

Corporate Governance Report and Information on Ownership Structures



This is an English translation of the Italian original "Relazione sul Governo Societario e Informazione sugli Assetti Proprietari" and has been prepared solely for the convenience of the reader.

Corporate Governance Report and Information on Ownership Structures

20 March 2008

INTESA SANPAOLO S.p.A.

Parent company of Banking Group Intesa Sanpaolo included in the national register of banking groups – Registered office torino, piazza san carlo 156 – share capital 6,646,547,922.56 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

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Glossary

Borsa or Italian Stock Exchange:

the Italian Stock Exchange, the company in charge of the organisation, management and functioning of the financial market in which the shares of Intesa Sanpaolo S.p.A. are listed

c.c.:

Italian Civil Code

Corporate Governance Code or Code:

Corporate Governance Code of listed companies promoted by the Italian Stock Exchange

Consob:

Commissione Nazionale per le Società e la Borsa, the independent authority whose purpose is to safeguard investors, efficiency, transparency and the development of the Italian securities market

Manager responsible for preparing the Company's financial reports:

Manager responsible for preparing the Company's financial reports

Banking Group:

the banking, financial and instrumental companies - with registered offices in Italy and abroad - controlled directly or indirectly by Intesa Sanpaolo

Group or Intesa Sanpaolo Group:

the directly and indirectly controlled companies, including those which are not part of the Banking Group

Intesa Sanpaolo or Company or Bank or Parent Company:

Intesa Sanpaolo S.p.A.

Report:

this Corporate Governance Report

SEC:

Securities and Exchange Commission

Articles of Association:

Articles of Association of Intesa Sanpaolo S.p.A.

Consolidated Law on Banking:

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

Consolidated Law on Finance:

Legislative Decree 58 of 24 February 1998 – Consolidated Law on Finance

Introduction

Intesa Sanpaolo structured its governance system also in light of the indications contained in the Corporate Governance Code of listed companies promoted by the Italian Stock Exchange, for the purpose of ensuring effective and transparent divisions of powers and responsibilities between its corporate bodies and, in particular, a correct balance between management and control functions.

The Company is an Italian bank, issuer of ordinary shares and saving shares listed on the electronic share market managed by the Italian Stock Exchange (MTA). The deregistration with the US SEC of the instruments representing shares was completed in September 2007, in consideration of the low volumes traded by shareholders resident in the US.

Therefore, this Report was prepared in compliance with the new provisions introduced by the Consolidated Law on Finance (art.124-bis) and related implementation rules issued by Consob, which require that Italian companies listed on regulated markets publish annually information on their adoption of codes of conduct and observance of requirements thereof, explaining the reasons for any non-adoption. It also contains information on ownership structures required ex 123-bis of the Consolidated Law on Finance .

The Report contains, divided by topic areas, information on the adoption of the single prescriptions of the Code, on the reasons for non-compliance and on conduct adopted in place of that prescribed by the Code, considering the powers assigned to Corporate bodies by the Italian law, bank supervisory provisions and the Articles of Association.

On this point, please note that Intesa Sanpaolo, by adopting the innovative dual corporate governance structure, had to adapt principles and criteria of the Code to its governance system, using the faculty set forth by the Code to comply with its aims and objectives for governance models alternative to the traditional model.

12.P1

For greater transparency, specific boxes aside the text provide reference to the principles and criteria of the Code. Furthermore – for the purpose of permitting an immediate perception of the prescriptions of the Code which have been applied (with or without adaptations) and those which have not been applied – the third part contains an analytical “check list”, which reproduces the text of the Code and the page number of the Report where the specific aspect is expressly addressed. The aforesaid “check list” must be read together with the specifications and details contained in the text of the Report as concerns the application of the single principles and criteria of the Code.

The Report is formally divided into three parts. The first part provides a short profile of the Company, its organisation, its Group structure, and information on ownership structures; the second part contains more detailed information as concerns adoption of the Code and the Bank’s corporate governance system; the third part contains the summary tables on the structure of the Supervisory Board and the Management Board.

Information contained in this Report refer, unless otherwise stated, to as at 20 March 2008, the date of its approval by the Management Board and the Supervisory Board.

Please note that the Bank of Italy, with provisions of 4 March 2008, adopted new supervisory regulations as concerns banks’ organisation and corporate governance.

On this point, the dual management and control system adopted by Intesa Sanpaolo appears practically in line with the new regulations, since it represented for the Italian banking system a first reference model, approved by the Supervisory Authority when the merger was finalised in December 2006.

More specifically, as concerns the powers and functions of the Supervisory Board and the Management Board, the duties of the Supervisory Board and its Committees, included the Control Committee, the governance of Intesa Sanpaolo – also in light of the new supervisory provisions – may be considered in line with best market practices.

In the framework of the programmes of constant verification and update of the Bank's organisational governance structure a phase of analysis and assessment has commenced aimed at ensuring, in the terms indicated by the Supervisory Authority, a detailed and precise adoption of all the indications provided for by the most recent regulations.

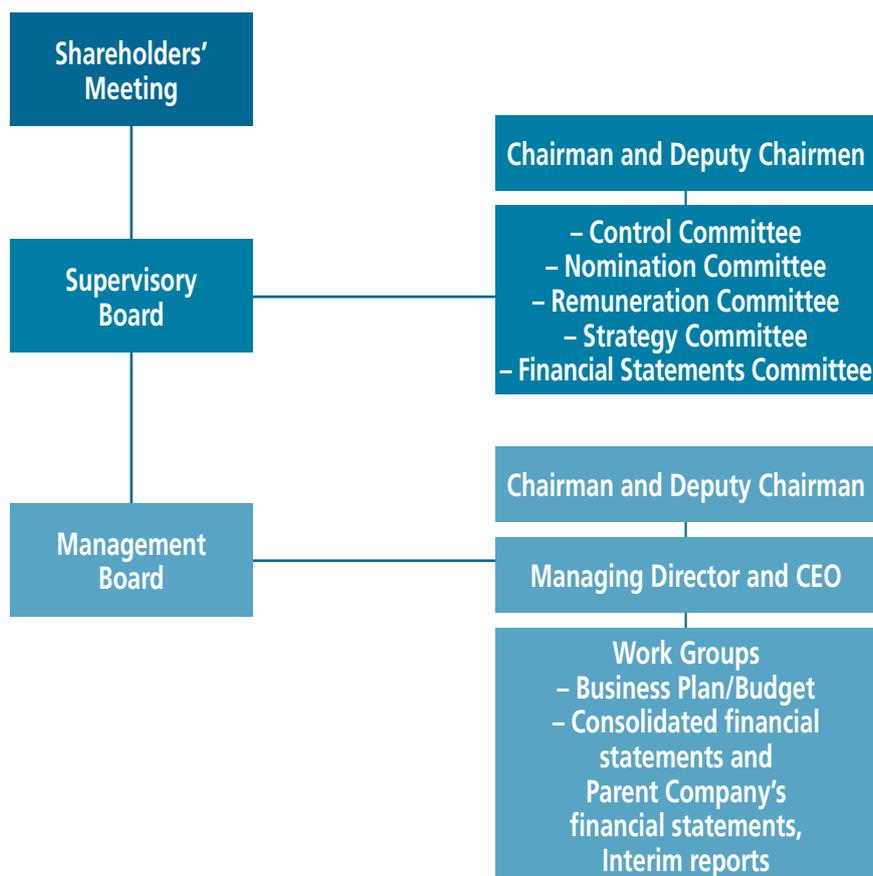
Part I – Profile of the Company and the Group

Intesa Sanpaolo, Company with Registered office in Turin and Secondary registered office in Milan is a Bank included in the National Register of Banks and Parent Company of Banking Group “Intesa Sanpaolo”, included in the National Register of Banking Groups. The purpose of the Company is the deposit-taking and the carrying out of all forms of lending activities, both directly and through its subsidiaries, as well as carry out any other transactions that are instrumental for, or related to, the achievement of its corporate purpose.

Corporate bodies

Intesa Sanpaolo S.p.A. adopts the dual corporate governance system, in which control and strategic management functions, exercised by the Supervisory Board, are separated from the management of the company’s business, which is exercised by the Management Board in accordance with article 2409–octies and subsequent of the Italian Civil Code and with article 147–ter and subsequent of the Consolidated Law on Finance.

In particular, also in light of the adoption of the Corporate Governance Code, the corporate governance system of Intesa Sanpaolo is articulated in the Corporate bodies set out below, which are attributed duties, powers and function as provided for by the law, regulations, relevant resolutions made by competent authorities and by the Articles of Association. Detailed information on Corporate bodies is contained in specific sections in the second part of the Report.



The Intesa Sanpaolo Group

The Intesa Sanpaolo Group provides banking, financial and insurance services.

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

In its capacity as Parent Company, the Company holds the role of reference point for the Bank of Italy and issues the necessary provisions to the Members of the Banking Group for implementing the instructions received from the Bank of Italy in the interest of the Group stability. Subsidiaries must comply with the aforesaid provisions.

Intesa Sanpaolo also verifies compliance, by the single components of the Banking Group, with the provisions issued as instructed by the Bank of Italy to ensure the respect of the norms on information, regulatory and prudential supervision, without prejudice to the responsibility of company bodies of subsidiaries of ensuring correctness of information flows, adequacy of production and control procedures of the figures provided.

As concerns provisions set forth in Legislative Decree 142/2005, the Intesa Sanpaolo Group is a “financial conglomerate” – whose main field of activity is banking – and, as such, is subject to supplementary supervision, exercised by the competent Authorities and coordinated by the Bank of Italy, for the purpose of guaranteeing the safeguard of the stability of the financial conglomerate as a whole and of the companies which are part of it.

Intesa Sanpaolo also exercises, in accordance with article 2497 and subsequent articles of the Italian Civil Code, direction, management and coordination activities for its direct and indirect subsidiaries, including companies which, on the basis of current laws, are not part of the Banking Group.

In consideration of the common business strategy and for the purpose of optimising synergies deriving from being part of a Group, at the same time maximising the key strengths of the various entities, the Company has adopted Group Regulations, which discipline the means of functioning and the institutional mechanisms of the Intesa Sanpaolo Group as well as the fundamental rules of the model for the direction and coordination of subsidiaries.

The Regulations are the reference discipline for relations between Intesa Sanpaolo and Group companies and between the latter, their conduct – in compliance with juridical autonomy and the principles of correct management of such companies – must reflect uniform organisational and management rules, also in compliance with Supervisory regulations in force both for banks and for financial conglomerates.

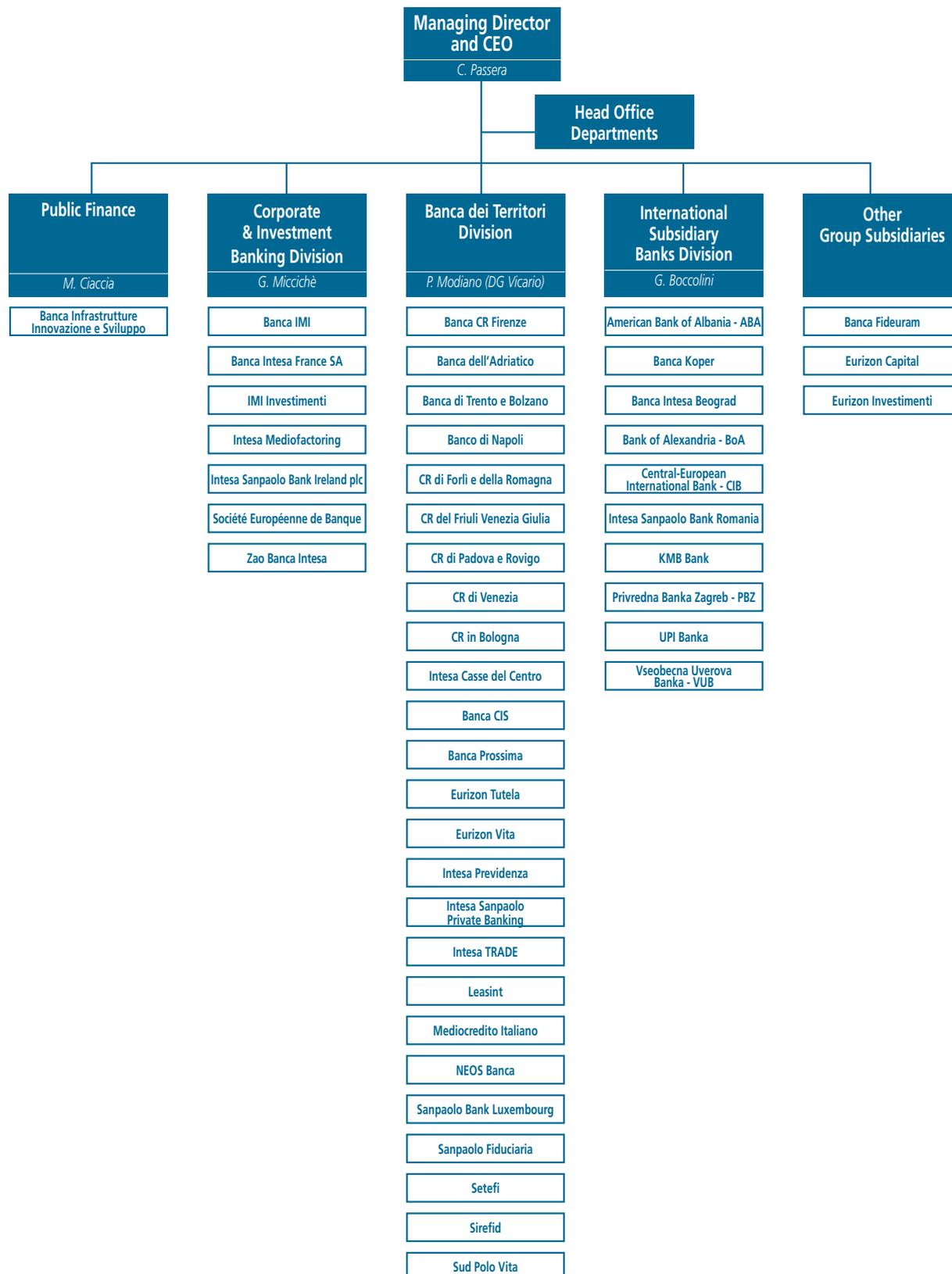
The document, in particular, defines the Group’s overall architecture and guarantees unitary management, through compliance with the basic principles with which it operates and through direction, management and support of the competent functions within the Parent Company. In this way the Regulations identify precise responsibilities for the Parent Company and Group companies, in a univocal and reciprocal commitment framework.

In principle, all Group companies adopt the Regulations of the Intesa Sanpaolo Group with a specific resolution of the competent Corporate bodies.

For the purpose of giving concrete application to the rules contained in the Regulations, Intesa Sanpaolo designed the information processes between the Parent Company and subsidiaries, requesting the means with which the latter refer to the Parent Company, also requesting prior authorisation for legal entity transactions, equity investments and on governance issues as well as activating adequate information flows to the Parent Company.

Please note that Banca CR Firenze and its subsidiaries entered the Group as a result of the acquisition completed in January 2008.

The Intesa Sanpaolo Group



Information on ownership structures ex art. 123-bis Legislative Decree 58/1998

Share capital

Share capital subscribed and paid-in totals 6,646,547,922.56 euro, divided into 12,781,822,928 shares of nominal value 0.52 euro each, of which 11,849,332,367 ordinary shares (equal to 92.70% of share capital) and 932,490,561 non-convertible saving shares (equal to 7.30% of share capital).

The Extraordinary Shareholders' Meeting of 1 December 2006 resolved to increase share capital for maximum 15,835,003.08 euro through the issue of maximum 30,451,929 ordinary shares reserved for senior executives of the absorbed company Sanpaolo Imi S.p.A. and its subsidiaries taking part in the share incentive plans already approved by the Board of Directors of Sanpaolo Imi S.p.A. on 17 December 2002 and 14 November 2005.

At the conclusion of the share incentive plan of 17 December 2002, the share capital was increased, from 2 to 25 April 2007, from 6,646,436,318.60 euro to the current amount following the issue of a total of 214,623 Intesa Sanpaolo ordinary shares.

At the current date there remains the share incentive plan of 14 November 2005 for a total number of shares – as at 31 December 2007 – of 27,100,500, for a total of 14,092,260 euro.

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

Shares

Each ordinary share confers the right to cast one vote.

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

For saving shares, the Articles of Association, in addition to pre-emptive rights with regard to the reimbursement of the entire nominal value of the shares, provide for a dividend of up to 5% of the nominal value of the non-convertible saving shares (which may be cumulated in the subsequent two financial years), resulting from the allocation of net income reported in the financial statements, net of the portion to be allocated to legal reserve and the portion which is not available pursuant to the law.

The remaining net income made available for distribution by the Shareholders' Meeting must be allocated to all shares so that the dividend attributable to non-convertible saving shares shall exceed the dividend attributable to ordinary shares (and which may not be cumulated in subsequent years) by an amount equal to 2% of the nominal value of the shares.

American Depositary Receipts (ADRs, certificates representative of Intesa Sanpaolo ordinary shares) are also in circulation, are currently deposited with and managed by Bank of New York (until 3 January 2008 they were deposited with and managed by JP Morgan Chase) and are admitted – after the deregistration process – to trading in the United States of America exclusively on the over the counter market.

Shareholders

According to communications made pursuant to art. 120 of the Consolidated Law on Finance or to other information which reached the company, the shareholders of Intesa Sanpaolo which directly and/or indirectly hold equity stakes in the ordinary share capital exceeding 2% are listed in the table below:

Declaring Company	Direct shareholder (if other than the declaring company)	% of ordinary share capital
Compagnia di San Paolo	–	7.960%
Carlo Tassara S.p.A.	Carlo Tassara S.p.A. other group company	5.886% 0.010%
Crédit Agricole S.A.	Crédit Agricole S.A. other group companies	5.411% 0.157%
Assicurazioni Generali S.p.A	Alleanza Assicurazioni S.p.A. another group companies (including Assicurazioni Generali S.p.A.)	2.332% 2.743%
Fondazione Cariplo	–	4.680%
Fondazione C.R. Padova e Rovigo	–	4.602%
Ente C. R. Firenze	–	3.378%
Fondazione C.R. in Bologna	–	2.729%
Giovanni Agnelli e C. Sapa.	Ifil Investments S.p.A.	2.447%

Voting rights

There are no shares which confer special control rights and there are no restrictions to voting rights. For the sake of completeness, please note that, for the election to the post of member of the Supervisory Board, the Articles of Association set forth a proportional list voting system.

There are no restrictions to the transfer of shares, without prejudice, as concerns this last point, to the non-transferability of shares assigned to employees as provided for by the stock granting plans described below.

There are no particular mechanisms for the exercise of voting rights of shares attributed to employees on the basis of employee stock granting plans.

All the foregoing, without prejudice to the possibility, provided for by the law, that associations of shareholders collect proxies.

Shareholders' agreements

There are no agreements pursuant to art. 122 of the Consolidated Law on Finance, known to the Company.

Other information

As concerns provisions applicable to the appointment and substitution of members of the Management Board and Supervisory Board see the specific chapters dedicated to these bodies hereafter in this Report.

As concerns the rules applicable to changes in the Articles of Association, without prejudice to the competence of the Extraordinary Shareholders' Meeting set forth by the law, the Articles of Association delegates the Supervisory Board, in accordance with art. 2436 of the Italian Civil Code, the power to resolve upon changes in the Articles of Association to comply with new legal provisions.

Own shares

The Shareholders' Meeting of Banca Intesa of 1 December 2006 and the Shareholders' Meeting of Intesa Sanpaolo of 3 May 2007 authorised – with resolution which ceased its effects as of 1 September 2007 – a programme for the purchase of own shares to serve a stock granting plan in favour of Group employees.

This programme, which, in the framework of the company's integrative labour contract negotiations was aimed at favouring convergence between operating performance and value creation, as well as the alignment of the interests of employees and that of shareholders, was concluded with the purchase by the Parent Company of 7,220,124 shares, for a countervalue of 40,485,219.07 euro, and was executed in 2007

with the assignment of shares to the employees which met requirements.

As already described, as concerns the employee stock granting plan resolved upon by the aforementioned Shareholders' Meeting of 3 May 2007, beneficiaries may not perform any transaction aimed at trading the shares, even in transitory forms, nor dispose of the relevant rights or grant rights or encumbrances of any nature on such shares until 2010 included. A similar constraint to the transfer of shares also applies to the shares assigned on the basis of a prior stock granting plan in favour of former Sanpaolo Imi employees with expiry 2009.

Also for the purpose of complying with and executing the commitments related to the acquisition of control of Banca C.R. Firenze S.p.A., the Shareholders' Meeting of Intesa Sanpaolo held on 2 October 2007 authorised, within the limits provided for by the law, the purchase of a maximum 800 million Intesa Sanpaolo ordinary shares of a unit nominal value of 0.52 euro.

This authorisation, in accordance with regulations, lasts 18 months and, in general, enables the Company to dispose of own ordinary shares to be used for the purposes of strategic interventions. Purchases must occur according to the means provided for by the law and at prices directly correlated to the reference price struck on the Italian stock exchange. The Shareholders' Meeting of 2 October 2007 also granted without time limits the authorisation to sell own shares held which exceed the requirement of transactions for which they were purchased.

