2	-	144	-3	-	3	-	-
Commercial mortgages	84	-	-	98	-	-	-	-	-
CDO cash	145	-	-	1	-	-	-	-	-
Financing for SMEs	67	-2	-	20	-	-	-	-	-
Other ABS (CLO-CMO-CFO) (*)	76	-	-	6	-	-	-	-	-
Loans to foreign public bodies	39	-	-	-	-	-	-	-	-
Project finance loans	-	-	-	-	-	-	22	-	-
Public property	7	-	-	14	-	-	-	-	-
WL Collateral CMO	15	-	-	-	-	-	-	-	-
Loans to foreign local authorities	15	-	-	-	-	-	-	-	-
Loans deriving from leasing contracts	10	-	-	5	-	-	-	-	-
Loans to energy companies	14	-	-	-	-	-	-	-	-
Consumer credit	5	-	-	-	-	-	-	-	-
Car loans	1	-	-	3	-	-	-	-	-
Credit cards	3	-	-	-	-	-	-	-	-
Personal loans	1	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
TOTAL	**788**	**-4**	**-**	**291**	**-3**	**-**	**25**	**-**	**-**

Securitisations: breakdown of on-balance sheet exposures deriving from main third party securitisations by type of securitised asset and by type of exposure: composition of the residual trading book as at 30 June 2012

(millions of euro)

Residual portfolio divided by type of underlying asset - trading book	On-balance sheet exposures - 30.06.2012								
	Senior			Mezzanine			Junior		
	Book value	Adjust./ recoveries	of which: non performing	Book value	Adjust./ recoveries	of which: non performing	Book value	Adjust./ recoveries	of which: non performing
Loans deriving from leasing contracts	46	1	-	17	-	-	-	-	-
Residential mortgages	41	-	-	12	1	-	2	-	-
Other ABS (CLO-CMO-CFO) (*)	51	-3	-	-	-	-	-	-	-
Financing for SMEs	10	1	-	36	1	-	-	-	-
Trade receivables	23	-	-	-	-	-	-	-	-
Public property	1	-	-	5	-1	-	-	-	-
Car loans	1	-	-	-	-	-	-	-	-
Other assets	26	-	-	-	-	-	-	-	-
TOTAL	**199**	**-1**	**-**	**70**	**1**	**-**	**2**	**-**	**-**

(*) Includes position part of packages, whose credit risk is entirely hedged by a specific credit default swap (CDS). The adjustment highlighted was, therefore, practically identical to the positive fair value of the derivative.

Securitisations: breakdown of off-balance sheet exposures deriving from main third party securitisations by type of securitised asset and by type of exposure

(millions of euro)

Type of securitised asset/Exposure (*)	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries
A.1 Duomo - *ABCP Conduit transactions*	-	-	-	-	-	-	*1,524*	-	-	-	-	-
A.2 Romulus - *ABCP Conduit transactions*	20	-	-	-	-	-	139	-	-	-	-	-
Total 30.06.2012	**20**	**-**	**-**	**-**	**-**	**-**	**1,663**	**-**	**-**	**-**	**-**	**-**
Total 31.12.2011	**24**	**-**	**-**	**-**	**-**	**-**	**1,584**	**-**	**-**	**-**	**-**	**-**

(*) In addition to that shown in the table, the Group's trading portfolio as at 30 June 2012 also contains off-balance sheet transactions represented by credit default swaps with exposures to securitisations as underlyings for a nominal value of 538 million euro.

Securitisations: weighted amounts of securitisation positions based on risk weight bands - Standardised approach

(millions of euro)

Risk weight bands	30.06.2012		31.12.2011	
	Originated securitisations	Third-party securitisations	Originated securitisations	Third-party securitisations
Risk weight 20%	16	237	21	304
Risk weight 35% (*)	-	-	45	-
Risk weight 40%	-	40	-	45
Risk weight 50%	-	245	2	278
Risk weight 100%	11	481	10	521
Risk weight 150% (*)	41	-	78	-
Risk weight 225%	-	267	-	276
Risk weight 350%	-	649	-	608
Risk weight 650%	-	211	-	202
Risk weight 1250% - with rating	-	5,097	-	5,729
Risk weight 1250% - without rating	374	574	370	632
Look-through - second loss in ABCP	-	-	-	-
Look-through - other	-	631	-	577
Deducted from regulatory capital	-	-	-	-
Total	**442**	**8,432**	**526**	**9,172**

(*) Weights applied to the securitised assets, in accordance with the regulations in the event of failure to pass the cap test.

The table above details the exposures to securitisations by weight band. Details of the exposures included in the banking book and the regulatory trading book are shown in the following tables, including information on the re-securitisations and the type of exposure underlying transactions with weightings of 1250%.

Additional information on market risks of the trading book, including the capital requirement in relation to the securitisations included in that book, is set out in Table 11.

Banking Book securitisation transactions: weighted amounts of securitisation positions based on risk weight bands - Standardised approach

(millions of euro)

Risk weight bands	Originated securitisations	of which: Re-securitisations	Third-party securitisations	of which: Re-securitisations
Risk weight 20%	15	-	176	-
Risk weight 35% (*)	-	-	-	-
Risk weight 40%	-	-	40	40
Risk weight 50%	-	-	192	-
Risk weight 100%	11	-	469	-
Risk weight 150% (*)	41	-	-	-
Risk weight 225%	-	-	99	99
Risk weight 350%	-	-	350	-
Risk weight 650%	-	-	211	211
Risk weight 1250% - with rating	-	-	2,826	1,451
Risk weight 1250% - without rating	374	-	574	246
Look-through - second loss in ABCP	-	-	-	-
Look-through - other	-	-	631	-
Deducted from regulatory capital	-	-	-	-
Total Banking book 30.06.2012	**441**	**-**	**5,568**	**2,047**
Total Banking book 31.12.2011	**518**	**-**	**5,541**	**2,110**

(*) Weights applied to the securitised assets, in accordance with the regulations in the event of failure to pass the cap test.

It is specified that the exposures referring to re-securitisations did not benefit from credit risk mitigation techniques.

Trading Book securitisation transactions: weighted amounts of securitisation positions based on risk weight bands - Standardised approach

(millions of euro)

Risk weight bands	Originated securitisations	of which: Re-securitisations	Third-party securitisations	of which: Re-securitisations
Risk weight 20%	1	-	61	-
Risk weight 35% (*)	-	-	-	-
Risk weight 40%	-	-	-	-
Risk weight 50%	-	-	53	-
Risk weight 100%	-	-	12	-
Risk weight 150% (*)	-	-	-	-
Risk weight 225%	-	-	168	168
Risk weight 350%	-	-	299	-
Risk weight 650%	-	-	-	-
Risk weight 1250% - with rating	-	-	2,271	1,944
Risk weight 1250% - without rating	-	-	-	-
Look-through - second loss in ABCP	-	-	-	-
Look-through - other	-	-	-	-
Deducted from regulatory capital	-	-	-	-
Total Trading book 30.06.2012	**1**	**-**	**2,864**	**2,112**
Total Trading book 31.12.2011	**8**	**-**	**3,631**	**3,195**

(*) Weights applied to the securitised assets, in accordance with the regulations in the event of failure to pass the cap test.

