Report of the Management Board
Item 1 on the agenda

Proposal for allocation of net income relating to the financial statements as at 31 December 2012 and distribution of dividends

Distinguished Shareholders,

Pursuant to art. 2364-bis of the Italian Civil Code and articles 7.3 and 28.3 of the Company's Articles of Association, we hereby submit for your approval the proposal for the allocation of Intesa Sanpaolo net income for the financial year 1 January – 31 December 2012. We therefore propose distribution of dividends in respect of currently outstanding shares as follows: 0.061 euro per non-convertible savings share and 0.050 euro per ordinary share outstanding. As a result, the net income of 911,627,160.55 euro would be allocated as follows:

	(euro)
Net income for the period	911,627,160.55
Integration of the Legal Reserve up to one-fifth of share capital at the date of the Shareholders' Meeting, for a total of	23,959.52
Assignment of a dividend of 0.061 euro (determined pursuant to Art. 28 of the Articles of Association) for each of the 932,490,561 savings shares, for a total disbursement of	56,881,924.22
Assignment of a dividend of 0.050 euro for each of the 15,501,512,155 ordinary shares outstanding, for a total disbursement of	775,075,607.75
for a total disbursement for dividends of	831,957,531.97
Assignment to the Extraordinary Reserve of the residual net income	79,645,669.06

The proposed allocation to the Legal Reserve is consistent with the requirement to adjust said Reserve to the level provided for in art. 2430 of the Italian Civil Code.
The proposed allocation of net income makes it possible to remunerate shareholders consistently with sustainable profitability while maintaining an adequate capital structure at Group level. If this proposal is approved, capital requirements would stand at the following levels:
– Intesa Sanpaolo S.p.A. - Core Tier 1: 24.8%, Tier 1: 26.5% and Total Capital Ratio: 30.8%;
– Intesa Sanpaolo Group - Core Tier 1: 11.2%, Tier 1: 12.1% and Total Capital Ratio: 13.6%.
The aforesaid capital requirements are in line with the guidelines issued by EU Bodies and the Supervisory Authority.

We propose that the dividends be made payable, in compliance with legal provisions, as of 23 May 2013, with detachment of the coupon on 20 May 2013.

Pursuant to art. 6, paragraph 1, letter a) of Legislative Decree 38/2005, a portion of net income corresponding to capital gains recognised in the income statement, net of the related tax charge, arising from application of the fair value criterion, must be recorded in an unavailable reserve. As at 31 December 2012 such amount was 70,964,194.24 euro.

Please note that an increase of 184,841,720.35 euro in the Extraordinary reserve was recognised in the period and refers to the difference arising out of the demerger of BIIS – Banca Infrastrutture Innovazione e Sviluppo and the merger of the subsidiaries Intesa Investimenti, Finanziaria BTB and BER—Banco Emiliano Romagnolo, which were subject to full demerger in favour of or incorporation into Intesa Sanpaolo during 2012.

Please also note that dividends not distributed in respect of any treasury shares held by the Bank at the date of detachment of the coupon shall be allocated to the extraordinary reserve.

If the proposal for the allocation of net income obtains your approval, the resulting shareholders' equity of Intesa Sanpaolo S.p.A. shall be that indicated in the table below.

(millions of euro)

Shareholders' equity	**Annual report 2012**	**Change due to the allocation of 2012 net income**	**Share capital and reserves after the allocation of 2012 net income**
Share capital			
- ordinary	*8,061*	-	*8,061*
- savings	*485*	-	*485*
Total share capital	**8,546**	**-**	**8,546**
Share premium reserve	31,093	-	31,093
Reserves	3,925	80	4,005
Valuation reserves	-179	-	-179
Treasury shares	-6	-	-6
Total reserves	**34,833**	**80**	**34,913**
TOTAL	**43,379**	**80**	**43,459**

12 march 2013

For the Management Board
The Chairman - Andrea Beltratti