Based on this authorisation 398,904,617 Intesa Sanpaolo ordinary shares were purchased for a total investment of 155,430,400.84 euro, subsequently swapped with Banca CR Firenze shares.

At the close of 2007 Intesa Sanpaolo held 398,904,617 own ordinary shares. Further smaller quantities of shares were held by other Group companies as part of their ordinary banking and financial activities.

"Change of control" clauses

The Bank and the Group's other operational companies, as part of their standard activities, are normally part of framework agreements and contracts (especially for funding) which may provide for, as is standard practice in financial markets for certain types of relations, specific effects in case of a "change of control" (agreements "which take effect, alter or terminate upon a change of control of the Company and/or of any further related events").

None of those framework agreements or contracts may be considered, in itself, significant in terms of amount or effect.

Employment termination indemnities

There are no agreements between the Company and members of the Management Board and the Supervisory Board which envisage indemnities in the event of resignation or dismissal without just cause, or on advanced termination of their service for whichever reason.

Part II – Information on the adoption of the corporate governance code and other information on governance

The dual corporate governance system

Intesa Sanpaolo decided to adopt the dual corporate governance model, based on the presence of a supervisory board and a management board, in line with provisions of articles 2409-octies and subsequent of the Italian Civil Code.

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12.P.3.

The choice of the dual model – operational as of 2007 following the merger between the two banking groups which formed Intesa Sanpaolo – reflects a strategy aimed at separating corporate governance duties and is already widespread in other European Union Countries, especially for large listed companies. Various bank issuers in Italy have also recently opted for this system.

The concrete configuration of the model, in Intesa Sanpaolo's Articles of Association and summarised herein, presents the characteristics of distinction deemed to be useful to further improve its effectiveness.

In general terms, the Supervisory Board, in addition to performing the control duties typical of the board of statutory auditors, is also charged with certain duties traditionally attributed to the shareholders' meeting and with direction and supervision functions whereas the Management Board has the full and exclusive power as concerns the Company's management and concurs, within its separate and distinctive competences, to exercise the strategic supervision function.

The adopted model ensures that both bodies concur to exercise strategic supervision in a framework of clear and defined attributions, in which the proposals made by the Management Board are submitted to the approval of the Supervisory Board. Without prejudice to all the foregoing, in relations with the Supervisory authority the strategic supervision function is considered within the Supervisory Board for the purposes of the regulations recently issued by the Bank of Italy on banks' organisation and corporate governance.

The effectiveness of the insitutional relation between the two corporate bodies is strengthened by the attributions to the respective Chairmen who guarantee the proper dialectic and activation of the two corporate bodies.

In compliance with the general guidelines and programmes approved, the Management Board has exclusive power over the Company's ordinary and extraordinary operations. The Articles of Association reserve to the exclusive competence of the Management Board the most significant aspects of the Company's management, which are more numerous than those provided for by the law and supervisory provisions, and for which a board decision permits to actively involve all Members of the Management Board in the key moments of the Company's operations.

At the same time, for the purpose of ensuring unitary management, the Management Board delegated important powers to one of its members, who was appointed Managing Director with Chief Executive Officer functions for the Company and the Group, who has been reserved the power to propose resolutions to the Management Board, without prejudice to the general powers to propose of the other Members and those reserved to the Chairman on certain matters.

Intesa Sanpaolo lays particular importance on the balance of duties and powers achieved with the definition of the various roles of its top corporate bodies – the Supervisory Board and the Chairman of the Supervisory Board, the Management Board, the Chairman of the Management Board and the Managing Director – also due to the responsibilities of each of them, set forth by both general legal provisions and the supervisory provisions which apply to companies which perform their business activities in the sensitive sector of intermediation of savings.

In this framework, in complying with the Corporate Governance Code, the Company as required by the Code itself has adapted the provisions of the Code to the governance system it has concretely adopted, consistently with the objectives of sound management, information transparency and safeguard of investors and the market.

12.C.1.

As detailed below, in consideration of the organisational options chosen and the specific configuration of the dual governance system defined by the Company, certain provisions of the Corporate Governance Code referred to the Board of Directors and to Directors in the traditional model have been considered applicable not only to the Management Board and its Members but also to the Supervisory Board and its Members, taking into account that the Articles of Association assign to that Body significant direction powers ex art. 2409-terdecies, lett. f-bis of the Italian Civil Code. Conversely, provisions typical of the control body have been referred to the Supervisory Board and provisions typical of Company management have been applied to the Management Board.

The Supervisory Board

ROLE OF THE SUPERVISORY BOARD

Functions

1.P.1.

The Supervisory Board, as part of the management and control system adopted by Intesa Sanpaolo, performs direction, strategic supervision and control functions.

As concerns direction functions, the Supervisory Board exercises duties that are traditionally reserved to the Shareholders' Meetings such as the appointment, revocation and the definition of the remuneration of the Members of the Management Board; to perform such duties it avails itself of the support of the Nomination Committee and Remuneration Committee. As part of such functions, the Supervisory Board also approves the financial statements and the consolidated financial statements, cumulating the powers of the ordinary shareholders' meeting and of the board of directors of the traditional system, in performing such functions the Board is supported by the Financial Statements Committee.

Furthermore, the Supervisory Board is entrusted with the adaptation of the Articles of Association to regulatory provisions.

The Supervisory Board has been entrusted, as provided for by art. 2409-terdecies, par. 1, lett. f-bis) of the Italian Civil Code, other functions which strengthen its direction functions and permit to recognise to its members a collegial involvement also in the main governance decisions of the Bank and the Group, with a role of strategic supervision.

Therefore, the Supervisory Board, pursuant to the Articles of Association, performs the following duties:

1.C.1. a) e f)

- upon the proposal of the Management Board, resolves upon the Company's and the Group's general strategic guidelines;
- approves the business and/or financial plans and the budgets of the Company and the Group prepared by the Management Board, without prejudice to the latter's responsibility for the acts performed;
- authorises strategic transactions.

In particular, the Supervisory Board authorises:

1.C.1. f)

- (i) the proposals by the Management Board to be submitted to the Shareholders' Meeting in respect of transactions concerning the Company's share capital, issue of convertible bonds and bonds cum warrant convertible into shares of the Company, mergers and demergers and other amendments to the Articles of Association, without prejudice to the shareholders' powers to submit proposals pursuant to applicable law;
- (ii) purchases or sales by the Company or subsidiaries of controlling equity stakes in companies with considerable strategic value or unit value exceeding 6% of consolidated regulatory shareholders' equity, as well as the purchase or sale of businesses, portfolio of assets, and business lines of considerable strategic value;
- (iii) investments or divestments of strategic value and/or which entail a commitment for the Company which exceeds for each transaction 6% of consolidated regulatory shareholders' equity;
- (iv) signature of commercial, collaboration or shareholders agreements of strategic value.

Such agreements are submitted to the approval of the Supervisory Board, upon proposal of the Management Board.

The Supervisory Board for its prior analysis avails itself of the support of the Strategy Committee.

The Supervisory Board also approves the strategic guidelines and the risk management policies and assesses the degree of efficiency and adequacy of the internal audit system, with particular reference to risk control, the functioning of internal auditing and the accounting ITC system. Such functions – as provided for by the Articles of Association – are performed with the support of the Control Committee.

1.C.1. b)

As concerns more specifically the internal process for the determination of capital adequacy, the Supervisory Board, upon proposal of the Management Board, is entrusted with the approval of the Group's risk appetite, the report on the ICAAP process (the "ICAAP Book") – to be carried out annually and when exceptional circumstances require its review – the overall internal capital and the formulation of the final opinion on the adequacy of the current and prospective regulatory capital to be sent with the procedures provided for by the Supervisory Authority.

The Supervisory Board, as direction and control body, may promote liability actions against Members of the Management Board.

The Supervisory Board, pursuant to the law is the Bank's control body and therefore exercises the supervisory functions set forth by art. 149, par. 1, of the Consolidated Law on Finance, as recalled by the Articles of Association and reports to the shareholders' meeting on the activities performed. As concerns these supervisory functions, which mostly refer to the observance of the law, regulations and the Articles of Association, of proper management and the adequacy of the organisational and bookkeeping systems, the Supervisory Board avails itself of the support of the Control Committee.

As part of control activities, the Supervisory Board monitors, with the support of the Control Committee, the independence of the auditing firm.

10.C.5.

As control body, the Supervisory Board must also inform the Bank of Italy and Consob without delay of all the other acts or facts, which come to its knowledge in the exercise of its duties, which may represent management irregularities or a violation of the regulations concerning banking activities;

Finally, according to a specific provision of the Articles of Association and a consolidated tradition of the Bank in the support of culture and charities, the Supervisory Board is also entrusted with the duty to resolve upon the Bank's and the Group's cultural initiatives and the management of the Allowance for charitable, social and cultural contributions, set up by the Shareholders' Meeting from the allocation of a part of net income.

Considering the relevance and the complexity of the matters which the regulatory framework and the Articles of Association assign to its competence, the Supervisory Board, in accordance with art. 151-bis, par. 3, of the Consolidated Law on Finance, set up a specific structure – the General Secretariat of the Supervisory Board – with the duty of assisting the Board, the Chairman, the Deputy Chairmen and its internal committees in performing the respective duties, supporting the Secretary of the Supervisory Board in performing the duties he/she has been assigned and ensuring the connection with the Corporate bodies in charge of the Bank's management as concerns all the matters of interest of the Board.

10.P.3.

Meetings and resolutions

The Supervisory Board, which normally meets once a month, is summoned by the Chairman, in the terms set forth by the Articles of Association.

1.P.1.
10.P.3.

Meetings may be held through remote connection systems, provided that the identity of those present can be verified and that those attending the meeting are allowed to follow the discussion and intervene in real time with regard to the matters on the agenda as well as view, receive and transmit documents.

For the validity of the decisions a majority of members in office must be present at the meeting; decisions are adopted with the favourable vote of the absolute majority of the members attending the meeting, without prejudice to particular decisions, such as for example those referred to the appointment of the Chairman and of one or two Deputy Chairmen of the Management Board, for which the favourable vote of the majority of the Supervisory Board Members in office is necessary.

The Board shall adopt a specific Regulation, which is under preparation, for the purpose of compliance to the new Bank of Italy provisions.

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

The Members of the Supervisory Board receive, for each meeting, for each item on the agenda, information and documentation relevant to make decisions.

The General Secretariat of the Supervisory Board ensures that this provision is complied with according to adequate means and timing.

The Members of the Supervisory Board, also on the basis of prerogatives set out by the law and the information they must receive from the management function, act and pass resolutions with full knowledge of the facts and autonomously.

The role of strategic supervision entrusted with the Supervisory Board, entails a detailed involvement of Supervisory Board Members in the main direction decisions, including, as mentioned, the approval of the Business Plan and the strategic guidelines identified to achieve the results set out in the Plan, contributing with the Management Board, also through the constant supervision over general operations development, to pursue shareholder value creation, without prejudice to the sound and prudent management of the Bank.

For the purpose of effectively conducting its duties, the Supervisory Board – as already mentioned – formed five internal Committees which, by examining the matters of competence of the Collegial body and formulating opinions and preparing reports, aid the Supervisory Board Members in taking decisions within their competence.

In 2007, the Chairman of the Supervisory Board invited take part to Supervisory Board Meetings the Chairman of the Management Board and the Managing Director, every time a general and/or strategic issue was addressed, as well as other Heads of Business Units, Corporate Centre Areas and Head Office Departments of Bank to provide opportune information and figures on the matters submitted to the examination of the Board, as well as professionals of the Auditing firm.

In particular as concerns the transactions in which the Members of the Supervisory Board may have an interest on their behalf or on behalf of third parties, Board Members must comply with the specific provisions set forth by art. 136 of the Consolidated Law on Banking, and the related supervisory provisions issued by the Bank of Italy. In the execution of its duties, in each Supervisory Board meeting, each Member informs of any interest on own behalf or on behalf of third parties in the transaction under examination.

10.C.4.

1.C.1. h)

In 2007 the Supervisory Board met on 13 occasions, with the following percentage participation for each Member:

Giovanni Bazoli Chairman	100%	Pietro Garibaldi	100%
Antoine Bernheim Deputy Chairman	54%	Fabrizio Gianni	82%
Rodolfo Zich Deputy Chairman	100%	Alfonso Iozzo (until 30/4/07)	100%
Franco Dalla Sega	100%	Giulio Lubatti	100%
Carlo Barel di Sant'Albano	54%	Giuseppe Mazzarello (as of 3/5/2007)	100%
Pio Bussolotto	100%	Eugenio Pavarani	92%
Rosalba Casiraghi	100%	Gianluca Ponzellini	92%
Giovanni Costa	100%	Gianguido Sacchi Morsiani	100%
Gianluca Ferrero	92%	Ferdinando Targetti	92%
Angelo Ferro	100%	Livio Torio	100%

The Supervisory Board programmed 11 meetings for 2008; to date three have already been held.

The Company's 2008 financial calendar indicated 11 April as the date of the Supervisory Board meeting for the approval of the Parent Company's and the consolidated financial statements.

Other positions of Supervisory Board Members

Each Board Member has the responsibility of examining and assessing the conditions which enable him/her to perform diligently and with the necessary time, their office, which also entails the participation to Supervisory Board Committees and which set out particular professional, integrity and independence requirements.

1C2-10C3

The limits to the number of offices provided for by the law, regulations or the Articles of Association in force apply to Supervisory Board Members.

1.C.3.

The Articles of Association of Intesa Sanpaolo, as provided for by the resolution of the Extraordinary Shareholders' Meeting held on 3 May 2007, were changed to comply with the amendments set forth by Law 262 of 28 December 2005, in the discipline of the number of offices for the members of control bodies, pursuant to art. 148-bis of the Consolidated Law on Finance. The new provisions of the Articles of Association set forth that "the cases of incompatibility as well as the limits to the number of offices provided for by law, regulations and the Articles of Association in force at the time of entry in office, without prejudice to different binding provisions set forth by law" apply to the Members of the Supervisory Board.

On the basis of the provisions issued by Consob, to implement the aforesaid art. 148-bis of the Consolidated Law on Finance, Supervisory Board Members must comply with the new discipline within 30 June 2008. Currently, the discipline as concerns the number of offices applicable to Supervisory Board Members is that set out in the Articles of Association at the time of entry in office; such provision sets forth that "*Individuals who have exceeded the limit of five offices in the management or control of other listed companies or parent companies or subsidiaries of listed companies (up to a maximum of five offices within one group shall be considered as one office; if such limit is exceeded, they shall be considered as two offices) may not be appointed as members of the Supervisory Board and, if they are appointed, they shall be disqualified from office*".

Each Supervisory Board Member complies with the aforesaid statutory provision.

Each Board Member must inform the Bank of any offices in other companies and entities. As an attachment to this Report, summary Table No. 2 indicates the number of other management and control offices that the Members of the Supervisory Board have communicated to have in other companies listed in regulated markets (also abroad), in financial, banking, insurance or large companies while Table No. 3 contains a list of such offices.

1.C.2.

1.C.1. g)

In 2007 – being its first year of activity – the Supervisory Board decided not to conduct a self-assessment process as concerns the size, composition and functioning of the Board and of its internal Committees, also following the determinations expressed by the Ordinary Shareholders' Meeting held on 3 May 2007, as concerns the congruity of the number of Board Members with respect to the ownership structure of the new group, to the ample presence of Independent members pursuant to the Code, also in representation of the minorities expressed by professional investors.

The frequent Committee meetings and the time dedicated to such meetings, the content and the breadth of information, always focused on the various items on the agenda, favoured open and critical discussions among Members, contributing, also within the Board to a proficuous exchange and reasoning, also favoured by the participation of the Heads of Business Units, Head Office Departments and Corporate Centre Areas who are invited to both Committee and Supervisory Board Meetings.

The climate of cohesion and sharing, together with the competences of each Board Member, favoured well-thought out, aware and widely shared decisions not only within Committees, but also in the Supervisory Board.

COMPOSITION OF THE SUPERVISORY BOARD

Composition and Appointment

3.C.3.

The Supervisory Board is composed of a minimum of 15 up to a maximum of 21 Members, including non shareholders, appointed by the Shareholders' Meeting; the Articles of Association require that at least six members be independent pursuant to the Code.

The Supervisory Board in office at the date herein is composed as follows:

Giovanni Bazoli – Chairman
Antoine Bernheim – Deputy Chairman
Rodolfo Zich – Deputy Chairman
Carlo Barel di Sant'Albano
Pio Bussolotto
Rosalba Casiraghi
Giovanni Costa
Franco Dalla Sega
Gianluca Ferrero
Angelo Ferro
Pietro Garibaldi
Fabrizio Gianni
Giulio Lubatti
Giuseppe Mazzarello (as of 3.5.2007)
Eugenio Pavarani
Gianluca Ponzellini
Gianguido Sacchi Morsiani
Ferdinando Targetti
Livio Torio

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

All Supervisory Board Members, excluding Giuseppe Mazzarello, were appointed by the Bank's Ordinary Shareholders' Meeting, held on 1 December 2006, pursuant to the transitory rule contained in art. 34 of the Articles of Association.

The election of the Supervisory Board occurred on the basis of lists of candidates (presented by Shareholders holding at least 1% of ordinary share capital) who have the integrity, professional and independence requirements provided for by the law and the Articles of Association with the indication – where applicable – if they meet the condition of independence, pursuant to art. 3 of the Corporate Governance Code. All Supervisory Board Members were appointed from the list presented by Fondazione Cariplo, with the exception of Rosalba Casiraghi, elected by the list presented by Arca SGR on its own behalf and on behalf of other institutional shareholders. The appointment of Giuseppe Mazzarello - in substitution of Alfonso Iozzo, who resigned and remained in office until 30 April 2007 – occurred in accordance to the Articles of Association, on proposal put forward by a shareholder present in the Shareholders' Meeting held on 3 May 2007, which resolved on the appointment with a simple majority of votes cast.

The aforesaid Shareholders' Meeting of 3 May 2007 also resolved not to appoint two further Supervisory Board Members – provided for by the transitory rules contained in art. 34 of the Articles of Association on "First Appointments" – for which just one list of candidates had been presented, leaving unchanged the number of components of the Supervisory Board.

Supervisory Board Members remain in office for the 2007/2009 period. If, for whatever reason, one of the Supervisory Board Members leaves service and his/her substitution with the first or the second unelected member of his/her list is not possible, the Shareholders' Meeting must proceed without delay to the appointment of a new member, with a simple majority of votes cast on proposal put forward by shareholders present.

Please note that the Articles of Association, following the amendment made by the Extraordinary Shareholders' Meeting of 3 May 2007, which adapted it to the provisions issued with Law 262 of 28 December 2005 and Legislative Decree 203 of 29 December 2006, provide for the election of Supervisory Board Members on the basis of lists presented by shareholders representing 0.5% or whichever percentage of ordinary share capital provided for by regulations in force; such lists must be deposited at the registered office at least 15 days before the shareholders' meeting summoned for the appointment of supervisory board members.

The lists must be complemented by an exhaustive description of the personal and professional characteristics of candidates, as well as their declaration that they possess all the requirements set forth for all or certain Board members by legal, regulatory or statutory provisions, as well as their acceptance of their candidature. The Bank website provides brief biographical and professional notes on the Members in office.

The application of the procedure for the appointment of the Supervisory Board ensures that minorities have the representation prescribed by the law for listed companies and the election of all Supervisory Board Members occurs through a proportional list voting mechanism.

Thus, the Bank paid particular attention to the need to reflect in the Supervisory Board the articulated structure of its shareholder base, applying a criterion of fair representation of the various components of its shareholder base.

The Members of the Supervisory Board are aware of the duties and responsibilities inherent in the office they fill. In this regard, when a Board Member is appointed, in order to facilitate awareness of the duties and responsibilities that derive from the office, the Bank provides Board Member with a file containing, *inter alia*, information on the principle rules that apply to them.

One way the governance model adopted makes it possible to enlist the specific professional qualities and competences of the members is the participation of all Members of the Supervisory Board in at least one of the Committees formed within the Board itself. Participation in these Committees – with the abilities acquired outside of the Bank, including those of a technical nature, those from an academic context and those from professional experiences or from experiences in other company offices – leads each Board Member to contribute their specific competences during Board meetings. The contributions of members serve to promote joint discussion and allow the Board to take decisions with a greater understanding of facts and greater consensus.

2.C.2.-2.P.2.

Board Members' growing knowledge of the company's reality and dynamics takes place primarily via their participation in the work of the Committees. During these meetings and within the limits of their scope, the main legal and regulatory changes are also outlined by the Company functions involved in each case, with specific reference made to the impact on Bank operations. The possibility of extending such information to all Board Members is currently being assessed.

Chairman and Deputy Chairmen

Given the governance model adopted by Intesa Sanpaolo, the Chairman of the Supervisory Board occupies a significant role, not only in terms of competence, time dedicated and authority exercised but also, more generally, in terms of the functions that he/she is entrusted with by the Articles of Association.

The Chairman of the Supervisory Board, in addition to the functions of promoting and coordinating the Board, is expected to exercise the functions of supervision over and activation of corporate bodies, thereby ensuring the internal dialectics with the management function; indeed, one of the duties of the Chairman of the Supervisory Board is that of liaising in the required and appropriate manner with the Management Board, its Chairman and with the Managing Director, as well as supervising relations with shareholders, and verifying that such relations are managed correctly, in agreement with the Chairman of the Management Board and with the Managing Director.