Breakdown of exposures for positions weighted at 1250%

(millions of euro)

	Banking book		Trading book	
	Originated securitisations	Third-party securitisations	Originated securitisations	Third-party securitisations
CDO cash	-	1,323	-	1,520
RMBSs	374	315	-	24
Other ABS (CLO/CMO/CFO)	-	460	-	89
CMBSs	-	434	-	-
Financing for SMEs	-	307	-	3
Project Finance loans	-	268	-	-
Leasing	-	-	-	4
Credit derivatives	-	-	-	313
WL Collateral CMO	-	47	-	-
Other assets	-	246	-	318
Total weighted exposure at 1250% 30.06.2012	**374**	**3,400**	**-**	**2,271**
Total weighted exposure at 1250% 31.12.2011	**370**	**3,334**	**-**	**3,027**

Securitisations carried out during the period

At the end of June 2012, the Group completed a revolving factoring of trade receivables (Conan securitisation) originated by one of the leading groups worldwide in the subsoil engineering and drilling sector, for a total programme amount of 50 million euro upon completion. The operation was carried out through a securitisation structure pursuant to Law 52/91 (Factoring Law) via the Trade Receivables Investment Vehicle S.a.r.l.. It involves the monthly sale of trade receivables to the Intesa Sanpaolo Group, which finances the purchase through transfer to the vehicle of receivables whose repayment is subject to collection of the receivables sold.

Table 11 – Market risks: disclosures for banks using the internal models approach (IMA) for position risk, foreign exchange risk and commodity risk

Quantitative disclosure

The quantification of trading risks is based on daily and periodic VaR of the trading portfolios of Intesa Sanpaolo and Banca IMI, which represent the main portion of the Group's market risks, to adverse market movements of the following risk factors:

Risk factors	
Interest rates	Spreads in credit default swaps (CDS)
Equity and market indexes	Spreads in bond issues
Investment funds	Correlation instruments
Foreign exchange rates	Dividend derivatives
Implied volatilities	Asset Backed Securities (ABS)
	Commodities

A number of the other Group subsidiaries hold smaller trading portfolios with a marginal risk (around 3% of the Group's overall risk). In particular, the risk factors of the international subsidiaries' trading portfolios are interest rates and foreign exchange rates, both relating to linear pay-offs.

Internal model validation

For some of the risk factors indicated above, the Supervisory Authority has validated the internal models for the reporting of the capital absorptions of both Intesa Sanpaolo and Banca IMI.
In particular, the validated risk profiles for market risks are: (i) generic on debt securities and generic/specific on equities for Intesa Sanpaolo and Banca IMI, (ii) position risk on quotas of funds underlying CPPI (Constant Proportion Portfolio Insurance) products for Banca IMI, (iii) position risk on dividend derivatives and (iv) position risk on commodities for Banca IMI, the only legal entity in the Group authorised to hold open positions in commodities.
As at the date of preparation of the document, the Supervisory Authority authorised the Group to extend the internal model to specific risk on debt securities. The authorisation shall be effective as of the third quarter 2012.

Breakdown of capital requirements by Calculation approach

(millions of euro)

Information	Approach		
	Standardised approach	Internal models	Concentration risk
Assets included in the regulatory trading book	**751**	**613**	**25**
Position risk	751	613	-
Concentration risk	-	-	25
Other assets	**63**	**49**	**-**
Foreign exchange risk	63	-	-
Settlement risk for DVP transactions (Delivery Versus Payment)			
Commodity risk	-	49	-
Total capital requirement for market risk as at 30.06.2012	**814**	**662**	**25**
Total capital requirement for market risk as at 31.12.2011	**979**	**420**	**-**

Under position risk, the requirements relating to exposures to securitisations in the trading book are presented separately, amounting to 229 million euro, including 25 million euro referring to Credit Default Swaps with underlying exposures to securitisations included in the correlation portfolio.

Stressed VaR

The requirement for stressed VaR is included when determining capital absorption effective 31 December 2011. The requirement derives from the determination of the VaR associated with a market stress period. This period was identified considering the following guidelines, on the basis of the indications presented in the Basel document "Revision to the Basel II market risk framework":

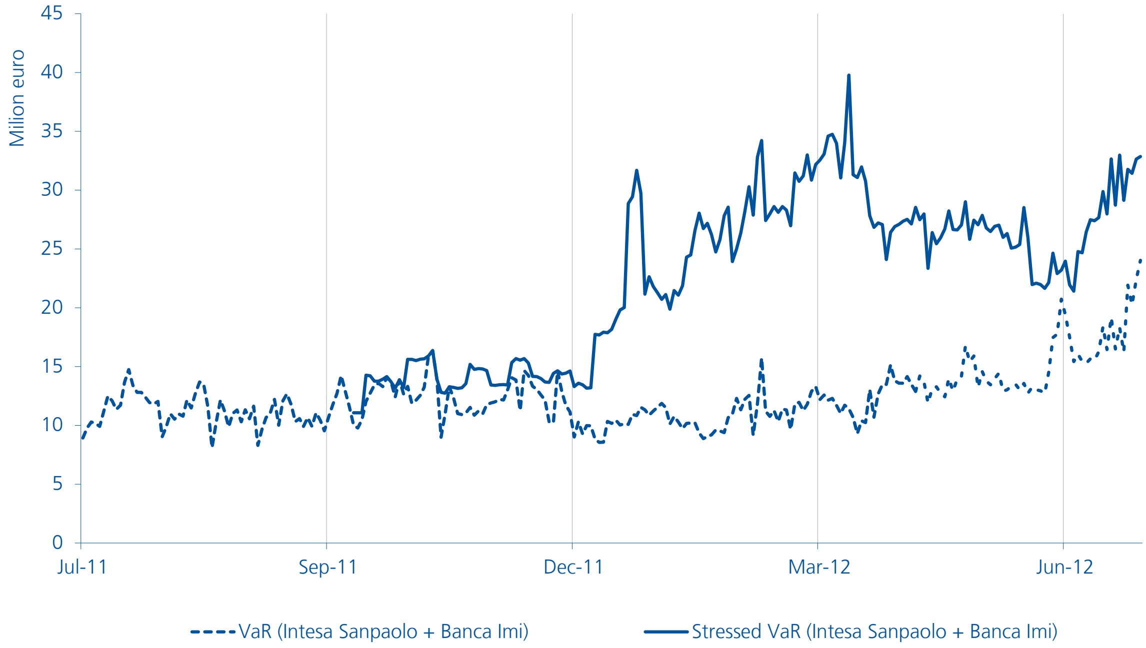
– the period must represent a stress scenario for the portfolio;
– the period must have a significant impact on the main risk factors for the portfolios of Intesa Sanpaolo and Banca IMI;
– the period must allow real historical series to be used for all portfolio risk factors.