The Chairman of the Supervisory Board does not participate in the meetings of the Management Board in order to avoid influencing their work; this choice is in line with the prerogatives of the role of the Chairman and respects the operational independence of the Management Board.

The Chairman of the Supervisory Board exercises, moreover, the functions of supervision over and activation of control procedures and systems regarding the activities of the Company and the Group. The Chairman, furthermore, requests and receives information on specific aspects of the Company's and the Group's operations and on current and future trends of operations; he/she activates the information instruments necessary to monitor the correctness and adequacy of the organisational structure and the administration and accounting system adopted by the Company and the Group, thereby ensuring the Supervisory Board – along with the Control Committee – has the correct conditions for exercising its control and supervisory functions.

Finally, the duties of the Chairman of the Supervisory Board include managing relations with the Supervisory Authorities as part of and for the purposes of the control and supervision activities of the Supervisory Board.

Related to the Supervisory Board's duties on the cultural initiatives of the Company and Group, the Chairman of the Supervisory Board has the duty of planning these initiatives, after consulting with the Chairman of the Management Board and the Managing Director and, subsequently, managing the initiatives with particular reference to the enhancement of the historic, archaeological and artistic heritage and the management of the Allowance for charitable, social and cultural contributions.

The Articles of Association require the Shareholders' Meeting to appoint two Deputy Chairmen for the Supervisory Board. The exercise of their functions is also regulated by the Articles of Association, in the case of the absence or impediment of the Chairman.

Requirement of integrity and professionalism

The direction and strategic supervision role attributed to the Supervisory Board also affects the qualifications of its components, who must therefore meet, as explicitly required by the Articles of Association, not only the integrity requirements foreseen by the law but also those of professionalism required for bank board members by the Regulation adopted with Ministerial Decree 161 of 18 March 1998, as well as those set forth for statutory auditors of listed companies by the Regulation adopted with Ministerial Decree 162 of 30 March 2000.

Moreover, and also based on the Articles of Association, at least four members of the Board must be enrolled with the register of auditors and must have practiced in the legal audit of accounts.

The integrity requirement aims to ensure that the Bank is in the hands of corporate bodies that are composed of individuals of proven honesty and moral integrity. At the same time, in terms of professionalism, these individuals are expected to have successfully carried out prior experiences for at least three years through qualified professional activity relevant to the office to be filled. Loss of the aforementioned requirements leads to disqualification from office.

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

Within 30 days of appointment, the Supervisory Board shall verify whether these requirements are met, in compliance with the supervisory regulations issued by the Bank of Italy, in addition to the members meeting the requirement of independence, as provided for by the Consolidated Law on Finance and the Code.

INDEPENDENT MEMBERS

All Members of the Supervisory Board must meet the independence requirements provided for by art. 148, par. 3, of the Consolidated Law on Finance, regarding, in particular, the absence of any self-employment or employee relationships, or any other relationships of an economic or professional nature with the Company – or with any of its subsidiaries, with any controlling companies or with those subject to joint control – to the extent such a presence could compromise their independence.

3.P.1.

The Articles of Association also require that at least six members of the Supervisory Board must meet the independence requirements provided for by Code.

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

At the time their candidatures are submitted, Members of the Supervisory Board are asked to certify their independence, under their own responsibility, in accordance with the application criteria in the Code. Every Board Member who states he/she is independent must evaluate his/her own situation based on the parameters listed in the aforementioned criteria. The pertinent certifications have been disclosed to the market.

After their appointment, the following 14 Members have proven to be independent: Rosalba Casiraghi; Giovanni Costa, Franco Dalla Sega, Gianluca Ferrero, Angelo Ferro, Pietro Garibaldi, Fabrizio Gianni, Giulio Lubatti, Eugenio Pavarani, Gianluca Ponzellini, Gianguido Sacchi Morsiani, Ferdinando Targetti, Livio Torio, Rodolfo Zich.

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

The Supervisory Board assesses the independent status of the Members based on the statements made by the Members themselves but also taking into consideration information it acquires directly. Based on the information obtained, the Board has deemed the following 15 Members to be independent at the time of the examination of this Report: Rosalba Casiraghi; Giovanni Costa, Franco Dalla Sega, Gianluca Ferrero, Angelo Ferro, Pietro Garibaldi, Fabrizio Gianni, Giulio Lubatti, Giuseppe Mazzarello, Eugenio Pavarani, Gianluca Ponzellini, Gianguido Sacchi Morsiani, Ferdinando Targetti, Livio Torio, Rodolfo Zich.

3.C.3.

Their number allows them to participate in all the Internal Committees in order to make full use of their respective professional competences in relation to the specific duties attributed to each Committee.

After the appointment of a Board Member who is qualified as independent, at least once a year the Supervisory Board – based on the information requested from the individual involved, either provided by him/her or otherwise available to the Body – shall evaluate any relationships that may have emerged or appear to have emerged that could compromise the autonomous judgement of said Board Member.

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

The Supervisory Board shall incorporate the abovementioned operational method into its own Regulations, considering it also adequate for its role as a Control body and confirming that, when assessing the independence of its own members, it shall not diverge from the principles of the Code.

3.C.5.

The Bank's website has a constantly updated list of Members with notes, when recurrent, on the status of independence according to the Code.

Before approval of this Report, and in order to allow the Supervisory Board to assess whether or not its members are independent, each of the Board Members was asked to carry out a personal assessment of his/her own status of independence, taking into consideration the Application Criteria given in art. 3 of the Code.

Given that the Intesa Sanpaolo Supervisory Board is composed of 19 members, of which 15 are independent according to the Code, and that the latter constitute a qualified majority such that they will always be decisive in every resolution passed by the Body, it was not considered necessary to have a meeting of the Independent members alone.

3.C.6.

FORMATION AND FUNCTIONING OF INTERNAL COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board – given its composition and the professional skills of its components, and given the duties it has been attributed and their complexity – formed with resolution of 2 January 2007, the following five Internal Committees, including three – with proposal, advisory and control functions – specifically foreseen by the Articles of Association (Remuneration Committee, Nomination Committee and Control Committee):

5.P.1.
5.C.1.
a), b) e c)

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

6.P.2.

7.P.3.

The duties of the Committees, after they have been formed, have been specified and integrated with the adoption – for each of them by way of a resolution of the Supervisory Board – of the regulations that direct their functioning and organisation. These duties are assigned, to the extent they are compatible, based on those identified by the Corporate Governance Code and also in accordance with the provisions of the Articles of Association; for example, the duties of the Nomination Committee have been identified in a manner consistent with the dual governance model adopted by Intesa Sanpaolo, since art. 2386 of the Italian Civil Code does not apply.

In the composition of the Committees, the Supervisory Board took into consideration the professional characteristics of its Members, so that each Committee would be composed of members whose competence and professional skills would be appropriate and fully utilised in terms of the duties attributed to the Committee of which they are members.

The Committees carry out the role of analysis, in-depth study and support – which includes the drawing up of proposals, recommendations and opinions – in order to allow the Supervisory Board, jointly, to pass its decisions in a fully aware fashion, increasing the efficiency and effectiveness of its work, especially in terms of treating issues that appear to be delicate insofar as they may be the source of potential conflicts of interest.

The regulations of each Committee require the secretary chosen by each Committee to write up a specific set of minutes for each meeting.

The secretary may also be chosen outside of the members and, in this case, will be from the General Secretariat of the Supervisory Board.

Each Committee, in accordance with regulations, can ask the Bank's Company Functions and, whenever necessary, those of subsidiaries, for access to whatever information is considered necessary to carry out the duties assigned. Such access can take place (except for the Nomination Committee) in a direct way or by way of the General Secretariat of the Supervisory Board and also, when foreseen, by way of structures defined for the purpose (the Control Committee also uses the Internal Auditing function).

5.C.1.,
d), e) ed f)

Committees are constantly supported by the General Secretariat of the Supervisory Board and they can also make use of external consultants; the right to do so is explicitly indicated in each set of regulations, except the one pertaining to the Nomination Committee.

Individuals who are not part of a committee may attend the meetings of each of the Committees, provided they are invited by the specific Committee, only regarding specific items on the agenda of the meeting. The Chairman of the Supervisory Board reserves the right to attend, albeit without voting rights, the meetings of any other Committee even if he/she is not a member of it; the same right, regarding each Committee, is reserved for the secretary of the Supervisory Board and the head of the General Secretariat of the Supervisory Board.

5.C.1., g)

Detailed information regarding each Committee, its composition, its duties and the activities that are, respectively, attributed to it are listed here below, in addition to details on its meetings and the attendance of its members.

The Nomination Committee

Members	Enrolment with the Register of Auditors and practice in the legal audit of accounts	Independence requirements as set forth by the Corporate Governance Code	Percentage participation in meetings
Giovanni Bazoli - Chairman			100%
Fabrizio Gianni	X	X	100%
Alfonso Iozzo (until 30.4.2007)			n.a.
Giuseppe Mazzarello (as of 3.5.2007)		X	100%
Angelo Ferro	X	X	100%
Rodolfo Zich		X	100%

The Nomination Committee is expected to support the Supervisory Board by carrying out advisory, selection and proposal functions as concerns the nomination of members of the Management Board.

In particular, the Nomination Committee:

6.C.2.

- expresses opinions to the Supervisory Board regarding the size and composition of the Management Board as well as with regard to the professional skills that are considered appropriate within the Board;
- based on the aforementioned criteria and respecting the requirements set out in the Articles of Association and in the rules pro-tempore in force for individuals who carry out bank administration functions, it submits proposals regarding the appointment of Management Board Members for the consideration of the Supervisory Board;
- draws up proposals to submit to the Supervisory Board regarding the appointment of the Chairman and one or two Deputy Chairmen of the Management Board;
- draws up the proposal to submit to the Supervisory Board regarding an opinion on the candidate for Managing Director to be proposed to the Management Board;
- expresses its preventive opinion to the Supervisory Board, in accordance with provisions of the Articles of Association, regarding (i) the appointment to the office of Management Board Member for the Bank of anyone who is a member of the management, direction or control bodies, or an employee of competitor groups or in any case of other banks or their parent or subsidiary companies, except for industry associations or companies belonging to the Group or in which the Bank owns shares, and also (ii) regarding the undertaking of the abovementioned offices by members of the Management Board (this opinion, if favourable, must be unanimous).

In regard to the abovementioned duties and, in particular, that of proposing candidates for the office of Management Board Member for the consideration of the Supervisory Board, it should be recalled that, to elaborate on what is explained later, the appointment of the Management Board that is currently in office was carried out by the Supervisory Board via a resolution passed unanimously on 2 January 2007 (the date the appointment of the same collegial body is effective) without the support of the Nomination Committee – which was also formed on the same date – in order to provide the Bank with a management body, without interruption, when the Board of Directors of Banca Intesa ceased to exist.

In 2007, the Committee met only once and expressed a preventive opinion in favour of a Management Board Member undertaking the office of director at a newly-formed competitor bank.

The Remuneration Committee

Members	Enrolment with the Register of Auditors and practice in the legal audit of accounts	Independence requirements as set forth by the Corporate Governance Code	Percentage participation in meetings
Gianluca Ponzellini - Chairman	X	X	100%
Giulio Lubatti	X	X	100%
Eugenio Pavarani	X	X	100%

The Remuneration Committee is responsible for proposing and advising on remuneration in accordance with the law and the Articles of Association.

7.C.3.

Its duties include:

- drawing up proposals to submit to the Supervisory Board regarding the identification of criteria for calculating remuneration and regarding the definition of compensation for the Chairman, Deputy Chairmen and members of the Supervisory Board who have been given special posts, powers and functions by the Articles of Association or by the Board itself, recalling however that the remuneration of these individuals must be decided in a fixed measure and that decisions regarding the compensation of members of the Remuneration Committee must be referred to the Supervisory Board;
- drawing up proposals to submit to the Supervisory Board regarding the identification of criteria for calculating remuneration and regarding the definition of compensation for the members of the Management Board, for the Managing Director and for other members of the Management Board who have been given special posts or special offices or who have been assigned to Committees or commissions, in compliance with the Articles of Association, monitoring the application of the decisions adopted by the Supervisory Board itself;
- periodically assessing the criteria adopted for the remuneration of executives with strategic responsibilities, supervising their application on the basis of the information provided by the Management Board and submitting general recommendations to the Supervisory Board on the subject matter thereof;
- drawing up opinions and proposals regarding the adoption of any stock option or stock granting plans;
- monitoring the application of decisions taken by the Supervisory Board based on the proposals submitted.

7.C.1.
7.C.2.

The Remuneration Committee met 7 times in 2007, drawing up proposals for the Supervisory Board regarding the calculation of remuneration for bank managers.

The Committee also carried out an examination of the methods used by the Bank to define and manage the management incentive system, involving the Heads of Resource Governance and Value Creation Governance, with the goal of safeguarding the professional wealth of the Bank, while respecting internal equity and the enhancement of merit, and always being consistent with the guidelines of the 2007-2009 Business Plan.

The Control Committee

Members	Enrolment with the Register of Auditors and practice in the legal audit of accounts	Independence requirements as set forth by the Corporate Governance Code	Percentage participation in meetings
Giulio Lubatti (Chairman)	X	X	100%
Gianluca Ponzellini	X	X	89%
Rosalba Casiraghi	X	X	97%
Pietro Garibaldi		X	97%
Livio Torio	X	X	86%

The Control Committee proposes, advises and enquires on matters regarding the internal controls system, risk management and the accounting ICT system.

In particular, the Committee, in addition to the functions mentioned regarding the internal controls system, also:

- supports the Supervisory Board in the periodic examination of risk management policies submitted by the Management Board;
- supports the Supervisory Board in the surveillance on the actual use of internal management systems (“use test”) and their compliance with the regulatory requirements;
- periodically verifies the functioning, efficiency and effectiveness of the risk management and control system and of the pertinent procedures, informing the Supervisory Board of the results of its checks in a timely fashion;
- supports the Supervisory Board in verifying the internal process to determine the adequacy, in both current and prospective terms, of the total consolidated capital of the Bank with respect to the significant risks to which the Bank and the Group are exposed (Internal Capital Adequacy Assessment Process - ICAAP);
- reports on the functioning and adequacy of the internal risk measurement systems for the determination of capital requirements;
- verifies the adequacy of internal controls systems and of their structure and procedures, and on the compliance of the internal controls system with the reference models approved by the Supervisory Board and it gives opinions regarding specific aspects relating to risk management and carries out support duties and functions for the Supervisory Board as concerns of prudential supervision provisions for banks;
- 9.C.1. – expresses its preventive opinion on significant transactions with related parties;
- supervises, with the support of the Corporate Social Responsibility Unit and the Internal Auditing Department, compliance with the principles and values contained in the Code of Ethics adopted by the Bank;
- cooperates, together with the Financial Statements Committee, with the Supervisory Board in preparing the report on the supervisory activities carried out, to be submitted to the Shareholders’ Meeting, pursuant to art. 153 of the Consolidated Law on Finance.

10.C.6.

Il Comitato, avvalendosi delle strutture aziendali preposte (Internal Auditing e Compliance), può procedere in qualsiasi momento ad atti di ispezione e di controllo nonché scambiare informazioni con gli organi di controllo delle società del Gruppo in merito ai sistemi di amministrazione e controllo e all’andamento generale dell’attività sociale.

The Committee can make use of the company structures (Internal Auditing and Compliance) to proceed, at any given moment, with inspection and control actions, in addition to exchanging information with the control bodies of Group companies regarding administration and control systems and the general progress of operations.

In 2007, the Committee met with the Heads of the main Bank Functions as well as the company in charge of auditing the financial report, thereby consolidating and improving existing information flows, especially with the Internal Auditing Department. They especially took great care to monitor the integration process, the planned intervention steps to comply with the new regulatory requirements and the governance mechanisms for risk management.

The Committee also met with the chairmen of the boards of statutory auditors of the main Italian subsidiaries, with the goal of illustrating the governance model adopted by the Parent Company and starting an information

exchange as part of supervisory activity, while respecting the independence of each of the control bodies. Verifying the adequacy and actual functioning of the internal controls systems, in addition to carrying out the broadest support activities for the Supervisory Board in terms of supervision and control, has meant regular meetings of the members of the Control Committee with the Functions involved (Administrative Governance, Value Governance, Resources Governance, Credit Governance, Banca dei Territori, Corporate & Investment Banking, and International Subsidiary Banks), upon invitation from the Committee in relation to specific items on the agenda of the meeting. It also meant producing a systematic information flow on the part of Bank structures and, in particular, on the part of the Internal Auditing Department, at least once every quarter, regarding compliance activities.

With the support of the General Secretariat of the Supervisory Board, the Committee equipped itself with a constantly updated planning tool in order to organise its work, as the Committee must report regularly on its work at every meeting of the Supervisory Board and, in a summary fashion, on a half-yearly basis regarding the adequacy of the internal controls system.

In 2007 the Control Committee met 37 times, sometimes in a joint session with the Financial Statements Committee; it reported on a regular basis to the Supervisory Board on its work, also through specific reports. In accordance with the Articles of Association, the members of the Control Committee participate in the meetings of the Management Board.

The Committee also carries out the duties and functions of a Surveillance Body as per Legislative Decree 231 of 2001 regarding the administrative responsibility of companies, supervising the functioning and compliance of the Organisation, management and control models adopted by the Bank.

Following the deregistration of the Bank with the Securities and Exchange Commission (SEC), the Control Committee no longer performs the functions of Audit Committee set forth by American regulations (*Sarbanes-Oxley Act*).

The Strategy Committee

Members	Enrolment with the Register of Auditors and practice in the legal audit of accounts	Independence requirements as set forth by the Corporate Governance Code	Percentage participation in meetings
Giovanni Bazoli - Chairman			100%
Antoine Bernheim - Deputy Chairman			83%
Rodolfo Zich - Deputy Chairman		X	100%
Pio Bussolotto			100%
Carlo Barel di Sant'Albano			83%

The Strategy Committee aids the Supervisory Board, with advisory functions, in carrying out its competences as the body designed to, inter alia, pursuant to art. 25.1 of the Articles of Association: (i) approve the business and/or financial plans and the budgets of the Bank and Group as prepared by the Management Board; (ii) authorise strategic transactions, upon proposal of the Management Board; (iii) set out the criteria for identifying strategic transactions.

In 2007 the Committee met 6 times and preventively examined the 2007-2009 Business Plan and the strategic transactions under the competence of the Supervisory Board, which were subsequently communicated to the market. The Managing Director was also invited to participate in certain meetings.

The Financial Statements Committee

Members	Enrolment with the Register of Auditors and practice in the legal audit of accounts	Independence requirements as set forth by the Corporate Governance Code	Percentage participation in meetings
Eugenio Pavarani - Chairman	X	X	100%
Gianluca Ferrero	X	X	86%
Gianguido Sacchi Morsiani		X	100%
Giovanni Costa		X	91%
Ferdinando Targetti		X	95%

The Committee supports the Supervisory Board through advisory functions (i) in fulfilling its functions regarding the approval of the Parent Company's and consolidated financial statements, and also (ii) in examining information on the development of the Bank's operations, which the Management Board periodically communicates, in compliance with the Articles of Association; as part of these functions, the Committee:

- studies the issues related to the preparation of the Parent Company's and the consolidated financial statements, and to this end may obtain information from the Manager responsible for preparing the Company's financial reports;
- analyses the logic and processes involved in the preparation of the financial reports of the Bank and of the Group (including quarterly and half-year reports) and also verifies the consistency between the results achieved by the Bank and the Group and the forecasts contained in the multi-year plans and in the budget;
- examines, jointly with the Control Committee, all the documentation drawn up by the Manager in charge of preparing the Company's financial reports and proposes to the Supervisory Board any resolutions to be passed;
- examines the draft Parent Company's and consolidated financial statements approved by the Management Board and submits recommendations to the Supervisory Board regarding their approval;
- examines the quarterly and half-year reports drawn up by the Management Board and reports to the Supervisory Board;
- cooperates, together with the Control Committee, with the Supervisory Board in preparing the report on the supervisory work completed, to be submitted to the Shareholders' Meeting, as per art. 153 of the Consolidated Law on Finance.

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

The Chairman of the Committee duly reported on the work carried out in 2007 at every meeting of the Supervisory Board. This work involved the contribution, when specifically invited by the Committee in relation to individual items on the agenda, of the Heads of the Head Office Departments for Administration and Tax, for Risk Management and for Administrative and Financial Governance, and meetings with representatives from the Independent Auditors. In particular, the Committee, with the support of the General Secretariat of the Supervisory Board, analysed the 2006 draft Parent Company's and consolidated financial statements for Banca Intesa and Sanpaolo Imi, subsequently approved by the Supervisory Board, and also subsequent periodic financial reports of the Bank, which it presented to the Supervisory Board for pertinent assessments.

In 2007 the Financial Statements Committee met 22 times, sometimes in joint session with the Control Committee.

The Management Board

ROLE OF THE MANAGEMENT BOARD

1.P1 e 1.P2,
e 1.C.1., h)

Functions

The Management Board is, in general and exclusively, entrusted with the responsibility of the management of the company in compliance with the general strategic guidelines approved by the Supervisory Board; for this purpose, it takes all required actions, which it deems useful or appropriate to achieve the corporate purpose, relating to both the ordinary and extraordinary administration.

Pursuant to the Articles of Association, the Management Board is guaranteed reserved competence over certain subjects of greater importance – identified in a precise and analytical manner – that go further than those strictly foreseen by the regulations. In these subjects collegial decision-making makes it possible to actively involve Board Members who, therefore, participate in key moments in the operational governance of the Company with their autonomous judgement.

In addition to the competences that must not be delegated according to the law, competences reserved for the Board include, inter alia:

- the determination of proposals concerning the general strategic guidelines of the Company and the Group to be submitted to the Supervisory Board; 1.C.1., a)
- the preparation of business and/or financial plans as well as the budgets of the Company and the Group to be submitted for the approval of the Supervisory Board;
- the policy for the management of risks and internal audits;
- the purchase and sale of equity investments which lead to changes in the banking Group;
- the assessment of the adequacy of the Company's organisational, administrative and accounting structure, with the possible establishment of Committees or Commissions with advisory functions, in addition to the assessment of the Group's organisational structure; 1.C.1., b)
- the assessment – which includes the approval of master plans regarding the integration of Group companies as a result of the merger – of the adequacy of the organisational, administrative and accounting structure of strategically important subsidiaries; 1.C.1., b)
- the determination of criteria for the coordination and direction of the companies belonging to the Group and for the implementation of the instructions issued by the Bank of Italy;
- the designation of the members of the corporate bodies of subsidiaries;
- the appointment and revocation of the Managing Director, and the delegation, modification or revocation of the relevant powers; 1.C.1., c)
- the appointment to particular offices or the granting of particular powers of attorney to one or more Members of the Management Board and the determination of the relevant powers;
- the appointment and revocation of one or more General Managers and determination of the relevant powers;
- further to the mandatory opinion of the Supervisory Board, the appointment and revocation of the Manager responsible for preparing the Company's financial reports and the determination of the relevant powers, means and compensation;
- the appointment, further to the opinion of the Supervisory Board, of the Head of the Office of Internal Control, as well as the heads of the divisions whose appointment is under the exclusive competence of the Management Board pursuant to applicable law or regulations; 8.C.1.
- the preparation of the draft of the Parent Company's financial statements and consolidated financial statements as well as of merger and demerger projects;
- the arrangement of transactions to be submitted to the authorisation of the Supervisory Board pursuant to the Articles of Association as well as the approval of the transactions having a unit value exceeding 3% of the consolidated regulatory shareholders' equity; 1.C.1., f)
e 9.C.1.
- the determination of criteria to identify the related parties transactions reserved to the Management Board's competence.

In terms of the internal process of determining capital adequacy, the Management Board has exclusive competence for the definition of the limits of significant risks for the Group in addition to the proposals to the Supervisory Board regarding the following functions:

- the definition of the Group's risk appetite;
- the ICAAP Book, on an annual basis;
- the overall internal capital as well as the final opinion on the adequacy of the current and prospective regulatory capital;

– the activation of the ICAAP process when exceptional circumstances require its review.

1.C.1., e)

The Management Board periodically assesses the general development of operations – including the moment the financial data of the Company and Group are presented – keeping in mind, in particular, the information received from the Delegated bodies. It also periodically compares results achieved with those previously projected.

Without prejudice to the foregoing, the Management Board has used the faculty of delegating certain powers to the Managing Director within the terms explained hereafter. For certain categories of acts and business activities, specific powers can be delegated to Bank personnel, provided the limits and methods of exercising the powers of attorney are defined, and that the delegated individuals may act singularly or jointly in Committees. The Management Board decides the methods to be used for communicating to the Board itself the decisions taken by those with powers of attorney.

In order to ensure proper coordination with the Supervisory Board, the Management Board promptly, and in any case at least every three months, provide the Supervisory Board with information regarding, inter alia, the general development of operations and the most significant transactions.

The activities of the Management Board are supported by the Company Secretariat, which is part of the Corporate Affairs Department. The Company Secretariat's duties include handling activities essential to the Management Board and providing assistance to the various members in carrying out their respective functions and, in particular, to the Chairman, Deputy Chairman and the Work Groups set up within it, guaranteeing the needed computing and consulting support. The Company Secretariat, moreover, guarantees the required connections between the Board and the other Corporate Bodies and the Company structures involved. More generally, it guarantees coverage of the Company's governance issues.

Meetings and resolutions

The Management Board, which generally meets once a month, is summoned by the Chairman whenever he/she deems it necessary or when a written request is made by the Managing Director or by at least two Members of the Management Board; after notification to the Chairman of the Management Board, the Board may also be summoned by the Supervisory Board or by its individual Members, pursuant to the law.

The Chairman summons the Management Board, sets the agenda for the meeting – considering also the proposed resolutions formulated by the Managing Director – and coordinates the meeting, ensuring that adequate information on items on the agenda of the meeting are provided to all Members.

1.P2.

The meeting is called via a notice containing the agenda with all items to be discussed, sent individually to each member of the Management Board and Supervisory Board at least four days before the date set for the meeting – allowing the time needed to provide enough information on the topics to be discussed. The notification of the meeting is followed – except when confidentiality must be ensured – by the sending of the required documentation, in order to allow Members to carry out their duties in a fully-informed manner and also to be conscious of their responsibilities in taking reasoned decisions. In urgent cases, a meeting may be called with a simple 24-hour notice, ensuring however that every agenda item is addressed thoroughly and that special attention is paid to the content of any documents that it was not possible to deliver in the normal manner.

The Articles of Association allow for Management Board meetings also to be validly held using remote connection systems, provided that the identity of those present can be verified and that those attending the meeting are allowed to follow the discussion and intervene in real time with regard to the matters on the agenda as well as view, receive and transmit documents. At least the Chairman and the Secretary must always be physically present in the place that has been officially designated as the location in which the Board Meeting shall be deemed to have taken place.

The resolutions of the Management Board are validly adopted when the majority of its Members in office attend the meeting and there is the favourable vote of the absolute majority of the Members in attendance (in case of deadlock, the Chairman of the meeting shall cast the tie-breaking vote); certain resolutions including the appointment and revocation of the Managing Director, of General Managers and the attribution of the relevant powers, as well as the appointment and revocation of the Manager responsible for preparing the Company's financial reports are validly adopted with the favourable vote of the majority of Management Board Members in office.

The Secretary of the Supervisory Board attends the meetings of the Management Board, and so do – as provided for by the Articles of Association – the members of the Control Committee, which is set up within the Supervisory Board.

If invited by the Chairman, the General Managers may also take part in meetings, in addition to the Heads of Business Units, Governance Areas and Head Office Departments and top executives of subsidiaries, in order to provide information and data regarding matters being examined by the Board. Moreover, executives from auditing firms and external consultants may also attend if they can provide specific technical expertise pertinent to items on the agenda.

In 2007 the Management Board met 18 times; there was a very high and constant level of participation in board meetings on the part of Members. This ensured the systematic contribution of all its members to the management of Company and Group business, thereby allowing the Company to make full use of the professional competences they possess.

1.C.1., h)

The percentage participation for each Member at Management Board meetings is set out below:

Enrico Salza - Chairman	100%	Giovanni Battista Limonta	95%
Orazio Rossi - Deputy Chairman	100%	Virgilio Marrone	78% *
Corrado Passera - Managing Director and CEO	100%	Emilio Ottolenghi	100%
Elio Catania	100%	Giovanni Perissinotto	85%
Giuseppe Fontana	100%	Marcello Sala	100%
Gian Luigi Garrino	100%		

* For the temporary suspension ex art. 187-quater of the Consolidated Law on Finance from 13 February to 5 April 2007 included.

Similarly, for the current year it may be tentatively expected there will be a comparable number of meetings, of which 4 have already been held. Intesa Sanpaolo, in compliance with Stock Exchange Regulations, in January disclosed to the market (and published on the Company's website) the Company's financial calendar for 2008, with the indication of Management Board meetings for the approval of the financial reports.

1.C.2.

Other positions of the Management Board Members

In accepting their posts, the Management Board Members are aware they must dedicate the amount of time that may be necessary to carry out the duties they are entrusted with and the consequent responsibilities diligently, especially given consideration to the other offices they may hold.

In this respect, it must be noted that at Intesa Sanpaolo the Management Board is not required to state a specific orientation regarding the maximum number of offices an individual Member may hold while filling their post for the Company, nor is it required to identify, in this regard, any specific general criteria.

The above subject is, in actuality, explicitly regulated by the Articles of Association; pursuant to the provisions set out in the articles – without prejudice for the possibility of maintaining and accepting employment or appointments in administration, direction or control bodies of competitor groups (or in any case of other banks or parent companies or subsidiaries of these banks) which is subject to the specific approval ad personam by the Supervisory Board, with the favourable and unanimous opinion of the Nomination Committee – it is not possible to appoint to the Management Board those individuals who have exceeded the limit of four offices in the administration, direction or control bodies of other listed companies or parent companies or subsidiaries of listed companies (up to a maximum of four offices within one group shall be considered as one office; if such limit is exceeded, they shall be considered as two offices) and, if they are appointed in such cases, they shall be disqualified from office.

1.C.3.e1C.4.

It has been verified for each Management Board Member that the abovementioned provisions of the Articles of Association have been respected.

Summary Table No. 4, provided as an attachment to this Report, contains the number of other administration or control offices that the Members of the Management Board hold in other companies listed in regulated markets (also abroad), in financial, banking, insurance or large companies; subsequent Table No. 5 provides the list of the aforementioned offices.

1.C.2.

COMPOSITION OF THE MANAGEMENT BOARD

Composition and appointments

6.P.1.

The Management Board is composed of a minimum of 7 and a maximum of 11 components, also non-shareholders, appointed by the Supervisory Board, which determines their number at the time of appointment. Selection and proposal functions as concerns the appointments of the members of the Management Board, are attributed by the Articles of Association to the Nomination Committee.

The Management Board in service at the time of publication of this Report was appointed by the Supervisory Board on 2 January 2007, which set the number of components at 11, and it appointed Enrico Salza, Chairman, and Orazio Rossi, Deputy-Chairman, by unanimous consensus. The Management Board, on the same date, appointed, as indicated by the Supervisory Board, Corrado Passera as Managing Director with Chief Executive Officer functions.

The Management Board is thus composed of:

Enrico Salza – Chairman
Orazio Rossi – Deputy Chairman
Corrado Passera – Managing Director and CEO
Elio Catania
Giuseppe Fontana
Gian Luigi Garrino
Giovanni Battista Limonta
Virgilio Marrone
Emilio Ottolenghi
Giovanni Perissinotto
Marcello Sala

The Management Board holds office for three financial years and the term of office expires on the date of the Supervisory Board meeting called to approve the 2009 financial statements.

Short biographical and professional notes on Management Board Members in office are published on the Bank's website.

Executive and non-executive Members

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

All Management Board Members – with the exception of the Managing Director, as Chief Executive Officer and in relation to the role in the operating management of the Company and the Group – must be considered “non-executive” for the purposes of the Code since, singularly – and also in consideration of the absence in Intesa Sanpaolo of an Executive Committee – they are not vested with individual management powers and do not have executive roles in the Parent Company or in subsidiaries of strategic importance.

Nonetheless, the Intesa Sanpaolo governance model is oriented towards making full use of the professional expertise of all the members of the Management Board, in regard to and in support of its entire management activity. Consequently, Board Members are systematically involved in management. This includes their involvement, within the Board itself, in specific Work Groups, which are described in a paragraph hereafter. These are assigned specific duties in consulting on important moments in management, especially with reference to matters in the Business Plan and financial disclosures, within the competence of the management body.

Chairman and Deputy Chairman

The dual corporate governance system chosen by Intesa Sanpaolo gives the Chairman of the Management Board a special role and fulfilling it requires earnest commitment and proven managerial skills.

2.P.4. e
2.P.5.

The Chairman of the Management Board – appointed by the Supervisory Board from the members of the Board itself – is one of the non-executive Board Members. He or she does not, as a matter of fact, have any operating powers and the current organisational structure of the Company separates his/her functions from those of the Managing Director.

The Chairman – who is the Company’s legal representative – is in charge of promoting and coordinating the activity of the Board and is furthermore called to manage relations with the Supervisory Board and its Chairman, ensuring the efficient coordination of the activities of the two corporate Bodies.

Moreover, the role of Chairman is especially important in regard to the Work Groups formed within the Management Board, in terms of promoting their activities, in addition to being the reference point for the Groups themselves in the presentation, to the collegial body, of the results of their activities.

Finally, the Chairman has the power to undertake resolutions – in agreement with the Managing Director – in urgent cases, regarding any matters within the powers of the Management Board, with the exception of matters which may not be delegated and are solely within the powers of the Board, other than resolutions regarding transactions with a value between 3% and 6% of consolidated regulatory capital as well as the designation of the members of the bodies of subsidiary companies. The Management Board must be informed of decisions taken in this manner at its subsequent meeting.

The Deputy Chairman is also a non-executive Board Member exclusively called to fulfil the functions of Chairman in the case of absence or impediment of the latter.

Managing Director

The Managing Director and CEO - appointed, upon the indication of the Supervisory Board, by the Management Board amongst its members – also holds the post of General Manager. He or she is the Chief Executive Officer and supervises the company’s management within the powers he or she has been delegated in compliance with the general strategic guidelines set out by Corporate Bodies. He or she ensures the implementation of the resolutions of the Management Board, is responsible for personnel management, determines operational directives, exercises the power to submit proposals to the Management Board and ensures that the organisational, administrative and accounting structure is adequate considering the nature and size of the Company.

1.C.1., c)

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

Solely for the purpose of providing examples, though not exhaustive, the following powers are attributed to the Managing Director:

- determination of proposals concerning the general strategic guidelines, multi-year plans as well as the annual budgets of Intesa Sanpaolo S.p.A. and the Group to be submitted for the approval of the Management Board;
- preparation of the general organisational structure of the Bank and the Group;
- definition of strategic guidelines, multi-year plans, budgets and detailed organisation of all Group business units;
- purchase, increase (also via subscription of share capital increases) and sale of equity investments which do not lead to changes in the Banking Group, within the limit of 25 million euro;
- authorise the renunciation or sale of pre-emptive rights relative to share capital increases of subsidiaries and renunciation of pre-emptive rights, which do not lead to changes in the Banking Group;
- authorise, without limits of amount, compulsory expenses as well as, within the limit of 25 million euro, other expenses;
- authorise the purchase or sale of real estate assets with a commercial value under 25 million euro and the concession of gratuitous bail of such assets;
- ensure the application of the Group’s corporate governance rules;
- define the guidelines and coordinate, also via dedicated structures, the initiatives and the activities related to the Group’s ethical and social responsibility.

The Managing Director reports to the Management Board, for suitable assessments, at least once every three months, on the general development of operations, their forecasted development as well as the most significant transactions carried out by the Company and by its subsidiaries.

1.C.1., c)
ed e)

Independent Management Board Members

Pursuant to the Articles of Association, at least one of the Members of the Management Board must meet the independence requirements provided for by art. 148, par. 3, of the Consolidated Law on Finance, regarding, in particular, holding administrative offices in Group companies or having self-employment or employee relationships or any other relationships of an economic or professional nature with the company – or with controlled or controlling companies or those subject to joint control – which might compromise their independence.

In order to comply with the abovementioned provision, on an annual basis the Management Board verifies whether the independence requirements hold in regard to each Board Member, also taking into consideration the statements made by them in this regard; the last form of verification in this regard was carried out at the time this Report was approved and the result confirmed that the following Board Members meet the abovementioned requirements:

Enrico Salza
Elio Catania
Virgilio Marrone
Giovanni Perissinotto

Each of the aforementioned Members has made the commitment to inform the Management Board should they find themselves in a situation of non-independence.

It must be noted that Member Gian Luigi Garrino has stated that, as a result of his upcoming acceptance of the office of Chairman of the Board of Directors of Equiter S.p.A., he will no longer be in a position of independence.

In the Articles of Association the members of the Management Board are not asked to meet the independence requirements foreseen by the Corporate Governance Code, also as a result of the Bank's decision to set up the Committees foreseen by the Code within the Supervisory Board – since these requirements are imposed on such committees.

Requirements of integrity and professionalism

In order to ensure the sound and prudent management of the Company and, in particular, the proper functioning of the Management Board, the members of the Management Board of Intesa Sanpaolo – insofar as they are representatives of a listed bank – must, in compliance with applicable laws and regulations, meet the specific requirements of integrity and professionalism.

Integrity requirements are foreseen in order to guarantee that the Company will be in the hands of Corporate bodies composed of representatives of proven honesty and moral integrity. At the same time, in terms of professionalism, the representatives are expected to have successfully carried out experiences of at least three years through the exercise of professional activities that are qualified and relevant for the office to be held. Loss of the aforementioned requirements leads to loss of the post.

The appointment of Members of the Management Board consequently involves an adequate examination of the personal and professional characteristics of the candidates to the post to be filled. Choices should be oriented towards those of the highest standing and having professional and managerial experiences of a broad and diversified kind. In any case, within thirty days of appointment, the Management Board itself verifies whether each Board Member meets the aforementioned requirements, in compliance with applicable regulatory supervision norms issued by the Bank of Italy.

FORMATION AND FUNCTIONING OF WORK GROUPS WITHIN THE MANAGEMENT BOARD

In order to facilitate the analysis and in-depth understanding of specific issues regarding the responsibility of the Board and as part of a fruitful process of interaction amongst all its members, the following Work Groups operate within the Management Board, all of them having strictly consulting functions and being expected to report to the Board, in its collegial form, to enrich the enquiry process and the decision-making dialectics, in addition to allowing the Board Members to make well-reasoned decisions:

1.P.2.
5.P.1.

- Business Plan/Budget: charged with activities supporting the preparation of the Business Plan and the annual Budget and analysing them with the company structures in charge of their preparation, as well as the subsequent monitoring of any differences between targets and Company results. The Members of the Work Group are: Elio Catania – who has been assigned the role of Coordinator – Giuseppe Fontana, Emilio Ottolenghi and Orazio Rossi;
- Consolidated and Parent Company's financial statements/Interim financial statements: charged with activities supporting the preparation of the draft financial statements, analysing the accounting principles adopted with the competent company structures, examining the main issues and solutions adopted. The Members of the Work Group are: Gian Luigi Garrino – who has been assigned the role of Coordinator – Giovanni Battista Limonta, Virgilio Marrone, Giovanni Perissinotto and Marcello Sala.

The aforementioned Work Groups met, respectively, 15 and 7 times in 2007, with very high attendance of their members, which ensured the efficient fulfilment of their consulting support role towards the Management Board.

The Work Groups are composed of Board Members who have specific competences in the areas assigned; one of the members takes on the functions of promoting and coordinating the Group.

In order to organise their work more efficiently, the Work Groups also make an in-depth examination of the issues addressed through consultation with the Heads of the Business Units and of the Governance Areas and with the Bank's Head Office Departments. The results of the research carried out thus become the subject of preventive presentation and discussion with the Chairman and Managing Director, following a timeframe that is consistent with the need to report to the Management Board on the various subjects.

The Work Groups and their members are supported in carrying out their duties by the Company Secretariat.

Summary minutes are taken of the proceedings at meetings of each of the Work Groups.

In 2008 it will be considered whether it is opportune to extend the work of the Work Groups, by way of the creation of a specific Group with the function of consulting on risk management and internal control policies.

In 2007, being its first year of activity, the Management Board decided not to conduct a self-assessments process as concerns the size, composition and functioning of the Board itself and of the Work Groups set up within it.

1.C.1., g)

The Management Board is composed of individuals of such professionalism and authority that – also thanks to the fact they are third parties in regard to Bank structures – they were able to participate in board meetings and adopt consequent decisions with the competence and independence needed.

The board meetings were supported by appropriate preliminary work that allowed for the required in-depth study of the important matters discussed.

The atmosphere of cohesion that prevailed on the Board, along with the competences of the individual Board Members, encouraged real, open and constructive debate, while also allowing for the analysis of the subjects examined from various perspectives. Consequently, these features contributed to generating further internal dialectics, which is a distinctive prerequisite of pondered, conscious and broad consensus-based decisions.

The Management Board Members are aware of the duties and responsibilities inherent in the post they hold. At the moment of their appointment, the Company Secretariat gave all the Board Members a file containing, inter alia, details on the main rules that apply to them, deriving from provision of the law and the

2.C.2.

Articles of Association, in addition to the internal regulations adopted by the Company. Moreover, during the meetings of the Board and the Work Groups they are constantly informed by the competent company functions of the main legislative and regulatory changes concerning the Company and the exercise of their functions, pursuing the priority goal of sustainable growth and value creation for shareholders.

Organisational Structure

For the purpose of favouring the organisation's utmost attention to individual business areas and the specialisation of productive and commercial processes and to ensure Group governance has the best overall uniformity, the Parent Company structure has been built on Business Units – with the task of ensuring the achievement of commercial, income and customer service quality objectives – and on Head Office Departments and Staff Units, in charge of direction, coordination and control – with specific missions and functional characteristics – some of which are grouped in Governance areas.