In keeping with the historical simulation approach employed to calculate VaR, the latter point is a discriminating condition in the selection of the holding period. In fact, in order to ensure that the scenario adopted is effectively consistent and to avoid the use of driver or comparable factors, the historical period must ensure the effective availability of market data. As at the date of preparation of the document, the period relevant to the measurement of stressed VaR had been set as:

– 01 April 2008 to 31 March 2009 for Banca IMI;
– 01 July 2008 to 30 June 2009 for Intesa Sanpaolo.

The following graph shows the trend of the regulatory parameters currently authorised at Group level.

Daily evolution of market risks: VaR and regulatory stressed VaR



VaR

The analysis of market risk profiles relative to the trading book uses various quantitative indicators and VaR is the most important. Since VaR is a synthetic indicator which does not fully identify all types of potential loss, risk management has been enriched with other measures, in particular simulation measures for the quantification of risks from illiquid parameters (dividends, correlation, ABS, hedge funds).

VaR estimates are calculated daily based on simulations of historical time-series, a 99% confidence level and 1-day holding period.

The following paragraphs provide the estimates and evolution of VaR, defined as the sum of VaR and of the simulation on illiquid parameters, for the trading book of Intesa Sanpaolo and Banca IMI.

Incremental Risk Charge (IRC)

The Incremental Risk Charge (IRC) is the maximum potential loss in the credit trading portfolio resulting from an upgrade/downgrade or bankruptcy of the issuers, over a 1-year period, with a 99.9% confidence level. This measure is additional to VaR and enables the correct representation of the specific risk on debt securities and credit derivatives because, in addition to idiosyncratic risk, it also captures event and default risk.

Stress tests

Stress tests measure the value changes of instruments or portfolios due to changes in risk factors of unexpected intensity and correlation, or extreme events, as well as changes representative of expectations of the future evolution of market variables. Stress tests are applied periodically to market risk exposures, typically adopting scenarios based on historical trends recorded by risk factors, for the purpose of identifying past worst case scenarios, or defining variation grids of risk factors to highlight the direction and non-linearity of trading strategies.

Sensitivity and greeks

Sensitivity measures make risk profiling more accurate, especially in the presence of option components. These measure the risk attributable to a change in the value of a financial position to predefined changes in valuation parameters including a one basis point increase in interest rates.

Level measures

Level measures are risk indicators which are based on the assumption of a direct relationship between the size of a financial position and the risk profile. These are used to monitor issuer/sector/country risk exposures for concentration analysis, through the identification of notional value, market value or conversion of the position in one or more benchmark instruments (so-called equivalent position).

Daily VaR evolution

In the second quarter of 2012, market risks generated by Intesa Sanpaolo and Banca IMI decreased with respect to the averages for the first quarter of 2012. The average VaR for the period totalled 79.9 million euro.

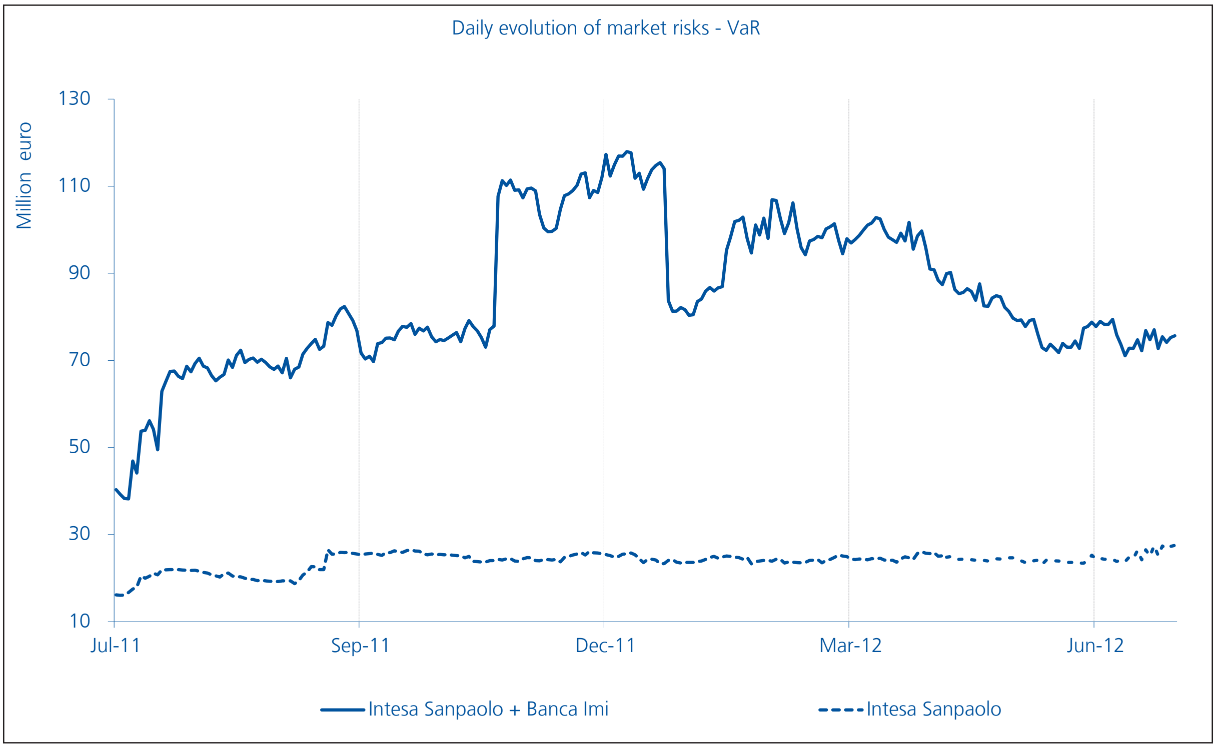
Daily VaR of the trading book for Intesa Sanpaolo and Banca IMI[(a)]

(millions of euro)

	2012				2011			
	average 2nd quarter	minimum 2nd quarter	maximum 2nd quarter	average 1st quarter	average 4th quarter	average 3rd quarter	average 2nd quarter	average 1st quarter
Intesa Sanpaolo	24,6	23,1	27,5	24,1	25,0	21,4	15,3	18,7
Banca IMI	55,3	47,2	73,7	72,9	70,6	45,3	21,1	17,4
Total	**79,9**	**71,0**	**99,7**	**97,0**	**95,6**	**66,7**	**36,4**	**36,1**

(a) Each line in the table sets out past estimates of daily VaR calculated on the quarterly historical time-series respectively of Intesa Sanpaolo and Banca IMI; minimum and maximum values for the two companies are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

During the second quarter of 2012 VaR recorded a downward trend as a result of the rolling effect of the scenarios and to a decrease in the Italian government bonds trading component. The risk measurements regarding Intesa Sanpaolo remained constant.



Daily VaR of the trading portfolio for Intesa Sanpaolo and Banca IMI – Comparison between the 1st half of 2012 and 2011 [(a)]

During the first six months of 2012, market risks generated by Intesa Sanpaolo and Banca IMI increased with respect to the values for 2011.