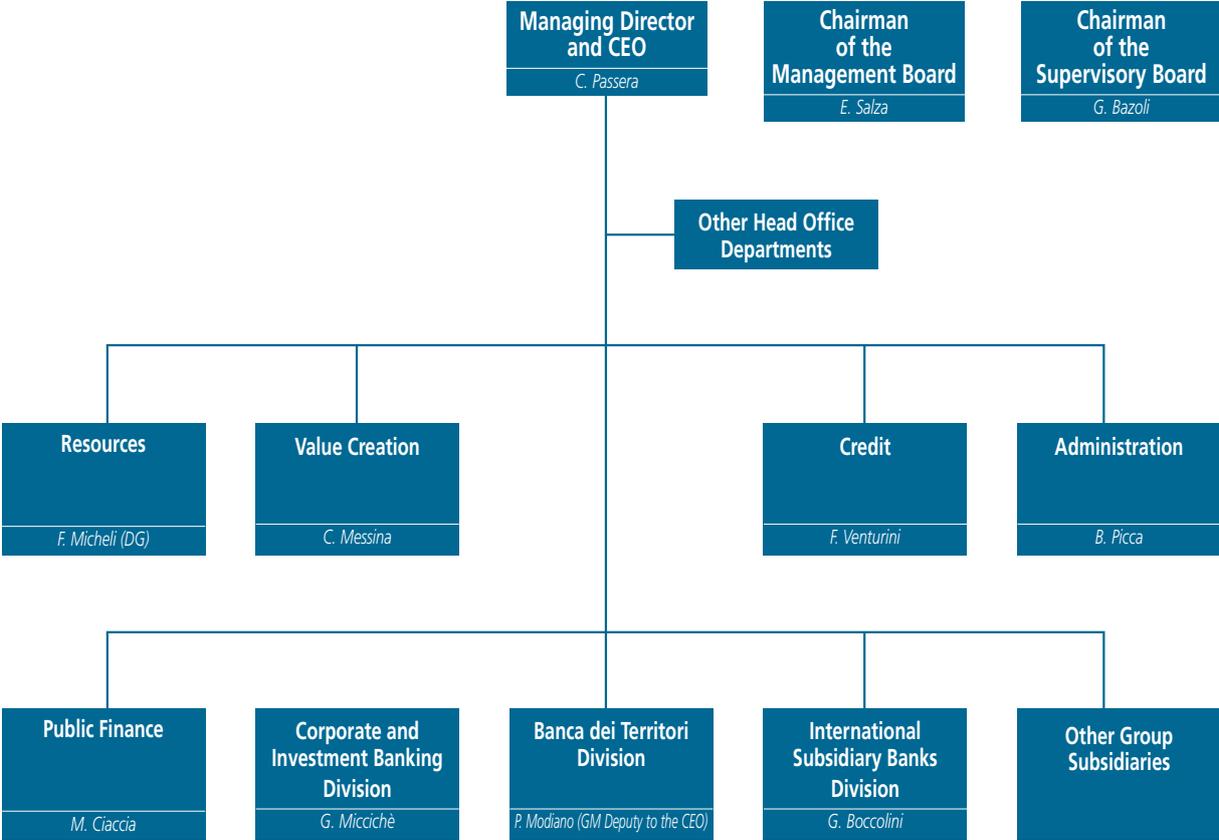
The Heads of the organisational structures of the Business Units and of the Head Office Departments are responsible, in the framework of the policies and general guidelines, for the achievement of the area objectives attributed to each of them, also through optimal deployment of human resources and techniques assigned.

With the exception of the staff structures of the Chairman of the Supervisory Board, of the Chairman of the Management Board and of the Managing Director, all the other organisational structures of the Bank and of the other companies, which in any case are part of the Group, report to a Business Unit or to a Head Office Department.

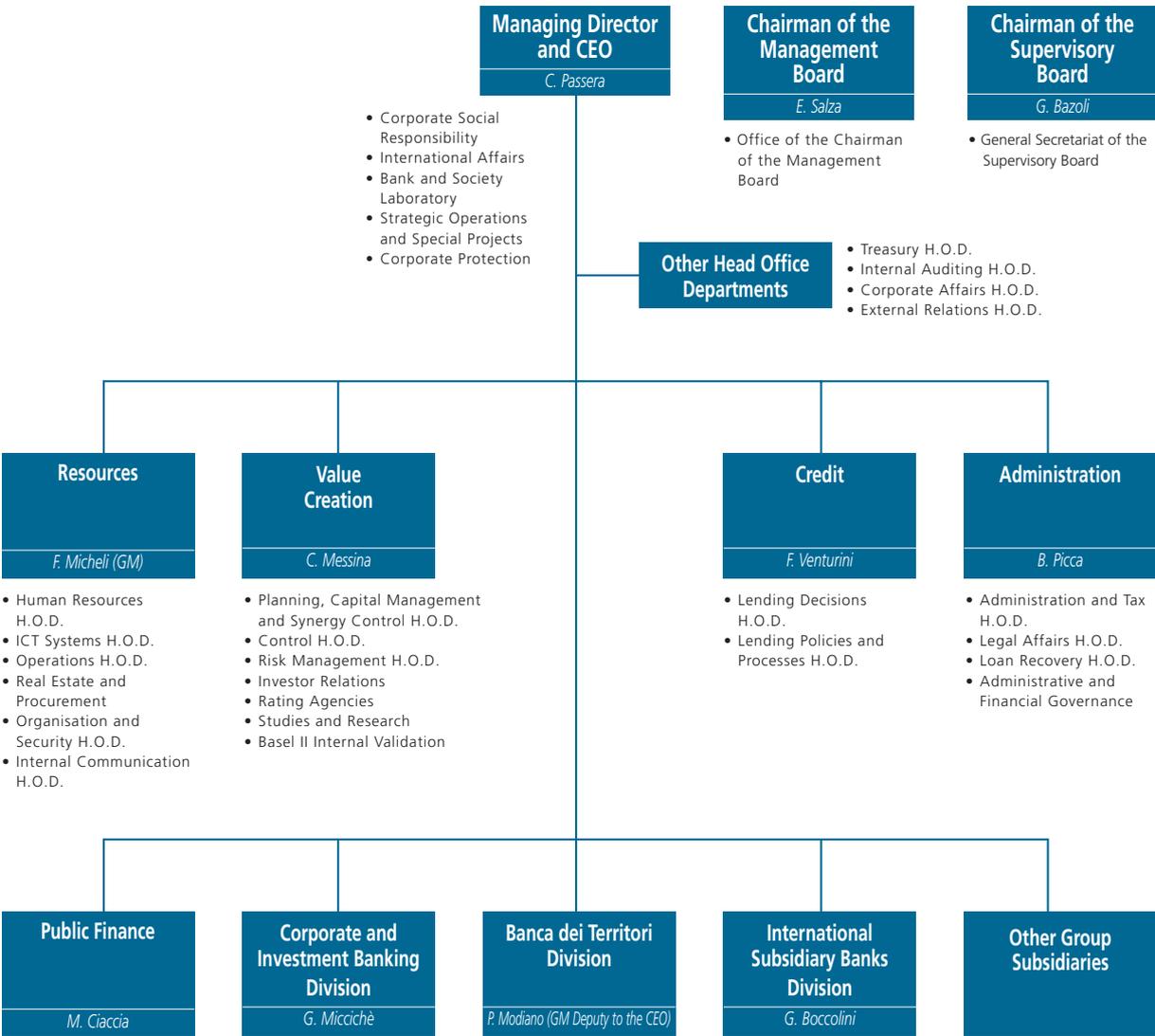
In particular, Intesa Sanpaolo is made up of the following 4 Business Units which report directly to the Managing Director. Within their domain, there are the Group companies that operate in the specific sectors of competence:

- Banca dei Territori Division, which is in charge of the mission of serving retail customers in Italy through a grass-root territorial presence and attention to the specific characteristics of local markets as well as the enhancement of the regional brands of the banks through which the Group currently operates;
- Corporate & Investment Banking Division, which serves Italian and international corporate customers and financial institutions through the corporate centres, branches abroad, the representative offices and the Group's international corporate subsidiaries, by offering specialised corporate and investment banking products and services, in addition to capital markets, merchant banking and factoring activities;
- International Subsidiary Banks Division, which is in charge of monitoring and improving the competitive position of the Bank on the international markets where it is present by way of Group wholly and partly owned commercial banks, in addition to defining the Group's strategic guidelines in terms of its direct presence on international markets and coordinating the operations of international subsidiary banks;
- Public Finance, which serves customers which include the State, Public Entities, Local Authorities and Public Utilities, with the mission of developing financing activities and current banking operations, project finance, securitisations and financial advisory, thereby assisting, inter alia, with initiatives and investment projects in large public works.

Organisational structure: simplified



Organisational structure: detailed



- The Internal Auditing H.O.D. depends hierarchically from the Managing Director and CEO. It directly reports to the Management Board and to the Control Committee. In case of severe anomalies, the H.O.D. reports directly to the Supervisory Board.
- The Corporate Affairs H.O.D. also reports to the Chairman of the Management Board.
- The External Relations H.O.D. also reports both to the Chairman of the Management Board and the Chairman of Supervisory Board.

General Managers

The Management Board - upon proposal by the Managing Director and after consultation with the Supervisory Board - shall appoint, revoke and determine the powers and remuneration of one or more General Managers, of which one has the functions of Deputy, with the exception of those exclusively linked to the post of Managing Director. They report to the Managing Director, according to their respective functions and competences, and they assist him/her in managing the business, within the realm of the powers attributed to each of them at the time of their appointment.

Partly as a result of the articulation of its organisational structure and, in any case, in order to respect the principle of unitary management, the Management Board has appointed, as General Managers, Pietro Modiano (General Manager and Deputy to the CEO) and Francesco Micheli, assigning them, respectively, the responsibility for the Banca dei Territori Division – in charge, as mentioned above, of serving the Group's retail customers in Italy – and for Resources Governance, which is entrusted with the function of defining guidelines and policies regarding the Group's human, organisational, ICT, logistical, operational and security resources.

Manager responsible for preparing the Company's financial reports

The Management Board, further to the opinion of the Supervisory Board, has appointed Bruno Picca as Manager responsible for preparing the Company's financial reports, provided for by art. 154-bis of the Consolidated Law on Finance.

In accordance with the Articles of Association, the Manager responsible for preparing the Company's financial reports must be enrolled with the Register of auditors and must meet specific professional requirements connected to adequate competencies as concerns financial and accounting disclosures, management or control of the relative administration procedures, matured for a period of at least five years in positions of responsibility of operating structures within the Company, the Group or other companies or entities comparable in terms of activities and organisational structures. The Manager responsible for preparing the Company's financial reports must also meet the integrity requirements set forth for members of control bodies of listed companies provided for by regulations in force.

The Manager responsible for preparing the Company's financial reports has the task of monitoring the internal controls system in terms of the accounting and financial disclosures. Pursuant to the aforementioned art. 154-bis, the Manager responsible for preparing the Company's financial reports must, in fact:

- certify that the documents and disclosures disseminated by the Company to the market and related to accounting information, even interim, correspond to the books and accounts;
- jointly with the Managing Director, in a specific report attached to the annual report and the half-year report, certify the adequacy and actual application of the administrative and accounting procedures and to the conformity of company accounting reports with the accounting records, the books and the registrations and their capacity to provide a true and fair representation of the Company's and the Group's balance sheet, income statement and financial situation.

It must be underscored that statements will change starting from the 2008 half-year report due to the effect of Legislative Decree 195/2007, which implements European Directive 2004/109/CE, ("Transparency Directive").

The Management Board has, to this end, approved, with the favourable opinion of the Supervisory Board, the company Regulations called "Guidelines for administrative financial governance," which regulate:

- the governance model needed by the Manager responsible for preparing the Company's financial reports to verify on an ongoing basis the adequacy and effective application of the administrative and accounting procedures at a Group level;
- the system of information flows and relationships with the other Parent Company functions and with subsidiaries, which allows the Manager responsible for preparing the Company's financial reports to receive the information needed to carry out his/her duties;
- the system of certifications to the Managing Director and the Manager responsible for preparing the Company's financial reports from other functions of the Parent Company and of the subsidiaries, in terms of compliance with regulatory obligations in their areas of competence;
- the communication flows from the Manager responsible for preparing the Company's financial reports towards Company bodies and the information exchange with Independent Auditors;
- the guidelines and coordination rules for Group companies, which are required to implement the provisions adopted by the Parent Company in this regard within their own structures.

Group Committees

As a part of the mechanisms aiming to ensure the coordinated management of particularly significant operating issues within the Group, the effective monitoring of risk profile within the Group as well as to ensure an adequate level of internal communication and discussion, there are specific Intergroup Committees within the Bank made up of Managers and Top Executives of Group companies:

- Coordination Committee, consultative body with the function of favouring intergroup operations and communication between the structures of the Bank at their highest level, in view of sharing and coordinating the main corporate decisions;
- Direction Committee, consultative body formed for the purpose of managing the Group's coordination mechanisms, facilitating and accelerating the adoption of strategic orientations and implementation guidelines as well as ensuring the exchange of information between the Members of various Group entities. The Committee suggests strategic options and shares the operating guidelines of banking activities, consistently with the budget and the three-year plan, ensuring for this purpose management commitment also as concerns the translation into realisation plans and the consequent control;
- Group Risk Governance Committee, formed, with decision-making, consultative and informative powers, for the purpose of ensuring the monitoring and management of risks and the safeguard of shareholder value at Group level. Furthermore, the Committee coordinates the activity of specific Technical committees to manage financial and operational risks;
- Group Financial Risk Committee, body with a decision-making and informative role focused on financial risks of the proprietary banking and trading book, which operates on the basis of operational and functional delegated powers assigned by the Parent Company's Statutory Bodies and of the coordination activities performed by the Group Risk Governance Committee;
- Group Operational Risk Committee, which has a decision-making and informative role focused on operational risk and operates on the basis of operational and functional delegated powers assigned by the Parent Company's Statutory Bodies and of the coordination activities performed by the Group Risk Governance Committee;
- Group Credit Committee, body with a decision-making and consultative role that has the task of guaranteeing the coordinated management of issues related to credit risks as part of the powers delegated to it.

Remuneration of Board Members and Management

As concerns remuneration of the Members of the Supervisory Board, the law and the Articles of Association apply.

7.P.1.
7.C.2.
7.C.4.

The Shareholders' Meeting establishes the payment due to Members of the Supervisory Board; this remuneration is decided in a fixed amount for the entire tenure of their office. Instead, it is the competence of the Supervisory Board to examine the proposals of the Remuneration Committee and decide on payment for the Chairman, Deputy Chairmen and those Members of the Supervisory Board that have been assigned special posts or functions.

The Bank's Shareholders' Meeting, with resolution dated 1 December 2006, set the annual remuneration for each Member of the Supervisory Board, with reference to the 2007/2008/2009 financial years. Subsequently, the Supervisory Board determined the additional remuneration for the Chairman, the Deputy Chairmen and those Members of the Supervisory Board who have been assigned particular offices – exclusively in a fixed amount and independently of the results achieved by the Company.

The resolutions of the Supervisory Board regarding the remuneration of Board Members depending on the post filled or functions assigned were passed without the participation of the individuals involved.

7.P.1.
7.P.2.
1.C.1., d)

The Supervisory Board, in accordance with the Articles of Association – and having heard the opinion of the Remuneration Committee – decides on the remuneration of the Management Board Members, of the Managing Director and of those members of the Management Board who are vested with particular offices, tasks or powers of attorney, or are appointed as members of Committees or Commissions; again as provided for by the Company's Articles of Association, the Supervisory Board has the additional task of giving the Management Board its opinion regarding the remuneration of General Managers.

The Supervisory Board has consequently determined, upon proposal of the Remuneration Committee, the annual remuneration for each Management Board Member in the 2007/2008/2009 financial years. The Supervisory Board has also set the additional remuneration, in a fixed amount, for the Management Board Members holding special offices, posts or powers of attorney. The Supervisory Board also approved the payment to each Management Board Member of a variable but non-recurring amount at the end of the current mandate, if the goals of the 2007-2009 Business Plan are achieved.

7.C.2.

A detailed account of the remuneration paid to Supervisory and Management Board Members in 2007 is provided in a specific table in the Notes to the Parent Company's financial statements.

Without prejudice to the assignment to the Supervisory Board, having heard the opinion of the Remuneration Committee, of determination of the remuneration of the Managing Director (with due consideration given to the powers assigned to him/her, also in the role of General Manager), the Articles of Association state that the Management Board, upon proposal of the Managing Director and having heard the opinion of the Supervisory Board, is responsible for determining the compensation for the other General Managers.

Remuneration – whether regarding the Managing Director (with due consideration given to his/her role as General Manager) or regarding the General Managers – is essentially structured on the basis of:

7.C.1.

- 1) a fixed annual remuneration;
- 2) a variable bonus paid annually if the budget objectives of each single financial year are achieved;
- 3) an additional variable bonus paid on a non-recurring basis if the 2007-2009 Business Plan goals are achieved.

The variable bonuses are paid after the approval by the Supervisory Board of the financial reports pertaining to the financial years in question and, as regards the bonus for the Business Plan, after the approval of the financial statements as at 31 December 2009, provided those involved are still in their posts at the time of the resolutions themselves.

The remuneration policy adopted by the Company regarding Management is, in general, focused on three general goals: equity (meaning the correlation between remuneration and the relative importance of the position filled), merit (which implies a greater consideration of the variable component linked to results achieved) and sustainability (meaning the correlation with the timeframes foreseen in the Business Plan). The Bank's guidelines regarding the definition of remuneration policies for the Management are thus founded on objective elements and parameters derived from:

- the assessment of organisational positions;
- the assessment of performance and competences and recognition of merit;
- the assessment and identification of potential

which constitute, moreover, an integrated system aiding the management and development of people.

The controls system

Internal controls

8.P.1. 8.P.2.
8.P.3.

In line with company laws and bank supervisory regulations, and consistent with the indications of the Corporate Governance Code, the Bank has given itself a system of internal controls suitable for the ongoing monitoring of the risks that are typical for the Company and the Group, due consideration being given to the organisational structure implemented following the merger of Banca Intesa and Sanpaolo Imi.

Given the considerable importance of the subject and consequent to the implementation of the dual corporate governance model, both Collegial bodies involved in exercising strategic supervision over the Company actively take part in risk control activities, and, in particular:

- the Management Board is in charge of the planning, structuring and assessment of the overall functions of the internal controls system of the Bank and of the Group. Moreover, upon proposal of the Managing Director, the Management Board adopted the appropriate resolutions in order to propose to the Supervisory Board the guidelines to ensure the adequacy of the organisational, administrative and accounting structure;
- the Supervisory Board is in charge of the approval of the general risk management policies proposed by the Management Board in addition to the assessment and supervision of the degree of efficiency and adequacy of the internal controls system; in this context, the Supervisory Board also verifies whether there is a proper exercise of the activities of strategic and management control carried out by the Parent Company on companies in the Group.

Maintaining an active and thorough form of dialectic between the two bodies is also ensured by the participation in meetings of the Management Board of all the members of the Control Committee formed within the Supervisory Board, as prescribed by the Articles of Association.

In order for its actions take effect, the Management Board ensures that its assessments and decisions regarding the organisational structure of the Bank and Group and regarding the overall internal controls system will be supported by appropriate consulting and preparatory activities.

8.C.5.

The Management Board has also deemed it appropriate to include among the prerogatives of the Managing Director that of responsibility for ensuring the proper functioning of control measures. Consequently, the resolutions of the Management Board regarding risk management policy and internal controls are taken following their promotion and proposal by the Managing Director, who is, more generally, required to ensure that “the organisational, administrative and accounting structure is adequate considering the nature and size of the Company.”

As already mentioned, the Supervisory Board is supported by the Control Committee in carrying out its activities of direction, assessment and supervision over the functioning of the Group's internal controls system and over the methods of implementing the risk management policies.

This Committee, for which professional and independence requirements were listed above, among the other duties described in its Regulations in a manner consistent with the dual governance structure:

8.P.4.
8.C.3.

- assesses, along with the Manager responsible for preparing the Company's financial reports and the Independent Auditors, the correct use of the accounting principles and their uniformity in drawing up the Parent Company's and the consolidated financial statements;
- assesses the proposals submitted by the Independent Auditors to obtain their appointment in addition to the work plan drawn up to perform the audit and the results presented in the report and in any letter of suggestions;
- supervises the efficiency of the auditing process;
- expresses opinions on specific aspects inherent in the identification and monitoring of company risks in addition to the planning, implementation and management of the internal controls system;
- approves, in its capacity as Surveillance Body, the work plan drawn up annually by the manager in charge of internal auditing activities;
- examines the periodic reports from the Internal Auditing and Compliance functions;
- reports to the Supervisory Board, at least once every half year at the time of the approval of the half-year report and financial statements, on activities carried out and on the adequacy of the internal controls system.

During the financial year, carrying out this activity meant holding meetings between the members of

the Control Committee and the Independent Auditors, the Internal Auditing Department, the Manager responsible for preparing the Company's financial reports and the business and governance functions of the Bank (Banca dei Territori; Corporate & Investment Banking; Resources Governance, Value Creation Governance, Administration Governance, International Subsidiary Banks, and Corporate Affairs), with the specific intent of verifying the adequacy and actual functioning of the pertinent internal controls systems. Moreover, the Control Committee examined the information flows produced by the structures of the Bank and, in particular, in a systematic manner, on a quarterly basis, the information produced by the Internal Auditing Department, also as concerns compliance activity.