(in millions of euro)

	2012			2011		
	average 1st half	minimum 1st half	maximum 1st half	average 1st half	minimum 1st half	maximum 1st half
Intesa Sanpaolo	24,4	23,1	27,5	17,0	14,0	21,5
Banca IMI	64,1	47,2	92,1	19,3	13,6	27,5
Total	**88,5**	**71,0**	**115,4**	**36,3**	**30,7**	**42,4**

[(a)] Each line in the table sets out past estimates of daily VaR calculated on the historical time-series of the first six months of the year respectively of Intesa Sanpaolo and Banca IMI; minimum and maximum values for the two companies are estimated using aggregate historical time-series and therefore do not correspond to the sum of the individual values in the column.

For Intesa Sanpaolo the breakdown of risk profile in the second quarter of 2012 with regard to the various factors shows the prevalence of the hedge fund risk, which accounted for 42% of total VaR; for Banca IMI credit spread risk was the most significant, representing 68% of total VaR.

Contribution of risk factors to overall VaR [(a)]

2nd quarter 2012	Shares	Hedge fund	Rates	Credit spread	Foreign exchange rates	Other parameters	Commodities
Intesa Sanpaolo	4%	42%	18%	28%	3%	5%	0%
Banca IMI	4%	0%	19%	68%	1%	4%	4%
Total	**4%**	**13%**	**19%**	**55%**	**2%**	**4%**	**3%**

[(a)] Each line in the table sets out the contribution of risk factors considering 100% the overall capital at risk, calculated as the average of daily estimates in the second quarter of 2012, broken down between Intesa Sanpaolo and Banca IMI and indicating the distribution of overall capital at risk.

Risk control with regard to the trading activity of Intesa Sanpaolo and Banca IMI also uses scenario analyses and stress tests.

(millions of euro)

	EQUITY		INTEREST RATES		CREDIT SPREADS		FOREIGN EXCHANGE RATES		COMMODITY	
	volatility +10% and prices -5%	volatility -10% and prices +5%	-25bp	+25bp	-25bp	+25bp	-10%	+10%	-50%	+50%
Total	1	0	6	-2	76	-71	8	-7	-8	8
of which SCP					*3*	*-3*				

The impact on the income statement of selected scenarios relating to the evolution of stock prices, interest rates, credit spreads, foreign exchange rates and commodity prices at the end of June is summarised as follows:

– on stock market positions, a bearish scenario, that is a 5% decrease in stock prices with a simultaneous 10% increase in volatility would have led to a 1 million euro gain; the opposite scenario would have led to a flat result;
– on interest rate exposures, a parallel +25 basis point shift in the yield curve would have led to a 2 million euro loss, whereas a parallel -25 basis point shift would have led to a 6 million euro gain;
– on exposures sensitive to credit spread fluctuations, a 25 basis point widening in spreads would have led to a 71 million euro loss, 3 million euro of which due to structured credit products (SCPs), whereas a 25 basis point tightening of the spreads would have led to a 76 million euro gain, 3 million euro of which due to SCPs;
– on foreign exchange exposures, the portfolio would have recorded a 7 million euro loss if the Euro were to appreciate against the US dollar (+10%);
– lastly, on commodity exposures an 8 million euro loss would have been recorded in the event of a 50% decrease in prices.

Backtesting

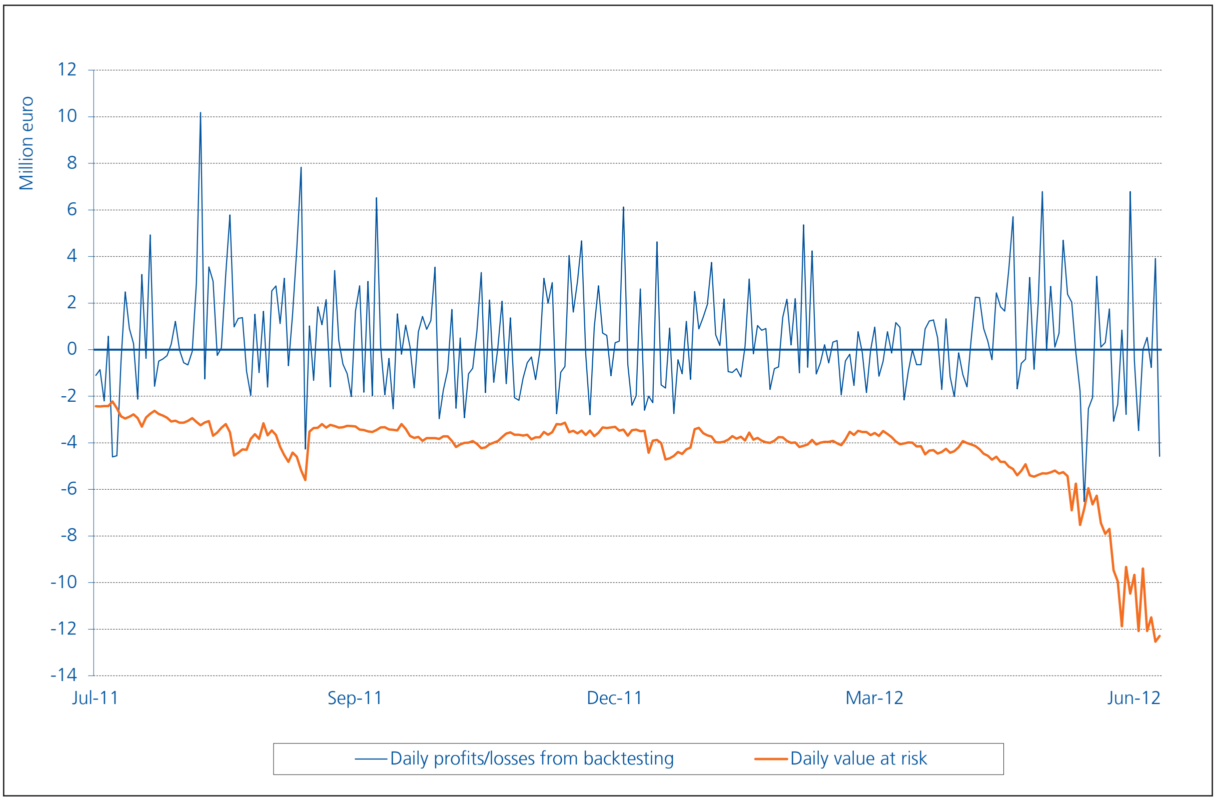
The effectiveness of the VaR calculation methods must be monitored daily via backtesting which in the regulatory scope compares:

– the daily estimates of value at risk;
– the daily profits/losses based on backtesting which are determined using actual daily profits and losses achieved by individual desks, net of components which are not considered in backtesting such as commissions and intraday activities.

Backtesting allows verification of the model's capability of correctly seizing, from a statistical viewpoint, the variability in the daily valuation of trading positions, covering an observation period of one year (approximately 250 estimates). Any critical situations relative to the adequacy of the Internal Model are represented by situations in which daily profits/losses based on backtesting highlight more than three occasions, in the year of observation, in which the daily loss is higher than the value at risk estimate. Current regulations require that backtesting is performed by taking into consideration both the actual P&L series recorded and the theoretical series. The latter is based on revaluation of the portfolio value through the use of pricing models adopted for the VaR measurement calculation. The number of significant backtesting exceptions is determined as the maximum between those for actual P&L and theoretical P&L.

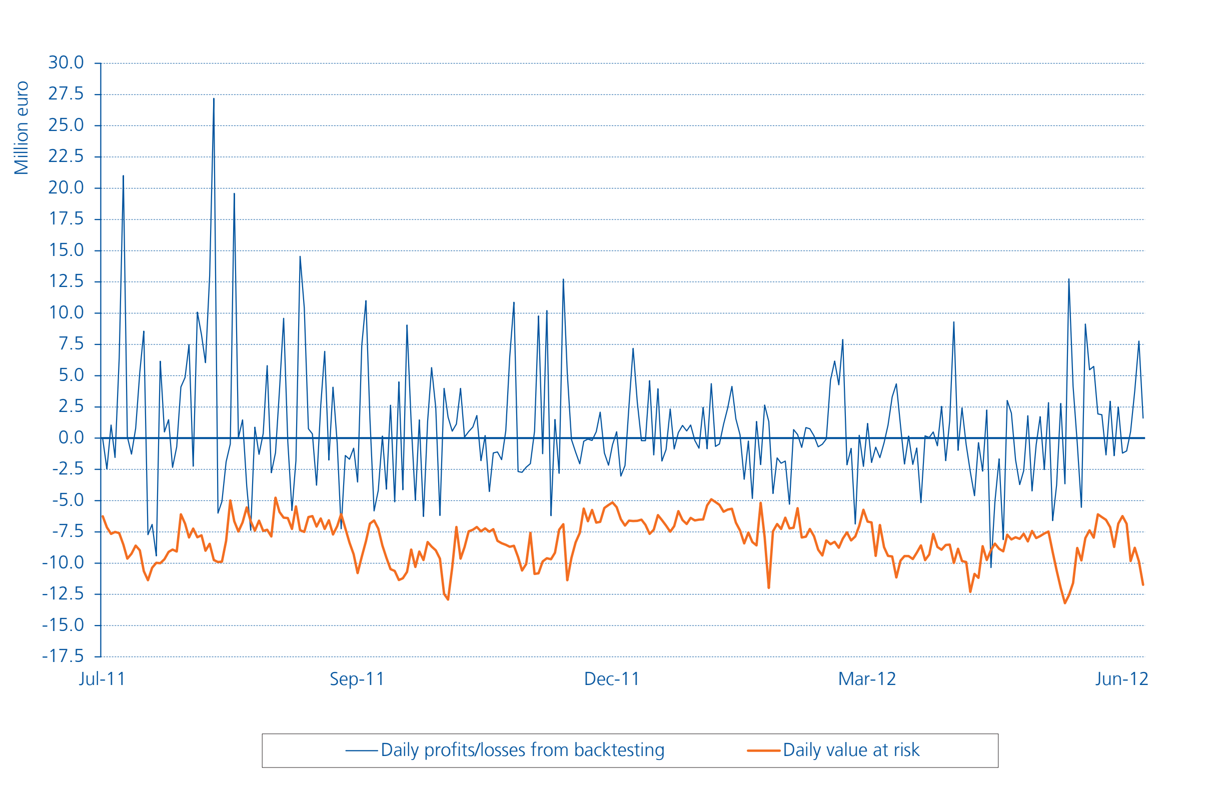
Backtesting in Intesa Sanpaolo

Intesa Sanpaolo backtesting exceptions refer to the actual P&L data shown in the following chart. The two excesses in July 2011 are attributable to the sovereign debt crisis that has affected Italian government issues, resulting in high volatility in government bond spreads. It should be emphasised that the VaR subject to the internal model for Intesa Sanpaolo (reduced perimeter of factors compared to VaR) is concentrated on the interest rate risk factor. Conversely, Banca IMI (section below) shows validated risk factors with greater diversification (interest rate risk and equity risk).



Backtesting in Banca IMI

Banca IMI backtesting exceptions refer to the theoretical P&L data shown in the following chart. The first of these backtesting exceptions can be associated with the sovereign debt crisis. The more recent exceptions refer to changes in interbank rates.



Fair Value Policy changes

The Fair Value measurement criteria are substantially unchanged with respect to those adopted for the previous year financial statements, details of which can be found in the Annual Report as at 31 December 2011. In the following paragraphs the main changes to the Fair Value Policy implemented during the first half of 2012 are summarised.

The pricing model for hedge funds

As of 1 January 2012, it is not deemed necessary to apply to the NAV of funds managed through the Managed Account platform the adjustments that the Policy requires for funds not in the platform (counterparty and illiquidity risk), since the due diligence conducted confirmed that the pricing model used by the Fund Administrator is consistent with the Fair Value Policy for the funds concerned.

Insolvency proceedings and bankruptcy

In order to strengthen monitoring and assessment as regards identification of the "Actual market prices" (level 1 of Fair Value), specific controls were introduced for the definition of active market and the criteria used to verify the significance of the relative prices, for equity issuers listed on regulated markets, subject to insolvency proceedings, restructuring plans pursuant to Article 182-bis of Bankruptcy Law or extraordinary administration.

Table 12 – Operational risk

Qualitative disclosure

Pursuant to the reference regulations issued by the Bank of Italy, the half-yearly "Basel 2 Pillar 3" report does not include qualitative disclosure (the only disclosure required for this Table). As stated in the Introduction, please refer to the document as at 31 December 2011 for a more comprehensive examination of the qualitative aspects of operational risks. Please note that with regard to operational risk, already during the first quarter 2012, international subsidiary bank Intesa Sanpaolo Card doo – Zagreb migrated from the BIA Approach to the Standardised Approach. A summary of the Group's approach to operational risk exposure, management and control is also provided in the Half-yearly Report as at 30 June 2012, in the chapter "Risk management".

Capital requirements for operational risks are listed in the condensed sub-tables of Table 4 "Capital adequacy" of this disclosure document.

Table 13 – Equity exposures: disclosures for banking book positions

Quantitative disclosure

The tables below show the breakdown of the equity exposures according to their book classification. The figures represent the exposures shown in the Group consolidated financial statements and exclude the values of all investments in fully consolidated companies. The value of investments in insurance companies deducted from the regulatory capital is shown in Table 3.