In order to implement the guidelines defined by the Corporate bodies, the internal controls systems of the Bank and the Group were designed to achieve constant monitoring in the identification and management of the risks connected to activities carried out. The primary reference point in this regard is the Bank of Italy's Supervisory Instructions regarding prudential control of companies and banking groups, regulations on financial conglomerates and the evolution of international best practices.

In this context, the adequacy of the essential elements in the system are continuously assessed by the Corporate bodies, which take them into consideration, respectively, in the annual Report of the Supervisory Board ex art. 153 of the Consolidated Law on Finance on work done and in the Report on operations attached to the Parent Company's financial statement drawn up by the Management Board, in addition to the time this Report is approved. Having established the above, a description of the main elements in the control system in terms of risk management activities, control over financial disclosures, crime prevention models, internal audits, compliance and independent audits is provided below.

8.C.1.
8.C.2.

II Risk Management

Supervisory provisions which introduce the New Basel Capital Accord for intermediaries are under implementation both as regards the quantitative risk measurement standards and of the corresponding adequate capital requirement, both as regards qualitative standards on the adequacy of the organisational and governance structures adopted.

Specific Group procedures are dedicated to the control of capital requirements to cover all the main risk areas and especially for credit, market, operational, concentration and liquidity risks.

The coordination of all risk management activities are performed by Group Committees – described above – which report to the Managing Director.

The most important is the Group Risk Governance Committee, which has decision-making, consulting and informing powers and was formed for the purpose of monitoring and managing risks and safeguarding value at Group level.

It is charged with important functions for the realisation of risk control strategies, such as:

- ensuring compliance with Supervisory Authority indications as concerns risk governance and the related information transparency;
- ensuring that the Managing Director and CEO and the Management Board have an integrated visions as concerns risk exposure;
- identifying, analysing and monitoring the situations of potential significant deterioration of risk and manage particularly significant events;
- ensuring the adequacy and effectiveness of the architecture of the risk measurement and reporting systems, assessing the consistency between business guidelines and management instruments/processes; on this point the Committee supervises the results of the validation process of the risk management models;
- coordinating the activities of the specific Technical Committees which monitor financial and operational risks;
- assessing the adequacy of the Group's economic and regulatory capital, as well as the allocation of capital to business units on the basis of plan targets and risk tolerance objectives;
- verifying consistency of capital requirements and risk measurement with accounting policies;
- verifying the Group's overall credit risk profile, coordinating corrective actions and strategic guidelines;
- verifying the evolution of the Group's overall compliance risk profile, coordinating corrective actions and strategic guidelines;
- attributing to the Divisions/Departments risk limits and defining the articulation of country risk and concentration risk limits;
- disseminating awareness of risk, in its various forms, within the Group;
- defining business continuity strategies aimed at facing significant emergencies;
- governing the Basel II project and supervising the projects/intervention necessary to guarantee regulatory compliance.

The internal validation of activities connected to internal risk measurement systems are entrusted with the Basel II Internal Validation office, a structure which is independent from the corporate functions responsible for developing, maintaining and reviewing internal systems.

Basel II Internal Validation office, which directly reports to Value Governance, has the duty of validating internal models, already operational or under development, on all risk profiles provided for by Pillar I and II of the Basel II Accord.

Internal controls on accounting and financial information

Monitoring of the internal controls system as concerns accounting and financial information is performed by the Manager responsible for preparing the Company's financial reports, provided for by art. 154-bis of the Consolidated Law on Finance.

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

- an adequate internal controls system at company level which is necessary to reduce the risk of mistakes or incorrect conducts; this is achieved through the verification of elements such as adequate governance systems, conduct standards based on ethics and integrity, effective organisational structures, clear attribution of powers and responsibilities, adequate risk policies, personnel disciplinary systems, effective codes of conduct and fraud prevention systems;
- administration and accounting procedures for the preparation of financial statements and, in general, of financial reporting, with the verification over time of their adequacy and actual application; this category also includes, in addition to administration and accounting processes, also business processes for direction, control and support with an estimated significant impact on financial statements accounts;
- governance rules for the technological infrastructure and the applications related to administration and accounting procedures, with the verification over time of their adequacy and actual application.

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

The verification of an adequate internal controls system at company level was performed on the basis of evidence produced by Internal Auditing structures. The verification of the adequacy and the actual application of administration and accounting procedures and of the governance rules of the technological infrastructure and the applications occurs, in part, according to specific methodologies derived from the auditing standards applied by the Manager responsible for preparing the Company's financial reports with the structures dedicated to this purpose and, in part, on the basis of evidence provided by the Internal Auditing Department and other corporate functions with control responsibilities, in view of maximisation of organisational synergies. Compliance with relevant regulations is also confirmed by the system of certifications sent to the Manager responsible for preparing the Company's financial reports from other corporate functions of the Parent Company and of subsidiaries.

The model used permits to achieve a reasonable guarantee of the reliability of accounting and financial information. As evidenced by the COSO Framework, any internal controls system, even though well designed and operational, may not completely exclude malfunctioning or frauds which might impact on such information.

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

Internal auditing

Internal auditing activities are entrusted with a specific and articulated Structure – the Internal Auditing Department - which depends hierarchically from the Managing Director and CEO and directly reports to the Management Board and to the Control Committee. In case of severe anomalies, it reports directly to the Supervisory Board.

The person in charge of this function was appointed by the Management Board upon proposal of the Managing Director – without interruption with respect to the role performed in Banca Intesa until 31 December 2006 – and has the necessary autonomy and independence from operating structures. The person in charge of internal auditing has the adequate resources and means to perform his/her duties and has no constraints in the access to company data, archives and assets.

The Internal Auditing Department has the responsibility of ensuring a constant and independent surveillance of the regular progress of operations and of all processes for the purpose of preventing or identifying any anomalous or risky behaviour or situation.

Internal Auditing also supervises that Group and Company functions operate so to improve effectiveness of control, risk management and organisation governance processes.

The Internal Auditing Department assesses the functionality of the overall internal controls system and its adequacy in ensuring the effectiveness and efficiency of company processes, safeguarding asset value and loss protection and reliability and completeness of accounting and management information, compliance of transactions with both policies set out by the Company's administrative bodies and internal and external regulations and reports its activities to the Control Committee.

It supports the corporate governance and ensures that Corporate bodies and the competent Authorities (Bank of Italy, Consob, etc.) have timely and systematic information on the state of the controls system and on the outcome of activities performed.

At Group level, the Department also ensures surveillance of the internal controls systems of subsidiary companies, through the performance of governance and direction actions on the respective internal auditing structures which functionally report to it.

For Group companies with which it has signed an agreement, the Internal Auditing Department performs "in service" internal auditing functions, also as concerns investment services.

Compliance

In 2007 a Compliance function operated within the Internal Auditing Department which guaranteed over time the presence of rules, procedures and standard practices aimed at effectively preventing violations or infringements of regulations in force with respect to financial intermediation, anti-money laundering, usury, transparency and embargos, and it is the Group's competence centre on such regulations.

Such attributions may actually change, to take into account the recent issue by the Bank of Italy, of Supervisory instructions on compliance, which, inter alia, prescribe the institution within the first half of 2008, of a specific and autonomous compliance function, separate from internal auditing with the main objective of ensuring that compliance with public or self-regulatory norms become the object of a structured programme of measures aimed at preventing risk of non-compliance.

Independent Auditors

For Intesa Sanpaolo, as listed company, control of accounts must be exclusively conducted by an independent auditing firm, who is responsible for the verification in the course of the financial year, of the regular keeping of the company's accounts and the correct registration of operations in the books, as well as ascertaining that the Parent Company's and Consolidated financial statements correspond to the registrations in the company's books and to the verifications conducted and that such reports comply with the relevant regulations. The independent auditors express their opinion on the Parent Company's and Consolidated financial statements as well as on the half-year report with a specific report.

The independent auditors currently appointed by Intesa Sanpaolo is Reconta Ernst & Young S.p.A., whose appointment will expire with the Shareholders' Meeting for the allocation of net income for 2011.

The appointment of the independent auditors is conferred by the Ordinary Shareholders' Meeting upon the motivated proposal of the Supervisory Board.

Considering the provisions introduced by the "Provisions for the protection of savings and the regulation of financial markets" (Law 262/2005), which significantly reformed regulations on the independent auditors of listed companies, strengthening their independence and also for the purpose of pursuing efficiency and effectiveness of the controls assigned to the independent auditors, Intesa Sanpaolo has adopted a Group "Policy for audit and non audit" for the conferral to independent auditing firms and their networks of the independent audit of accounts and other services, addressed to Parent Company structures and Group companies, in compliance with the guidelines expressed on this matter by the Management Board and the Supervisory Board.

10.C.5.

The Policy is aimed at establishing a surveillance system aimed at monitoring at Group level the engagements conferred by Parent Company structures and Group companies to auditing firms, their networks and their related entities, with the purpose of safeguarding the independence of auditors and monitoring the application of relevant regulations.

In general terms, the conferral of certain engagements occurs as part of the management autonomy of Bank structures and in the respect of the autonomy and decision-making powers of the corporate bodies of each subsidiary (such engagements must in any case be communicated to the Parent Company's Head of Administration Governance for the purpose of the related monitoring), while the conferral of other engagements – for the purpose of assessing with an overall Group view the situations which might compromise the independence of the independent auditor – requires the prescription of the authorisation of the Parent Company's Head of Administration Governance or the prior resolution passed by the Management Board having heard the opinion of the Supervisory Board.

The Group companies must implement a principle of consistency with respect to the engagement given by the Parent Company also as regards the duration of the engagement and, in compliance with regulations in force, it is planned that an independent auditor must in any case be assigned by subsidiaries which perform banking, near-banking, financial and insurance, lending, financial and securities dealing, asset management and pension fund management activities.

Organisation, Management and Control Model as per Legislative Decree 231/2001

8.C.2.

Intesa Sanpaolo has an "Organisation, Management and Control Model" in accordance with Legislative Decree 231/2001, approved by the Management Board and Supervisory Board.

The Model identifies the areas and company activities in which the risk of committing illegal acts is most likely and it codifies the behavioural and control principles – broken down according to the specific illegal act to be prevented – that must be followed by those doing work in sensitive areas.

The Model outlines, in particular, the reference legal context, the role and responsibility of the structures involved in adopting it, the efficient implementation and updating of the Model itself, the "sensitive" areas related to the kinds of illegal acts prevented, as well as the areas of company activity in which the risk of committing such acts may emerge, the behavioural principles and control rules aiming to prevent them, the information flow patterns and the system of sanctions.

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

The Surveillance Body is entrusted with the task of supervising the functioning of and compliance with the Model and of supporting the pertinent Company bodies in order to implement and update it. In particular, the Surveillance Body, with the support of the Internal Auditing function, guarantees a constant and independent activity of supervision over the proper progress of the Bank's operations and processes in order to prevent and/or identify the emergence of anomalous or dangerous behaviours or events. It assesses the functional character of the overall internal controls system and its suitability in guaranteeing the effectiveness and efficiency of the control processes observed, and it ensures operations conformity with both the policies established by the corporate governance bodies and with the external and internal regulations.

The tasks of the Surveillance Body regarding the functioning of and compliance with the Model are, as previously noted, attributed to the Control Committee, and the necessary powers and prerogatives are thereby conferred on it.

Conferring the aforementioned supervisory function on the Control Committee guarantees a high degree of independence in exercising the duties set out in the Decree, insofar as this Body incorporates in itself the prescribed characteristics of independence and professionalism and, at the same time, it has the knowledge of actual company life that is needed to efficiently carry out this role.

The Surveillance Body, on a half-yearly basis at least, must send the Management Board and the Supervisory Board a specific commentary on the adequacy of and compliance with the Model. The Committee reports, in any case, upon request (whenever it is considered necessary or opportune), to the Bodies regarding the functioning of the Model and the fulfilment of the obligations laid down by the Decree.

In 2007 the Surveillance Body met 17 times. Among other issues, it examined the plan regarding the convergence between the two Organisation, Management and Control Models already present in Banca Intesa and Sanpaolo Imi and it temporarily confirmed them until the adoption of the consolidated Model approved, as earlier mentioned, by the Management Board and Supervisory Board. The Body also started a further planning phase to ensure that the detailed regulations are in line with the planned Model and with any further evolution of the regulatory framework.

As regards the value of the Model in terms of exempting the Company from liability under the law, Intesa Sanpaolo has prepared an internal communication and training plan that aims to facilitate the implementation of the requirements of the Decree and of the Organisation Model adopted, so that awareness of the subject and respect for the rules deriving from it will become an integral part of the professional culture of every employee.

Furthermore, given the independent responsibility of each company in the Group regarding the adoption and efficient implementation of its own Model in accordance with the requirements of the Decree, the Bank, in exercising its specific function as Parent Company, has the power to set out criteria and guidelines of a general nature and to verify, by way of the Internal Auditing and Corporate Affairs functions, whether the Models of Group companies comply with these criteria and guidelines. In this context, the Surveillance Body has commenced a project that aims to extend the Model guidelines to Group companies following a plan that takes into consideration the varying degree of sensitivity of each business, of the level of compliance of the Models already in use and of the integration processes already underway.

The "Organisation, Management and Control Model" adopted by Intesa Sanpaolo is available on the Bank's website (governance section).

Transactions with related Parties and Interests of Management Board and Supervisory Board Members

The Management Board has adopted the Intesa Sanpaolo "Regulations on the management of transactions with related parties" approved by the Supervisory Board and intended for all companies within the Group. It sets out the criteria for identifying related parties, the assessment and decision-making rules as well as the principles to be followed in subsequently providing information to Corporate bodies and to the market. Changes to the Regulations have recently been made (February 2008) in order to further strengthen the coverage of group controls.

Complying with the criteria set out in IAS 24, the Regulations define the rules for identifying in a practical manner the various entities belonging to the categories foreseen by this accounting principle (companies related through controlling or joint stakes, joint ventures, pension funds, key managers, close family members of key managers and related significant shareholding positions).

In this regard, it has been decided that the category of key managers will include not only Management and Supervisory Board Members but also General Managers, the Manager responsible for preparing the Company's financial reports, the heads of Business Units, the heads of Governance Areas, the heads of Head Office Departments that report directly to the CEO and to the Chairman of the Management Board, the Head of the General Secretariat of the Supervisory Board and the Head of Strategic Transactions and Special Projects.

9.P.1.
9.C.1.

The Regulations approved in 2007 stated that no Bank shareholder, alone or jointly with others, was able to exercise control or significant influence as per IAS 24. In February 2008 the situation was still the same; the Management and Supervisory Boards have however decided it is best to extend, as a form of self-regulation, the application of the rules regarding transactions with related parties to a broader circle than the one foreseen by the reference regulations, in order to include shareholders and their groups (controlled entities, controlling entities, or those under joint control) that hold a stake in the Bank's voting share capital greater than 2% (calculated considering only shares owned).

This formula shall lead, in future, to the development of a higher standard for monitoring transactions with the main shareholders, subjecting these transactions to the rules applied to transactions with related parties.

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

The Regulations consider the various preliminary assessments that must be respected by the Parent Company and subsidiaries when carrying out transactions with related parties, in order to fulfil the demands of substantial correctness in the transactions themselves. Among other things, they require a detailed examination of the motives and interests behind the transactions and their potential effects on the balance sheet, income statement and financial situation.

9.C.1.

As far as decision-making profiles are concerned, the transactions exclusively attributed to the Management Board are those that are "significant" and carried out by the Parent Company with its own related parties. The transactions that are considered significant are those of greatest economic, capital and financial impact, identified on the basis of qualitative and/or quantitative criteria, depending on the various types of transactions – in particular:

1) if the total value exceeds 3 million euro (or a total exceeding 20 million euro if the transactions are with companies in the Banking Group or in the group, reduced to half for companies that are not wholly-owned):

- a) the purchase and sale of real estate;
- b) the underwriting, purchase or sale of stakes in the company, even if they do not involve changes to the Banking Group;
- c) the purchase and sale of companies, business lines or entire business portfolios;
- d) the framework agreements regulating the performance of services or the placement or distribution of products/services with annual duration and implicit renewal i.e. multi-year;

2) if the total exceeds 25% of the Tier 1 capital/shareholder's equity of each company and, in any case, higher than 25 million euro, the investment in companies in the Banking Group or in the group through capital interventions, hybrid capital instruments, eligible subordinated liabilities in the subsidiary's regulatory capital through overdrafts that are not for the purpose of supporting the subsidiary's core business;

3) if the total exceeds 0.50% of the consolidated regulatory capital, the granting of overdrafts to related parties that are not part of the Banking Group;

4) if the monetary value exceeds 20 million euro, both financial and commercial transactions, other than those mentioned above and excluding credit transactions and bank funding operations carried out at market conditions.

Stricter limits regard non-performing exposures (substandard, doubtful loans, restructured loans).

Finally, the Management Board always has jurisdiction over transactions that, due to their subject, the nature of the parties, the consideration paid, methods or timeframes, may have effects on safeguarding company assets or on the thoroughness or correctness of information, including accounting information, regarding Intesa Sanpaolo (any such transactions are also included in information provided to the market in accordance with art. 71 bis of Issuers Regulation 11971/99).

9.P.1.
9.C.1.

Furthermore, in compliance with the provisions of the Self-Disciplinary Code, transactions having a value in excess of twice the levels established as being under the jurisdiction of the Management Board are also subject to the prior opinion of the Control Committee formed within the Supervisory Board.

In any case, the Control Committee must review transactions that are under the jurisdiction of the Management Board if any economic conditions have been identified that differ from those of the market, except when subsidiaries are involved.

The Regulations also establish that decision-making bodies can make use, whenever opportune, of independent experts to assess the degree of significance of the transaction, its specific economic or structural features and the nature of the related party.

Concerning transactions carried out by subsidiaries, the Regulations specify which cases require that a decision be requested from the Board of Directors of the companies involved. Each company may also choose to include specific internal control measures in its own decision-making process. It is also expected to adopt a set of rules equivalent to the ones drawn up by the Parent Company to regulate the transactions initiated by the company itself with its “own related parties”.

Based on recent changes to the Regulations, the prior opinion of the Control Committee of the Parent Bank is also expected for the most significant transactions by subsidiaries with related parties of the Parent Company.

Moreover, the Regulations define the general criteria for the information to be provided, at least quarterly – also pursuant to art. 150 of the Consolidated Law on Finance – to the Management Board and by the latter to the Supervisory Board regarding transactions with related parties completed in the reference period by the Parent Company or by subsidiaries. Differentiated quantitative thresholds must be decided for each type of transaction. All of the above is aimed at providing a complete overview of the most significant transactions, as well as the volumes and the main features of all those delegated.

A description of Transactions with related parties is contained in the consolidated financial statements and in the Parent Company’s financial statements.

Finally, it should be noted that if the related party is one of the players that has direction, administration or control functions, the special decision-making procedure set out in art. 136 of the Consolidated Law on Banking also applies. It subjects the transaction to the prior unanimous decision of the Management Board and to the favourable vote by all Supervisory Board Members.

In accordance with the abovementioned art. 136, anyone who carries out direction, administration or control functions at banks or companies that are part of the Banking Group cannot directly or indirectly enter into contracts which lead to obligations with the company they belong to or carry out financing transactions with another company or bank in the Banking Group without approval from the administrative and control bodies of the company or bank that is party to the contract; in these cases, moreover, the contract or the act must have the approval of the Parent Company. Since May 2006 (implementing Law 262/2005 and Legislative Decree 303/2006), the special decision-making procedure has also been applied to contracts entered into by the Bank or companies in the Banking Group with companies controlled by board members or companies at which board members have administration, direction or control functions. Moreover, it also applies to the controlling companies and to controlled companies (unless the contracts which lead to the obligation are drawn up between companies belonging to the same Banking Group or refer to transactions on the interbank market).

9.C.2.

The abovementioned provision also confirms the requirements foreseen by the Italian Civil Code regarding the personal interests of Directors, insofar as art. 2391 requires each Board Member to report every instance of interest possessed, on his/her own or through third parties, that may come into play in a significant manner in carrying out his/her function, with reference to a specific transaction. In accordance with the abovementioned provision, the Management Board has jurisdiction over decisions regarding transactions – including those with related parties – in which the Managing Director possesses an interest on his/her own or through a third party and must therefore abstain from the decision as per art. 2391.

Treatment of Corporate Information

Confidential information

The treatment of confidential information and the disclosure of documents and information occur on the basis of the specific Regulations. It is planned that during the year a new set of Regulations will be issued in compliance with the new provisions in the Corporate Governance Code and in light of the organisational structure of the Company.

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

The Regulations identify the Chairman and the Managing Director as the individuals responsible for the management of confidential information regarding the Bank and the Group and they define the rules of behaviour that must be followed by Board Members and employees who possess such information, requiring the adoption of every possible precaution in handling confidential information, so that its confidential nature is not compromised.

Moreover, the Regulations define the procedures to be followed when disclosing company documents and information externally, especially as regards privileged information – so-called “price-sensitive” information.