Banking book: on-balance sheet equity exposures (*)

(millions of euro)

Exposure type/values	30.06.2012								
	Book value		Fair value		Market value	Realised gains/losses and impairments		Unrealised gains/losses recognised in the balance sheet	
	Level 1	Level 2/3	Level 1	Level 2/3	Level 1	Gains	Losses	Plus (+)	Minus (-)
A. Investments in associates and companies subject to joint control (**)	242	2,224	153	X	153	49	-37	X	X
B. Financial assets vailable for sale (AFS)	518	1,494	518	1,494	518	96	-31	347	-146
C. Financial assets designated at fair value through profit and loss (DAAFV)	-	14	-	14	-	-	-	X	X

Exposure type/values	31.12.2011								
	Book value		Fair value		Market value	Realised gains/losses and impairments		Unrealised gains/losses recognised in the balance sheet	
	Level 1	Level 2/3	Level 1	Level 2/3	Level 1	Gains	Losses	Plus (+)	Minus (-)
A. Investments in associates and companies subject to joint control (**)	265	2,365	157	X	157	139	-346	X	X
B. Financial assets vailable for sale (AFS)	672	1,481	672	1,481	672	522	-62	412	-148
C. Financial assets designated at fair value through profit and loss (DAAFV)	-	14	-	14	-	-	-	X	X

(*) This table provides figures pertaining exclusively to the Banking Group.

(**) For Investments, fair value refers to listed investments only (level 1).

The net capital losses on equity investments included under the negative elements of the Tier 2 capital amount to 45 million euro (54 million euro as at 31 December 2011).

Price risk generated by minority stakes in quoted companies, mostly held in the AFS (Available for Sale) category and measured in terms of VaR, recorded an average level during the first half of 2012 of 91 million euro (102 million euro at the end of 2011), with minimum and peak values of 101 million euro and 68 million euro respectively. The VaR at the end of June amounted to 80 million euro.

The table below shows a sensitivity analysis of the banking book to price risk, measuring the impact on Shareholders' Equity of a price shock of ±10% for the abovementioned quoted assets recorded in the AFS category.

Banking book: impact on shareholders' equity of price risk as at 30 June 2012

		Impact on shareholders' equity (millions of euro)
Price shock	-10%	-50
Price shock	10%	50

Banking book: on-balance sheet equity exposures - weighted values

(millions of euro)

	Weighted exposure	
	30.06.2012	31.12.2011
IRB approach	**997**	**964**
Private equity exposures in sufficiently diversified portfolios	279	322
Exchange-traded equity exposures	43	38
Other equity exposures	675	604
Other assets: instrumental investments	-	-
Standardised approach	**2,957**	**2,846**

Table 14 – Interest rate risk on positions in the banking book

Quantitative disclosure

Interest rate risk

Interest margin sensitivity – assuming a 100 basis point increase in interest rates – amounted to 293 million euro at the end of June 2012, slightly up from 240 million euro at the end of 2011. In the case of invariance of the other income components, the aforesaid potential impact would be reflected also in the Group's year-end net income.

In the first half of 2012, interest rate risk generated by the Intesa Sanpaolo Group's banking book, measured through shift sensitivity analysis, for a parallel and uniform shift of ±100 basis points of the rate curve, averaged 401 million euro, with a half-year end figure of 405 million euro compared to the 482 million euro at the end of 2011.

The table below shows the breakdown of the shift sensitivity value for the main currencies to which the Intesa Sanpaolo Group is exposed to.

(millions of euro)

		30.06.2012
EUR	Euro	330
USD	US dollar	38
HRK	Croatian kuna	14
EGP	Egyptian pound	7
RSD	Serbian dinar	4
RUB	Russian rouble	4
	Other currencies	8
TOTAL		**405**

Interest rate risk, measured in terms of VaR, averaged 114 million euro in the first half of 2012, with a minimum value of 93 million euro and a maximum value of 130 million euro. At the end of June 2012 VaR totalled 115 million euro (139 million euro at the end of 2011).

The reduction in the economic value in the event of a 200 bp change in interest rates stayed within the limits of the alert threshold set by the prevailing Regulatory provisions (20% of the Regulatory Capital).

Table 15 - Remuneration and incentive systems and practices

Qualitative and quantitative disclosure

Pursuant to the reference regulations issued by the Bank of Italy, the half-yearly “Basel 2 Pillar 3” report does not include a disclosure on “Remuneration and incentive systems and practices”.

Declaration of the Manager responsible for preparing the Company's financial reports

The Manager responsible for preparing the Company's financial reports, Ernesto Riva, declares, pursuant to par. 2 of art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document "Basel 2 - Pillar 3 as at 30 June 2012" corresponds to the corporate records, books and accounts.

3 August 2011

Ernesto Riva
Manager responsible for preparing
the Company's financial reports

Glossary

GLOSSARY

The definition of certain technical terms is provided below, in the meaning adopted in the "Pillar 3 Basel 2 disclosure" and excluding the terms today widely used in the Italian language or which are used in a context that already clarifies their meaning

AIRB (Advanced Internal Rating Based)
Approach to using internal ratings within the framework of the New Basel Accord, which provides for either the Foundation or the Advanced Approach. The Advanced Approach may be used only for certain regulatory segments by institutions meeting more stringent requirements compared to the Foundation Approach. With the Advanced Approach, banks use their own internal estimates for all inputs (PD, LGD, EAD) used for credit risk assessment, whereas for Foundation IRB they only estimate PD.

ABS – Asset-Backed Securities
Financial securities whose yield and redemption are guaranteed by a pool of assets (collateral) of the issuer (usually a Special Purpose Vehicle – SPV), exclusively intended to ensure satisfaction of the rights attached to said financial securities.
Examples of assets pledged as collateral include mortgages, credit card receivables, short-term trade receivables and auto loans.

ABS (receivables)
ABS whose collateral is made up of receivables.

AMA
(Advanced Measurement Approach) - A method for determining the operational risk capital requirements using calculation models based on operational loss data and other assessment elements collected and processed by the bank. Specific access thresholds and eligibility requirements are defined for adoption of the Standardised and Advanced approaches. For AMA systems, the requirements concern not only the management system but also the measurement system.

Backtesting
Retrospective analyses performed to verify the reliability of the measurement of risk sources associated with different asset portfolios.

Banking book
Usually referred to securities or financial instruments in general, it identifies the portion of a portfolio dedicated to "proprietary" trading.

Capital structure
It is the entire set of the various classes of bonds (tranches) issued by a special purpose vehicle (SPV), and backed by its asset portfolio, which have different risk and return characteristics, to meet the requirements of different categories of investors. Subordination relationships between the various tranches are regulated by a set of rules on the allocation of losses generated by the collateral:
Equity (or Junior) Tranche: The riskiest portion of the portfolio, it is also known as "first loss" and is subordinated to all other tranches; hence, it is the first to bear the losses which might occur in the recovery of the underlying assets.
Mezzanine Tranche: The tranche with intermediate subordination level between equity and senior tranches. The mezzanine tranche is normally divided into 2-4 tranches with different risk levels, subordinated to one another. They are usually rated in the range between BBB and AAA.
Senior/Supersenior Tranche: The tranche with the highest credit enhancement, i.e. having the highest priority claim on remuneration and reimbursement. It is normally also called super-senior tranche and, if rated, it has a rating higher than AAA since it is senior with respect to the AAA mezzanine tranche.

Cap test
A test performed in respect of the originator or the promoter to establish capital requirements in securitisation transactions. Under the regulations, the risk-weighted value of all exposures in respect of a single securitisation cannot exceed the weighted value of the securitised assets, calculated as if said assets had not been securitised (cap). The capital requirement in respect of all exposures to the same securitisation is equal to 8% of the cap.