In following these regulations, the Bank uses the External Relations Department and Investor Relations. The former is responsible for managing communications containing economic and financial information for price-sensitive and extraordinary events (the Company’s financial calendar, results, transactions, etc.); the latter is in charge of managing communications with the market, with particular focus on investors and financial analysts, for the purpose of disseminating non-selective information and news relating to the Group’s activities, results and growth prospects.

Internal Dealing and Insiders List

In compliance with provisions contained in the Consolidated Law on Finance following the changes introduced by Law 262/2005, as well as those in the regulatory measures issued by Consob, Intesa Sanpaolo has adopted specific Internal Dealing Regulations, aimed at adapting internal regulations and procedures to the rules on information requirements related to transactions involving shares issued by the issuer or other related financial instruments, carried out by relevant parties and/or parties closely related to them, to provide the necessary transparency and equal treatment to the market.

These Regulations, in addition to identifying the “relevant parties,” defining their behaviour and disclosure requirements, and specifying the “competent party” for receiving, managing and disclosing such information, also forbid transactions by “Relevant parties” in the 30 days preceding the Management Board meeting called to approve the draft annual report and the half-year report and in the 15 days preceding the Management Board meeting called to approve the quarterly reports.

Again, on the basis of provisions contained in the Consolidated Law on Finance and the implementation regulations issued by Consob, the Bank created and regularly updates a register of parties who, due to their work or professional activities or due to the functions they carry out, have permanent or occasional access to privileged information (the so-called “Insiders List”).

Relations With Shareholders and the Financial Community

11.P1.
11.P2.

Intesa Sanpaolo places particular attention on the continuous management of relations with shareholders, institutional investors and the Italian and international financial community, as well as on ensuring the systematic dissemination of qualified, exhaustive and timely information on Group activities, results and strategies, also in view of the indications provided by Consob and in view of the principles expressed in the Corporate Governance Code and of national and international best practices.

The Articles of Association assign to the Chairman of the Supervisory Board the task of supervising relations with Shareholders, and verifying that such relations are managed correctly, in agreement with the Chairman of the Management Board and with the Managing Director.

11.C.2.

With reference to the aforementioned relations, the Company uses dedicated specialised structures having the appropriate professional capabilities and supports.

The first, Investor Relations, is part of “Value Creation Governance” and it manages relations with institutional investors, while the second structure, the Company Secretariat, is part of the Corporate Affairs Department – part of the staff of the Chairman of the Management Board and of the Managing Director and CEO – and it manages relations with shareholders and shareholder associations, in addition to assisting shareholders by putting at their disposal company documentation to be deposited in accordance with the law.

The second, Rating Agencies, a structure dedicated to managing communications and relations with the analysts of rating agencies, is also part of the “Value Governance” function.

Lastly, relations with the press and the media in general, both in Italy and internationally, are in the hands of the External Relations Department – Media Relations – which reports to the Chairman of the Supervisory Board, the Chairman of the Management Board and the Managing Director and CEO – a structure that is the exclusive reference point in relations with Italian and foreign media for both Intesa Sanpaolo and Group companies.

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

11.C.1.

Given this line of transparent communications and in order to make access to information as timely and accessible as possible, Intesa Sanpaolo also uses its website www.intesasanpaolo.com. The development and constant updating of this information channel reflects both the Company's attention to international best practices regarding investor relations and the need to comply with requirements set forth by regulations on corporate disclosures.

On the website, in both Italian and English, stakeholders can use an internal search engine to find information on the structure of the Company and the Group, the shareholders' meeting, the shareholder base and dividends, as well as stock price trends, interim and extraordinary financial reports and presentations of the results, ratings and information prospectuses on securities issued by Intesa Sanpaolo. The site also publishes the Company's press releases, the annual financial calendar of significant events as well as information on significant or extraordinary transactions. In this way the website becomes the place in which the financial community and stakeholders in general find numerous opportunities for information and dialogue with the Company within the framework of constant, consistent and complete communication.

The site also contains a section specifically dedicated to the corporate governance of the Bank. In it users can access information regarding the governance model adopted by the Company. This Report is also provided, along with documents and information concerning the organisational structure in general and, in detail, the procedures and behavioural principles the Company follows in reference to specific issues.

Telephone contacts are provided on the site and there are specific links for requesting documentation of interest.

Shareholders' Meetings

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

11.P.1.

At Intesa Sanpaolo, as a Company that has adopted the dual corporate governance system, the Shareholders' Meeting is competent to resolve upon, in addition to other matters, as concerns:

- the appointment and revocation of the Supervisory Board;
- the responsibilities of the members of the Supervisory Board and, without prejudice to the concurrent competence of the Supervisory Board, of the members of the Management Board;
- the distribution of net income;
- the appointment and revocation of the independent auditors;
- the approval of financial statements if these have not been approved by the Supervisory Board;
- the transactions reserved by the law to the Extraordinary Shareholders' Meeting.

Although there is a highly diversified range of methods for communicating with shareholders, the Shareholders' Meetings are, for Intesa Sanpaolo, a privileged opportunity to establish a rewarding dialogue with shareholders and they also represent an occasion to communicate information on the Company to shareholders, thereby respecting the principle of non-selective information and provisions on price sensitive information. In light of the above, the Company intends to encourage the broadest possible participation of Shareholders in the Shareholders' Meeting and guaranteeing, at the same time, the best quality standards for the information provided. As a matter of fact, shareholders who have taken part in the latest meetings are promptly sent the convocation notice as well as the informative documentation prepared for the agenda of the next meeting, also to make it possible to vote in a well-informed manner.

11.C.3.

The documentation regarding items on the agenda of the meeting, along with the convocation notice, are, in any case, made available on the Bank's website.

Shareholders' Meetings are called at the registered office of the Company or in another location in the municipality where the Company has its registered office by way of a notice stating the date, time, place and agenda of the meeting. Such notice is published within the terms provided for by applicable laws and regulations in the daily newspaper "Il Sole 24 Ore" and in the Official Gazette.

In consideration, also, of the needs of shareholders and institutional investors, it is not foreseen that shareholders have to file any special prior notice in order to attend the meeting. Indeed, the Bank's Articles of Association already set forth that Shareholders with the right to vote may attend the Shareholders' Meeting provided a notice from the authorised intermediary certifying their voting right is given to the Company within the time envisaged for the commencement of the Shareholders' Meeting on first call.

11.C.4. The Management Board Members and the Members of the Supervisory Board attend the Shareholders' Meetings in order to make a useful contribution to its work and make discussions more useful.

11.C.5. Intesa Sanpaolo has not deemed it necessary to adopt a specific regulation on the Shareholders' Meeting. The powers of direction and coordination attributed to the Chairman on this matter by the law and the Articles of Association – through the identification, at the beginning of each Meeting of the main rules which must be complied with – ensure the orderly and functional conduction of the work of the Meeting and the participation of every Shareholder in the pertinent discussion.

11.C.6. The Company has decided not to change the percentage capital thresholds provided for by regulations in force as concerns the actions and prerogatives to safeguard minorities.

In financial year 2007 the Shareholders' Meeting was called twice: 3 May and 2 October.

Among the topics discussed during the May meeting, please note, in particular, the approval in the ordinary part of the proposal to allocate income for financial year 2006 and to distribute the dividend, the authorisation to purchase and dispose of own shares to serve a stock granting plan in favour of employees of Parent Company and subsidiaries, in addition to the insurance policy for the civil liability of Members of the Supervisory Board; in the extraordinary part, the Shareholders' Meeting also resolved upon changes to the Articles of Association related, inter alia, to the taking effect of the provisions contained in Law 262 of 28 December 2005 (so-called "Legge sul Risparmio") and in Legislative Decree 303 of 29 December 2006 (so-called "Decreto Pinza").

The Ordinary Shareholders' Meeting held in October authorised the purchase and disposal of own shares for the purpose of fulfilling and executing commitments linked to the well-known purchase of a controlling stake in Banca CR Firenze.

The participation of Shareholders in the Meeting continued to be significant. In particular, the May Meeting, in the ordinary and extraordinary sessions reached respectively, 53.84% and 52.52% of ordinary share capital in attendance, while for the October Meeting participation was 56.42% of the ordinary share capital.

The Special Meeting of Saving Shareholders on 19 April 2006 appointed Mr. Paolo Sfameni to be the Common Representative of Saving Shareholders for the 2006/2007/2008 financial years and, therefore, until the approval of the financial statements as at 31 December 2008.

In 2007 the Special Meeting was held on 4 May and resolved upon the possibility of proposing to the Company's deliberating bodies a transaction involving the compulsory conversion of saving shares into ordinary shares.

Corporate social responsibility

As it sets itself the goal of long-term growth and value creation, Intesa Sanpaolo dedicates particular attention to the contribution the Bank can make towards sustainable development, supporting the local economies and communities in which it operates. It especially focuses a great deal of attention on the protection and enhancement of the environment. This brings significant advantages to all stakeholders.

In order to monitor and coordinate the various issues related to social responsibility, there is a dedicated structure within Intesa Sanpaolo, the Corporate Social Responsibility Unit. Specific management tools have been adopted in this respect, including the Code of Ethics and the policies on specific sectors of the Bank's activity, in addition to the Social and Environmental Report.

The Code of Ethics, which was approved by the Management Board and the Supervisory Board, is the Group's "constitutional charter" for spelling out the reference culture and values of Intesa Sanpaolo, which lead to concrete rules of conduct for all the individuals, both internal and external, with which direct or indirect relationships are entertained – first of all, customers, shareholders and employees, but also suppliers, the community and the local areas in which the Company operates, in addition to the natural environment, which is impacted by the activities of any business.

All of the Personnel in the Group, both in Italy and internationally, are expected to behave in a manner that conforms to and is consistent with the values and principles described in the Code of Ethics and each company in the Group is expected to ensure the adherence of its actions and activities to the values and principles stated in it, while of course respecting its own specific characteristics.

By way of the Social and Environmental Report, Intesa Sanpaolo is accountable to stakeholders regarding activities carried out during the financial year. This demonstrates the ability to operate in a manner consistent with stated values and with the ideal of development along the lines of economic, social and environmental sustainability.

Part III – Summary Tables

Table N. 1: “Check List”

Principles and Criteria of the Corporate Governance Code		Applied also with adaptations	Not applied	Inapplicable	See Report pag.
1.Role of the Board of Directors					
1.P.1.	Listed companies are governed by a Board of Directors that meets at regular intervals, and that adopts an organisation and a modus operandi which enable it to perform its functions in an effective, efficient manner.	✓			pag. 18, 19 (C.d.S.) pag. 31 (C.d.G.)
1.P.2.	The Directors act and pass resolutions with full knowledge of the facts and autonomously, pursue the priority of creating value for the shareholders. Consistent with this goal, they shall also take into account the directives and policies defined for the group of which the issuer is a member, as well as the benefits deriving from being a member of a group.	✓			pag. 20 (C.d.S.) pag. 31, 32, 37 (C.d.G.)
1.C.1.	The Board of Directors shall:	✓			pag. 18 (C.d.S.) pag. 31 (C.d.G.)
	a) examine and approve the company's strategic, operational and financial plans and the corporate structure of the group it heads, if any;	✓			pag. 19 (C.d.S.) pag. 31 (C.d.G.)
	b) evaluate the adequacy of the organizational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest;	✓			pag. 31, 35 (C.d.G.)
	c) delegate powers to the managing directors and to the executive committee and revoke them; it shall specify the limits on these delegated powers, the manner of exercising them and the frequency, as a rule no less than once every three months, with which the bodies in question must report to the board on the activities performed in the exercise of the powers delegated to them;	✓			pag. 42 (C.d.S.)
	d) determine, after examining the proposal of the special committee and consulting the board of auditors, the remuneration of the managing directors and of those directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determine the total amount to which the members of the board and of the executive committee are entitled;	✓			pag. 32, 35 (C.d.G.)
	e) evaluate the general performance of the company, paying particular attention to the information received from the executive committee (when established) and the managing directors, and periodically comparing the results achieved with those planned;	✓			pag. 18 (C.d.S.) pag. 31 (C.d.G.) pag. 50
	f) examine and approve in advance transactions carried out by the issuer and its subsidiaries having a significant impact on the company's profitability, assets and liabilities or financial position, paying particular attention to transactions in which one or more Directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board shall establish general criteria for identifying the transactions which might have a significant impact;	✓			

Principles and Criteria of the Corporate Governance Code		Applied also with adaptations	Not applied	Inapplicable	See Report pag.
	g) evaluate, at least once a year, the size, composition and performance of the Board of Directors and its committees, eventually characterising new professional figures whose presence on the board would be considered appropriate;		✓		pag. 21 (C.d.S.) pag. 37 (C.d.G.)
	h) provide information, in the report on corporate governance, on the application of the present article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the related percentage of attendance of each director.	✓			pag. 20 (C.d.S.) pag. 31, 33 (C.d.G.)
1.C.2.	The directors shall accept the directorship when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or auditor held by the directors in the above-mentioned companies and include them in the report on corporate governance.	✓			pag. 21 (C.d.S.) pag. 33 (C.d.G.)
1.C.3.	The board shall issue guidelines regarding the maximum number of offices as director or auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties. To this end, the board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive or non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group; it may also take into account the participation of the directors in committees established within the ranks of the board.	✓			pag. 21 (C.d.S.) pag. 33 (C.d.G.)
1.C.4.	If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.	✓			pag. 33 (C.d.G.)
2.Composition of the Board of Directors					
2.P.1.	The Board of Directors shall be made up of executive and non-executive directors.	✓			pag. 34 (C.d.G.)
2.P.2.	Non-executive directors shall bring their specific expertise to board discussions and contribute to the taking of balanced decisions paying particular care to the areas where conflicts of interest may exist.	✓			pag. 23 (C.d.S.) pag. 34 (C.d.G.)
2.P.3.	The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of board's decisions.	✓			pag. 34 (C.d.G.)
2.P.4.	It is appropriate to avoid the concentration of corporate offices in one single individual.	✓			pag. 34 (C.d.G.)

Principles and Criteria of the Corporate Governance Code	Applied also with adaptations	Not applied	Inapplicable	See Report pag.
2.P.5. Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the report on corporate governance on the reasons for such organisational choice.			✓	pag. 34 (C.d.G.)
2.C.1. Sono amministratori esecutivi: <ul style="list-style-type: none"> – The following are executive directors: – the managing directors of the issuer or a subsidiary having strategic relevance, including the relevant chairmen when these are granted individual management powers and when they play a specific role in the definition of the business strategies; – the directors vested with management duties within the issuer or in one of its subsidiaries having strategic relevance, or in a controlling company when the office concerns also the issuer; – the directors who are members of the executive committee of the issuer, when no managing director is appointed or when the participation in the executive committee, taking into account the frequency of the meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer; <p>The granting of powers only in cases of urgency to directors, who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, unless such powers are actually exercised with considerable frequency.</p>	✓			pag. 34 (C.d.G.)
2.C.2. The directors shall know the duties and responsibilities relating to their office. The chairman of the Board of Directors shall use his best efforts for causing the directors to participate in initiatives aimed at increasing their knowledge of reality and business dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.	✓			pag. 23 (C.d.S.) pag. 37 (C.d.G.)
2.C.3. In the event that the chairman of the Board of Directors is the chief executive officer of the company, as well as in the event that the office of chairman is covered by the person controlling the issuer, the board shall designate a lead independent director, who represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below.			✓	
3. Independent Directors				
3.P.1. An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer, of such a significance as to influence their autonomous judgement.	✓			pag. 24 (C.d.S.)

Principles and Criteria of the Corporate Governance Code	Applied also with adaptations	Not applied	Inapplicable	See Report pag.
3.P.2. The directors' independence shall be periodically assessed by the Board of Directors. The results of the assessments of the board shall be communicated to the market.	✓			pag. 25 (C.d.S.)
<p>3.C.1. The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear independent in the following events, to be considered merely as an example and not limited to:</p> <ul style="list-style-type: none"> a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise a control or considerable influence over the issuer; b) if he/she is, or has been in the preceding three fiscal years, a relevant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement; c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship: <ul style="list-style-type: none"> - with the issuer, one of its subsidiaries, or any of its significant representatives; - with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives; or is, or has been in the preceding three fiscal years, an employee of the abovementioned subjects; d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans; e) if he/she was a director of the issuer for more than nine years in the last twelve years; f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director; g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer; h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs. 	✓			pag. 24 (C.d.S.)

Principles and Criteria of the Corporate Governance Code		Applied also with adaptations	Not applied	Inapplicable	See Report pag.
3.C.2.	For the purpose of the above, the legal representative, the president of the entity, the chairman of the Board of Directors, the executive directors and executives with strategic responsibilities of the relevant company or entity, must be considered as "significant representatives".	✓			pag. 24 (C.d.S.)
3.C.3.	The number and competences of independent directors shall be adequate in relation to the size of the board and the activity performed by the issuer; moreover, they must be such as to enable the constitution of committees within the board, according to the indications set out in the Code. If the issuer is subject to management and coordination activity by third parties or is controlled by a subject operating, directly or through other subsidiaries, in the same sector of activity or in contiguous sectors, the composition of the Board of Directors of the issuer shall be suitable to ensure adequate conditions of autonomous management and, therefore, to pursue in a priority way the objective of the creation of value for the shareholders of the issuer.	✓			pag. 24 (C.d.S.)
3.C.4.	The Board of Directors shall evaluate, after the appointment of a director who qualifies himself / herself as independent, and subsequently at least once a year, on the basis of the information provided by the same director or, however, available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, on the occasion of the appointment, through a press release to the market and, subsequently, within the report on corporate governance, specifying, with adequate reasons, whether any criteria have been adopted other than those indicated in these criteria.	✓			pag. 24, 25 (C.d.S.)
3.C.5.	The Board of Auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the board for evaluating the independence of its members. The result of such controls is notified to the market in the report on corporate governance or in the report of the Board of Auditors to the shareholders' meeting.	✓			pag. 25 (C.d.S.)
3.C.6.	The independent directors shall meet at least once a year without the presence of the other directors.		✓		pag. 25 (C.d.S.)
4.Treatment of corporate information					
4.P.1.	Directors and members of the Board of Auditors shall keep confidential the documents and information acquired in the performance of their duties and shall comply with the procedure adopted by the issuer for the internal handling and disclosure to third parties of such documents and information.	✓			pag. 51

Principles and Criteria of the Corporate Governance Code		Applied also with adaptations	Not applied	Inapplicable	See Report pag.
4.C.1.	The managing directors shall ensure the correct handling of corporate information; to this end they shall propose to the Board of Directors the adoption of a procedure for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to price sensitive information.	✓			pag. 51 (C.d.G.)
5.Internal Committees of the Board of Directors					
5.P.1.	The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.	✓			pag. 25 (C.d.S.) pag. 37 (C.d.G.)
5.C.1.	The establishment and functioning of committees within the Board of Directors shall meet the following criteria:	✓			pag. 25 (C.d.S.)
	a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than five members, committees may be made up of two directors only, provided, however, that they are both independent;				
	b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;	✓			pag. 25 (C.d.S.)
	c) the functions that the Code attributes to different committees may be distributed in a different manner or demanded from a number of committees lower than the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of the underlying objectives;	✓			pag. 25 (C.d.S.)
	d) minutes shall be drafted of the meetings of each committee;	✓			pag. 26 (C.d.S.)
	e) in the performance of their duties, the committees have the right to access the necessary company's information and functions, according to the procedures established by the Board of Directors, as well as to avail themselves of external advisers. The issuer shall make available to the committees adequate financial resources for the performance of their duties, within the limits of the budget approved by the board;	✓			pag. 26 (C.d.S.)
	f) persons who are not members of the committee may participate in the meetings of each committee upon invitation of the same, with reference to individual items on the agenda;	✓			pag. 26 (C.d.S.)
	g) the issuer shall provide adequate information, in the report on corporate governance, on the establishment and composition of committees, the contents of the mandate entrusted to them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage of participation of each member.	✓			pag. 26 (C.d.S.)

Principles and Criteria of the Corporate Governance Code		Applied also with adaptations	Not applied	Inapplicable	See Report pag.
6.Appointment of Directors					
6.P.1.	The appointment of Directors shall occur according to a transparent procedure. The procedure shall ensure, inter alia, timely adequate information on the personal and professional qualifications of the candidates.	✓			pag. 22 (C.d.S.) pag. 34 (C.d.G.)
6.P.2.	The Board of Directors shall evaluate whether to establish among its members a nomination committee made up, for the majority, of independent directors.	✓			pag. 25 (C.d.S.)
6.C.1.	The lists of candidates to the office of director, accompanied by exhaustive information on the personal traits and professional qualifications of the candidates with an indication where appropriate of their eligibility to qualify as independent directors as defined in Article 3, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete of the information on the characteristics of the candidates, shall be timely published through the Internet site of the issuer.	✓			pag. 22 (C.d.S.)
6.C.2.	Where established, the committee to propose candidates for appointment to the position of director, may be vested with one or more of the following functions: a) to propose to the Board of Directors candidates to the position of director in the events provided by Article 2386, first paragraph, of the Italian Civil Code, as it is necessary to replace an independent director; b) to designate candidates to the position of independent director to be submitted to the shareholders' meeting of the issuer, taking into account any recommendation in this regard received from shareholders; c) to express opinions to the Board of Directors regarding the size and composition of the same as well as, possibly, with regard to the professional skills whose presence within the board is considered appropriate.	✓			pag. 26 (C.d.S.)
7.Remuneration of Directors					
7.P.1.	The remuneration of directors shall be established in a sufficient amount to attract, maintain and motivate directors endowed with the professional skills necessary for managing the issuer successfully.	✓			pag. 42 (C.d.S./C.d.G.)
7.P.2.	The remuneration of executive directors shall be articulated in such a way as to align their interests with pursuing the priority objective of creating value for the shareholders in a medium-long term timeframe.	✓			pag. 42 (C.d.G.)
7.P.3.	The Board of Directors shall establish among its members a remuneration committee, made up of non- executive directors, the majority of which are independent.	✓			pag. 25 (C.d.S.)