Categories of financial instruments provided for by IAS 39
Financial assets "held-for-trading", which include: any asset acquired for the purpose of selling it in the near term or part of portfolios of instruments managed jointly for the purpose of short-term profit-taking; assets designated at fair value, under the IAS, this category may include the assets that the entity decides in any case to measure at fair value with value changes recognized through profit and loss, in the cases provided for by IAS 39; *financial assets "held-to-maturity",* non-derivative assets with fixed-term and fixed or determinable payments, that an entity intends and is able to hold to maturity; "*Loans and receivables",* non-derivative financial assets with fixed or determinable payments not quoted in an active market; *financial assets "available-for-sale",* specifically designated as such, or, to a lesser extent, others not falling under the previous categories.

CCF – Credit Conversion Factor
See CCF.

CCF – Credit Conversion Factor
For banks that use the Standardised Approach and the FIRB, the Credit Conversion Factor is the weighting - provided for by the applicable regulations - applied to off-balance sheet exposures to determine their EAD:
- 100% to full-risk guarantees and commitments;
- 50% to medium-risk guarantees and commitments (e.g. margins available on irrevocable credit lines with an original maturity of more than one year);
- 20% to medium-low risk guarantees and commitments (import-export documentary credits);
- 0% to low-risk guarantees and commitments (e.g. undrawn revocable credit facilities);

Collective assessment of performing loans
With reference to a homogeneous group of regularly performing financial assets, collective assessment defines the degree of credit risk potentially associated with them, though it is not yet possible to tie risk to a specific position.

Core Tier 1 ratio
The ratio of *Tier 1 capital*, net of excluded instruments (*preferred shares and savings shares*), to total risk-weighted assets. *Preferred shares* are innovative capital instruments, usually issued by foreign subsidiaries, and included in the tier 1 capital if their characteristics ensure the banks' asset stability. The Tier 1 ratio is the same ratio inclusive of the preferred shares in the numerator.

Corporate
Customer segment consisting of medium- and large-sized companies (*mid-corporate and large corporate*).

Covered bond
Special bank bond that, in addition to the guarantee of the issuing bank, is also backed by a portfolio of mortgage loans or other high-quality loans sold to a special purpose vehicle.

Credit default swap/option
Contract under which one party transfers to another - in exchange for payment of a premium - the credit risk of a loan or security contingent on occurrence of a default event (in the case of an option the right must be exercised by the purchaser).

Credit derivatives
Derivative contracts for the transfer of credit risks. These products allow investors to perform arbitrage and/or hedging on the credit market, mainly by means of instruments other than cash, to acquire credit exposures of varying maturities and intensities, to modify the risk profile of a portfolio and to separate credit risks from other market risks.

Credit risk
The risk that an unexpected change in a counterparty's creditworthiness, in the value of the collateral provided, or in the margins used in case of default might generate an unexpected variation in the value of the bank's exposure.

CRM
Credit Risk Mitigation.

Cumulative loss
Cumulative loss incurred, at a certain date, on the collateral of a specific structured product.

Default
Declared inability to honour one's debts and/or make the relevant interest payments.

Delinquency
Failure to make loan payments at a certain date, normally provided at 30, 60 and 90 days.

EAD – Exposure At Default
Relating to positions on or off balance sheet, it is defined as the estimated future value of an exposure upon default of a debtor. Only banks meeting the requirements for using the AIRB approach are entitled to estimate EAD. The others are required to make reference to statutory estimates.

EDF – Expected Default Frequency
Frequency of default, normally based on a sample internal or external to the bank, which represents the average risk level associable with a counterparty.

Exotics (derivatives)
Non-standard instruments unlisted on the regular markets, whose price is based on mathematical models.

Expected loss
Amount of losses on loans or receivables that an entity could sustain over a holding period of one year. Given a portfolio of loans and receivables, the expected loss represents the average value of the distribution of losses.

Fair value
The amount at which an asset could be bought or sold or a liability incurred or settled, in a current transaction between willing parties.

FiRB
See "*IRB*"

Floor
The "New regulations for the prudential supervision of banks" of the Bank of Italy, consistent with international guidelines, required that parties which used internal models in 2007, 2008 and 2009 (deadline extended also to the following years) - to maintain capital levels of no less than 95%, 90% 80%, respectively ("floors") of the total requirement calculated based on the supervisory provisions in force at the end of 2006 ("Basel 1"). Similarly, the term floor is used to define the additional prudent penalty which may be introduced by the supervisory authority on authorising the use of Internal Approaches for the calculation of capital requirements in relation to aspects deemed worthy of implementing. The penalty consists in a restriction on capital requirements, which may not be less than a floor set as a percentage of the sum of requirements for various risks calculated based on the Basel 1 rules.

Goodwill
The value attached to intangible assets as part of the purchase price of a shareholding in a going concern.

Grandfathering
Grandfathering clause regarding capital requirements, exempting from IRB treatment equity exposures acquired prior to 31 December 2007 (for more details, see Bank of Italy Circular 263/2006, Title II, Chapter 1, Part II, Section VI).

Hybrid instruments included in Tier 1 capital
Financial instruments that may be included in Tier 1 capital up to specific limits when the funding raised is available on an ongoing basis and there is an ability to absorb losses that fully guarantees the bank's capital stability. Such instruments may be classified as innovative or non-innovative depending on whether there are incentives for early redemption by the issuer (e.g., step-up clauses).

IAS/IFRS
The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

IASB (International Accounting Standard Board)
The IASB (previously known as the IASC) is the entity responsible for issuing international accounting standards (IAS/IFRS).

ICAAP
Under the “Second Pillar” (Title III) banks are required to adopt processes and instruments for implementing the Internal
Capital Adequacy Assessment Process, (ICAAP) to determine the amount of capital needed to cover all risks, including risks different from those covered by the total capital requirement (“First Pillar”), when assessing current and potential future exposure, taking into account business strategies and developments in the economic and business environment.

IFRIC (International Financial Reporting Interpretations Committee)
A committee within the IASB that establishes official interpretations of international accounting standards (IAS/IFRS).

IMA
Internal Models Approach: it can be used to calculate market risks.

Impairment
When referred to a financial asset, a situation of impairment is identified when the book value of an asset exceeds its estimated recoverable amount.

Incurred loss
Loss already inherent in a portfolio, but not yet identifiable at the level of an individual loan or receivable, also known as an "incurred but not reported loss." Loss already inherent in a portfolio, but not yet identifiable at the level of an individual loan or receivable, also known as an "incurred but not reported loss."

Intangible asset
An identifiable, non-monetary asset lacking physical substance.

IRB (Internal Rating Based)
Approach based on internal ratings within the framework of the New Basel Accord. In the internal ratings approach the expected loss on a loan portfolio is estimated through three parameters (PD, LGD and EAD). In the foundation approach only the PD is estimated by the Bank, for the other parameters reference is made to the indications from the supervisory authorities.

Junior
In a securitisation transaction it is the lowest-ranking tranche of the securities issued (Equity tranche), being the first to bear losses that may occur in the course of the recovery of the underlying assets.

LDA - Loss Distribution Approach
It is a model used to assess exposure to operational risk. It makes it possible to estimate the amount of expected and unexpected loss for any event/loss combination and any *business line*.

Liquidity risk
The risk that a company will be unable to meet its payment obligations due to its inability to liquidate assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of rapidly converting financial assets into cash without negatively and significantly affecting their price due to inadequate market depth or temporary market disruptions (market liquidity risk).

Loss Given Default (LGD)
It indicates the estimated loss rate in the event of borrower default.

Lower Tier 2
It designates subordinated liabilities that meet the eligibility criteria for inclusion in supplementary (Tier 2) capital.

Macro-hedging
Use of macro-hedging. Hedging procedure involving a single derivative product for various positions.

Market risk
Risk deriving from the fluctuation in the value of quoted financial instruments (shares, bonds, derivatives, securities denominated in foreign currency) and of financial instruments whose value is linked to market variables (loans to customers as concerns the interest rate component, deposits in euro and in foreign currency, etc.).

M–Maturity
The remaining time of an exposure, calculated according to the prudence principle. For banks authorised to use internal ratings, it is explicitly considered if the advanced approach is adopted, while it is fixed at 2.5 years if the foundation approach is used.

Mezzanine
In a securitisation transaction it is the tranche ranking between junior and senior tranche.

Non performing
Term generally referring to loans for which payments are overdue.

Operational risk
The risk of incurring losses due to inadequacy or failures of processes, human resources or 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 or non-contractual liability or other disputes; it does not include strategic risk (losses due to wrong management strategies) or reputational risk (loss of market shares as a consequence of negative publicity regarding the bank).

Past due loans
“Past due loans” are non-performing loans on which payments are past due on a continuing basis for over 90/180 days, in accordance with the definition set forth in current supervisory reporting rules.

Performing
Term generally referring to loans characterised by regular performance.

Pool (transactions)
See "*Syndicated lending*".

Preferred shares
See "*Core Tier 1*".

Private equity
Activity aimed at the acquisition of equity investments and their subsequent sale to specific counterparties, without public offerings.

Probability of Default (PD)
The likelihood that a debtor will default within the space of 1 year.

Prudential filters
In schemes for calculating regulatory capital, corrections made to line items with the aim of safeguarding the quality of regulatory capital and reducing its potential volatility as a result of the application of international accounting standards (IAS/IFRS).

Ratings
An evaluation of the quality of a company or of its bond issues, based on the company's financial strength and outlook. Such evaluation is performed by specialised agencies or by the Bank based on internal models.

Retail
Customer segment mainly including households, professionals, retailers and artisans.

Risk Management
Activity pertaining to the identification, measurement, evaluation and overall management of various types of risk and their hedging.

Risk Weighted Assets (RWA)
On- and off-balance sheet assets (derivatives and guarantees) that are classified and weighted by means of several risk ratios, in accordance with the rules issued by regulatory authorities on the calculation of capital ratios.

Scoring
System for the analysis of company customers, yielding an indicator obtained by examination of financial statements data and sector performance forecasts, analysed by means of statistical methods.

Securitisation
A transaction in which the risk associated with financial or real assets is transferred to a special-purpose vehicle by selling the underlying assets or using derivative contracts. In Italy the primary applicable statute is Law 130 of 30 April 1999.

Senior/Super senior tranche
In a securitisation transaction, this is the tranche that has first claim on interest and principal payments.

Sensitivity
It refers to the degree of sensitivity with which certain assets/liabilities react to changes in rates or other input variables.

Servicer
In securitisation transactions, it is the organisation that – on the basis of a specific servicing contract – continues to manage the securitised credits or assets after they have been transferred to the special purpose vehicle tasked with issuing the securities.

Syndicated lending
Loans arranged and guaranteed by a pool of banks and other financial institutions.

Slotting
A system for calculating capital requirements, based on regulatory classification criteria, applicable to the exposures relating to Specialised Lending by banks authorised to use the internal credit risk rating system (for more details, see Bank of Italy Circular 263/2006, Title II, Chapter 1, Part II, Section V).

SPE/SPV
Special Purpose Entities or Special Purpose Vehicles are companies established by one or more entities to perform a specific transaction. Generally, SPEs/SPVs have no operating and managerial structures of their own and rely on those of the other parties involved in the transaction.

Spread
This term can indicate the difference between two interest rates, the difference between the bid and ask price of a security or the price an issuer of stocks and bonds pays above a benchmark rate.

Stress tests
A simulation procedure designed to assess the impact of extreme market scenarios on a bank's overall exposure to risk.

Tier 1
Core capital (Tier 1) includes the paid-in capital, the share premium reserve, reserves from retained earnings (including IAS/IFRS first-time–adoption reserve other than those included under valuation reserves), and excludes treasury shares and intangible assets. Consolidated Tier 1 capital also includes minority interest.

Tier 2
Tier 2 capital includes valuation reserves, innovative and non-innovative capital instruments not included in Tier 1 capital, hybrid capital instruments, Tier 2 subordinated liabilities, unrealised capital gains on equity investments, excess value adjustments with respect to expected losses, and the other positive elements that constitute capital items of a secondary nature; the positive "prudential filters" of Tier 2 capital are also included. The total of these elements, less net unrealised capital losses on equity investments, negative items related to loans, other negative elements, and negative Tier 2 "prudential filters", makes up "Tier 2 capital before items to be deducted". Tier 2 capital is made up of the difference between "Tier 2 capital before items to be deducted" and 50% of "items to be deducted".

Total capital ratio
Capital ratio referred to regulatory capital components (Tier 1 plus Tier 2).

Trading book
The portion of a portfolio of securities or other financial instruments earmarked for trading activity.

Upper Tier 2
Hybrid capital instruments (e.g., perpetual loans) that make up the highest quality elements of Tier 2 capital.

VaR - Value at Risk
The maximum value likely to be lost on a portfolio as a result of market trends, estimating probability and assuming that a certain amount of time is required to liquidate positions.

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PRINTED ON FSC ECOLOGICAL PAPER WITH ECO-COMPATIBLE VEGETABLE INKS BY GRAFICHE AGEMA S.P.A. ITALIA – CERTIFIED COMPANY FOR ECO-SUSTAINABLE DEVELOPMENT.

An ability to develop new solutions, attention to and ongoing dialogue with households, businesses, the third sector and public institutions underlie Intesa Sanpaolo's commitment to contribute to Italy's growth.
A role that we carry out with professionalism, a sense of responsibility and passion, offering innovative, personalised products and services and sharing our projects with our customers.
This is the origin of the decision to tell our story through the vivid, positive stories of our customers, representing, with these images, the projects achieved, the spirit of initiative and entrepreneurial determination and ability.

Technogym S.p.A.,Gambettola (FC).

Nuova Marpesca srl, Casarza Ligure (GE)

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Students in the Villa Amoretti Public Library, Torino.

Casa Famiglia Gigetta, Potenza

The Venturino family, Maretto (AT).

Photo: Alessandro Digaetano