Principles and Criteria of the Corporate Governance Code		Applied also with adaptations	Not applied	Inapplicable	See Report pag.
7.C.1.	A significant part of the remuneration of executive directors and executives with strategic responsibilities is linked to the economic results achieved by the issuer and/or the achievement of specific goals indicated in advance by the Board of Directors or, in the event of the above-mentioned executives, by the managing directors.	✓			pag. 27 (C.d.S.) pag. 43 (C.d.G.)
7.C.2.	The remuneration of non-executive directors shall be proportional to the engagement requested from each of them, taking into account their possible participation in one or more committees. Their remuneration shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of stock option or equity based remuneration plans, unless it is so decided by the shareholders' meeting, which shall also give the relevant reasons.	✓			pag. 27 (C.d.S.) pag. 42, (C.d.S./C.d.G.) pag. 43 (C.d.G.)
7.C.3.	The remuneration committee shall: <ul style="list-style-type: none"> - formulate proposals to the board for the remuneration of the managing directors and other directors who cover particular offices, monitoring the application of the decisions adopted by the board; - periodically evaluate the criteria adopted for the remuneration of executives with strategic responsibilities, control their application on the basis of the information provided by the managing directors and submit to the Board of Directors general recommendations on the subject matter thereof. 	✓			pag. 27 (C.d.S.)
7.C.4.	Nodirectorshallparticipateinmeetingsoftheremuneration committee in which proposals are submitted to the Board of Directors relating to his/her remuneration.	✓			pag. 42 (C.d.S.)
8. Internal control system					
8.P.1.	The internal control system is the set of rules, procedures and organizational structures aimed at making possible a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of the main risks.	✓			pag. 44
8.P.2.	An effective internal control system contributes to safeguard the company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information, the compliance with laws and regulations.	✓			pag. 44
8.P.3.	The Board of Directors shall evaluate the adequacy of the internal control system with respect to the characteristics of the company.	✓			pag. 44

Principles and Criteria of the Corporate Governance Code	Applied also with adaptations	Not applied	Inapplicable	See Report pag.
<p>8.P.4. The Board of Directors shall ensure that its evaluations and decisions relating to the internal control system, the approval of the balance sheets and the half yearly reports and the relationships between the issuer and the external auditor are supported by an adequate preliminary activity. To such purpose the Board of Directors shall establish an internal control committee, made up of non-executive directors, the majority of which are independent. If the issuer is controlled by another listed company, the internal control committee shall be made up exclusively of independent directors. At least one member of the committee must have an adequate experience in accounting and finance, to be evaluated by the Board of Directors at the time of his/her appointment.</p>	✓			pag. 44
<p>8.C.1. The Board of Directors, with the assistance of the internal control committee, shall:</p> <p>a) define the guide-lines of the internal control system, so that the main risks concerning the issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining, moreover, the criteria for determining whether such risks are compatible with a sound correct management of the company;</p> <p>b) identify an executive director (usually, one of the managing directors) for supervising the functionality of the internal control system;</p> <p>c) evaluate, at least on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system;</p> <p>d) describe, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same.</p> <p>Moreover, the Board of Directors shall, upon proposal of the executive director in charge of supervising the functionality of the internal control system and after consulting with the internal control committee, appoint and revoke one or more persons in charge of internal control and define their remuneration in line with the company's Policies.</p>	✓			pag. 31, 45
<p>8.C.2. The Board of Directors shall exercise its functions relating to the internal control system taking into due consideration the reference models and the best practices existing on the national and international fields. Particular attention shall be devoted to the organization and management models adopted pursuant to legislative decree no. 231 of 8th June 2001.</p>	✓			pag. 45, 48

Principles and Criteria of the Corporate Governance Code	Applied also with adaptations	Not applied	Inapplicable	See Report pag.
<p>8.C.3. In addition to assisting the Board of Directors in the performance of their duties set out in criterion 8.C.1, the internal control committee shall:</p> <ul style="list-style-type: none"> a) evaluate together with the executive responsible for the preparation of the company's accounting documents and the auditors, the correct utilization of the accounting principles and, in the event of groups, their consistency for the purpose of the preparation of the consolidated balance sheet; b) upon request of the executive director, express opinions on specific aspects relating to the identification of the principal risks for the company as well as on the design, implementation and management of the internal control system; c) review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them; d) evaluate the proposals submitted by the auditing firm for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and the letter of suggestions, if any; e) supervise the validity of the accounting audit process; f) perform any additional duties that are assigned to it by the Board of Directors; g) report to the board, at least on a half yearly basis, on the occasion of the approval of the balance sheet and the half yearly report, on the activity carried out, as well as on the adequacy of the internal control system. 	✓			pag. 44
<p>8.C.4. The chairman of the Board of Auditors or another auditor designated by the chairman of the board shall participate in the works for the internal control.</p>			✓	
<p>8.C.5. The executive director responsible for supervising the functionality of the internal control system, shall:</p> <ul style="list-style-type: none"> a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to the review of the Board of Directors; b) implement the guidelines defined by the Board of Directors, through the design, implementation and management of the internal control system, constantly monitoring its overall adequacy, effectiveness and efficiency; moreover, it shall adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework; c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control. 	✓			pag. 44, 47

Principles and Criteria of the Corporate Governance Code	Applied also with adaptations	Not applied	Inapplicable	See Report pag.
<p>8.C.6. Each person in charge of internal control shall:</p> <p>a) ensure that the internal control system is always adequate, fully operating and effective;</p> <p>b) not be responsible for any operational divisions and shall not report hierarchically to any manager of operational divisions, including the administration and finance divisions;</p> <p>c) have direct access to all useful information for the performance of his/her duties;</p> <p>d) have the availability of adequate means for the performance of the functions assigned to him/her;</p> <p>e) report about his/her activity to the internal control committee and the board of auditors; moreover, they could be required to report also to the executive director responsible for the supervision of the functionality of the internal control system. In particular, he/she shall report about the procedures according to which the risk management is conducted, as well as about the compliance with the plans defined for their reduction and express his/her evaluation of the internal control system to achieve an acceptable overall risk profile.</p>	✓			pag. 47
<p>8.C.7. The issuer shall establish an internal audit function. The person responsible for internal control shall usually coincide with the person responsible for the internal audit function.</p>	✓			pag. 47
<p>8.C.8. The internal audit functions may be entrusted, as a whole or by business segments, to persons external to the issuer, provided, however, that they are endowed with adequate professionalism and independence; these persons may also be responsible for the internal control. The adoption of such organizational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the report on corporate governance.</p>			✓	
9.Directors' interests and transactions with related parties				
<p>9.P.1. The Board of Directors shall adopt measures aimed at ensuring that the transactions in which a director is bearer of an interest, on his/her behalf or on behalf of third parties, and transactions carried out with related parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.</p>	✓			pag. 49, 50 (C.d.G.)
<p>9.C.1. The Board of Directors shall, after consulting with the internal control committee, establish approval and implementation procedures for the transactions carried out by the issuer, or its subsidiaries, with related parties. It shall define, in particular, the specific transactions (or shall determine the criteria for identifying those transactions), which must be approved after consulting with the internal control committee and/or with the assistance of independent experts.</p>	✓			pag. 28 (C.d.S.) pag. 31, 49, 50 (C.d.G.)

Principles and Criteria of the Corporate Governance Code		Applied also with adaptations	Not applied	Inapplicable	See Report pag.
9.C.2.	The Board of Directors shall adopt operating solutions suitable to facilitate the identification and an adequate handling of those situations in which a director is bearer of an interest on his/her behalf or on behalf of third parties.	✓			pag. 51 (C.d.G.)
10.Members of the Board of Auditors					
10.P.1.	The appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, timely adequate information on the personal and professional characteristics of the candidates.	✓			pag. 22 (C.d.S.)
10.P.2.	The auditors shall act with autonomy and independence also vis-à-vis the shareholders, which elected them.	✓			pag. 20 (C.d.S.)
10.P.3.	The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the board of auditors.	✓			pag. 19 (C.d.S.)
10.C.1.	The lists of candidates to the position of auditor, accompanied by detailed information on the personal traits and professional qualifications of the candidates, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists complete of the information on the characteristics of the candidates shall be timely published through the internet site of the issuer.	✓			pag. 22 (C.d.S.)
10.C.2.	The auditors shall be chosen among people who may be qualified as independent also on the basis of the criteria provided by this Code with reference to the directors. The Board of Auditors shall check the compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in the report on corporate governance.	✓			pag. 24, 25 (C.d.S.)
10.C.3.	The auditors shall accept the appointment when they believe that they can devote the necessary time to the diligent performance of their duties.	✓			pag. 21 (C.d.S.)
10.C.4.	An auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other auditors and the chairman of the board about the nature, the terms, origin and extent of his/her interest.	✓			pag. 20 (C.d.S.)
10.C.5.	The board of auditors shall monitor the independence of the auditing firm, verifying both the compliance with the provisions of law and regulation governing the subject matter thereof, and the nature and extent of services other than the accounting control provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to the network of the same.	✓			pag. 19, 48 (C.d.S.)
10.C.6.	In the framework of their activities, the auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.	✓			pag. 28 (C.d.S.)
10.C.7.	The board of auditors and the internal control committee shall timely exchange material information for the performance of their respective duties.			✓	

Principles and Criteria of the Corporate Governance Code	Applied also with adaptations	Not applied	Inapplicable	See Report pag.
11.Relations with the shareholders				
11.P.1. The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.	✓			pag. 52, 53
11.P.2. The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	✓			pag. 52
11.C.1. The Board of Directors shall use its best efforts for ensuring that access to the information concerning the issuer that is material for its shareholders is timely and easy to access, so as to allow the shareholders an informed exercise of their rights. To such purpose, the issuer shall establish a specific section on its internet site that may be easily identified and accessed, in which the above-mentioned information is available, with particular reference to the procedures provided for the participation and the exercise of the voting right in the shareholders' meetings, as well as the documentation relating to items on the agenda of the shareholders' meetings, meetings, including the lists of candidates for the positions of director and auditor with an indication of the relevant personal traits and professional qualifications.	✓			pag. 53
11.C.2. The Board of Directors shall ensure that a person is identified as responsible for handling the relationships with the shareholders and shall evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	✓			pag. 52
11.C.3. The Board of Directors shall use its best efforts for reducing the restrictions and fulfilments, which make it difficult and burdensome for the shareholders to participate in the shareholders' meeting and exercise their voting right.	✓			pag. 53
11.C.4. All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting with regard to the performed and planned activity and shall use its best efforts for ensuring that the shareholders receive adequate information about the necessary elements for them to take in an informed manner the decisions that are the competence of the shareholders' meeting.	✓			pag. 54
11.C.5. The Board of Directors shall propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the ordinary and extraordinary shareholders' meetings of the issuer, without prejudice, however, to the right of each shareholder to express his or her opinion on the matters under discussion.		✓		pag. 54
11.C.6. In the event of a significant change in the market capitalization of the company, the composition and/or the number of the shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the by laws as regards the minimum percentage required for exercising actions and rights provided for as a protection of minority interests.		✓		pag. 54

Principles and Criteria of the Corporate Governance Code	Applied also with adaptations	Not applied	Inapplicable	See Report pag.
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12.Sistema di amministrazione e controllo dualistico

12.P.1.	In the event of adoption of a two tier or one tier management and control system, the above articles shall apply insofar as compatible, adapting individual provisions to the particular system adopted, consistently with the objectives of good corporate governance, transparency of information and protection of investors and the markets pursued by the Code and in the light of the criteria provided by this article.	✓		pag. 9
12.P.2.	In the event that a new management and control system is proposed, the directors shall inform the shareholders and the market with regard to the reasons for such proposal, as well as on how it is envisaged that the Code will be applied to the new management and control system.	✓		pag. 17
12.P.3.	In the first report on corporate governance published after the modification of the management and control system, the issuer shall describe in detail how the Code has been applied to such system. Such information shall be published also in the subsequent reports, indicating any amendments to the procedure followed in applying the Code to the selected management and control system.	✓		pag. 17
12.C.1.	<p>In the event of adoption of the two tier management and control system, the Code shall be applied according to the following criteria:</p> <ul style="list-style-type: none"> a) except as provided in paragraph (b) below, the articles of the Code that make reference to the Board of Directors and the Board of Auditors, or their members, are applied, in principle, to the Management Board and Supervisory Board, or their members respectively; b) due to the specific options of the by-laws adopted, in the configuration of the management and supervisory bodies also in consideration of the number of members and the powers and duties attributed to them, and of the specific circumstances existing, the issuer may apply the provisions concerning the Board of Directors or directors to the Supervisory Board or its members; c) the provisions relating to the appointment of directors provided by Article 6 of this Code shall apply, insofar as compatible, to the appointment of the members of the Supervisory Board and/or the members of the Management Board. 	✓		pag. 18

Table n. 2: structure of the supervisory board and committees

Director	Office	Independent pursuant to Corporate Governance Code	Number of other positions	Control Committee	Nomination Committee	Remuneration Committee	Strategy Committee	Financial Statements Committee
Bazoli Giovanni	Chairman		3		X		X	
Bernheim Antoine	Deputy Chairman		16				X	
Zich Rodolfo	Deputy Chairman	X	1		X		X	
Barel Di Sant'Albano Carlo	Director		4				X	
Bussolotto Pio	Director		1				X	
Casiraghi Rosalba	Director	X	4	X				
Costa Giovanni	Director	X	1					X
Dalla Sega Franco	Board Secretary	X	13					
Ferrero Gianluca	Director	X	18					X
Ferro Angelo	Director	X	4		X			
Garibaldi Pietro	Director	X		X				
Gianni Fabrizio	Director	X			X			
Iozzo Alfonso (until 30.4.07)	Director		2		X			
Lubatti Giulio	Director	X		X		X		
Giuseppe Mazzarello (as of 3.5.2007)		X	1					
Pavarani Eugenio	Director	X	2			X		X
Ponzellini Gianluca	Director	X	20	X		X		
Sacchi Morsiani Gianguido	Director	X	1					X
Targetti Ferdinando	Director	X						X
Torio Livio	Director	X	5	X				

Table n. 3: List of other management or control offices of members of the supervisory board in other companies listed in regulated markets (also abroad), in financial, banking, insurance or large companies

Director	Office	Company
Bazoli Giovanni	Director Chairman Member of the Supervisory Board	Alleanza Assicurazioni S.p.A. Mittel S.p.A. UBI Banca S.p.A.
Bernheim Antoine	Deputy Chairman and Member of the Executive Committee Director Chairman Director Deputy Chairman and Director Director Director Director Director Member of the Supervisory Board Director Director Director Deputy Chairman and Director Member of the Supervisory Board Director	Alleanza Assicurazioni S.p.A. AMB Generali Holding AG Assicurazioni Generali S.p.A. Banco Santander Central Hispano S.A. Bolloré Investissement S.A. B.S.I. – Banca della Svizzera Italiana Christian Dior S.A. Christian Dior Couture S.A. Ciments Francais S.A. Eurazeo S.A. Generali Espana Holding de Entidades de Seguros S.A. Generali France Generali Holding Vienna AG LVMH Moet Hennessy Louis Vuitton Mediobanca S.p.A. Graafschap Holland AG
Zich Rodolfo	Director	Innogest SGR S.p.A.
Barel di Sant’Albano Carlo	Director Director Managing Director, General Manager and Member of the Executive Committee Director	Alpitour S.p.A. FIAT S.p.A. IFIL Investments S.p.A. Juventus F.C. S.p.A.
Bussolotto Pio	Director and Member of the Executive Committee	Banca delle Marche S.p.A.
Casiraghi Rosalba	Statutory Auditor Director Director Director	Industrie De Nora S.p.A. Luisa Spagnoli S.p.A. SPAIM S.r.l. Spa.PI. S.r.l.
Costa Giovanni	Director	Edizione Holding S.p.A.
Dalla Sega Franco	Statutory Auditor Statutory Auditor Alternate Auditor Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Statutory Auditor Chairman of the Board of Statutory Auditors Statutory Auditor Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors	Astinger S.p.A. Beni Stabili Property Management S.p.A: Carisma SGR S.p.A. Immobiliare Lombarda S.p.A. Intesa Previdenza SIM S.p.A. Mittel Generale Investimenti S.p.A. Mittel Investimenti Immobiliari S.r.l. Mittel Private Equity S.p.A. Mittel S.p.A. Nuova Real Estate S.p.A. Progressio SGR S.p.A. Rasfin SIM S.p.A Torino Zerocinque Trading S.p.A..
Ferrero Gianluca	Statutory Auditor Director and Member of the Executive Committee Alternate Auditor Chairman of the Board of Statutory Auditors Alternate Auditor Statutory Auditor Statutory Auditor Amministratore Unico Alternate Auditor Statutory Auditor Statutory Auditor Chairman of the Board of Statutory Auditors Statutory Auditor Statutory Auditor Chairman of the Board of Statutory Auditors Statutory Auditor Statutory Auditor Chairman of the Board of Statutory Auditors Statutory Auditor Chairman of the Board of Statutory Auditors Statutory Auditor	Alberto Lavazza e C. S.a.p.a. Banca del Piemonte S.p.A. Burgo Factor S.p.A. Cafiero Mattioli Finanziaria S.a.p.a. COFINCAF S.p.A. Emilio Lavazza S.a.p.a. Fenera Holding S.p.A. FIBE S.r.l. Gabriel Fiduciaria Gruppo Banca Leonardo S.p.A. I.F.I. S.p.A. Juventus F.C. S.p.A. L’Oreal Saipo Industriale S.p.A. Luigi Lavazza S.p.A. Maserati S.p.A. Pictet Fiduciaria S.r.l. RCS Produzioni S.p.A. Tecnodelta S.p.A.

Director	Office	Company
Ferro Angelo	Chairman Chairman Director Director	Pavan Tecnologie S.p.A. Pavan S.r.l. R.C.S. Quotidiani S.p.A. Società Cattolica di Assicurazione Soc. Coop.
Garibaldi Pietro		
Gianni Fabrizio		
Iozzo Alfonso (cessato il 30.4.07)	Chairman Director	Casse Depositi e Prestiti S.p.A. Natixis S.A.
Lubatti Giulio Stefano		
Mazzarello Giuseppe	Managing Director	P. Ferrero & Co. S.p.A.
Pavarani Eugenio	Statutory Auditor Statutory Auditor	Roche Diagnostic S.p.A. Roche S.p.A.
Ponzellini Gianluca	Statutory Auditor Statutory Auditor Chairman of the Board of Statutory Auditors Statutory Auditor Alternate Auditor Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Statutory Auditor Statutory Auditor Statutory Auditor Chairman of the Board of Statutory Auditors Statutory Auditor Chairman of the Board of Statutory Auditors Alternate Auditor Alternate Auditor Chairman of the Board of Statutory Auditors Director Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors	Autogrill International S.r.l. Autogrill S.p.A. Banca IMI S.p.A. Casa Editrice Universo S.p.A. CIR S.p.A. – Compagnie Industriali Riunite Dé Longhi Appliances S.r.l. Dé Longhi Capital Services S.p.A. Dé Longhi S.p.A. Edizioni Bruno Mondadori S.p.A. Enia Energia S.p.A. Euromobiliare Asset Management SGR S.p.A. Finmar S.p.A. G.S. S.p.A. Intesa Sanpaolo Private Banking S.p.A. Ital Press Holding S.p.A. Ital Press San Biagio S.p.A. Luisa Spagnoli S.p.A. Schemaventotto S.p.A. SPA.PI S.r.l. Spaim S.r.l.
Sacchi Morsiani Gianguido	Director	Equitalia Polis S.p.A.
Targetti Ferdinando		
Torio Livio	Chairman of the Board of Statutory Auditors Statutory Auditor Chairman of the Board of Statutory Auditors Alternate Auditor Chairman of the Board of Statutory Auditors	AEM Calore & Servizi S.p.A. Banca CIS S.p.A. Mediocredito Italiano S.p.A. Intesa Sec 3 S.r.l. Setefi S.p.A.

Table n. 4: Structure of the management board and work groups

Director	Office	Executive	Non-executive	Independent ex art. 148 TUF	Number of other positions	Work Group Business plan/Budget	Work Group Consolidated Annual and Interim Financial Statements
Enrico Salza	Chairman		X	X	2		
Orazio Rossi	Deputy Chairman		X		1	X	
Corrado Passera	Managing Director and CEO	X			1		
Elio Catania	Director		X	X	1	X	
Giuseppe Fontana	Director		X		5	X	
Gian Luigi Garrino	Director		X		2		X
Giovanni Battista Limonta	Director		X		4		X
Virgilio Marrone	Director		X	X	3		X
Emilio Ottolenghi	Director		X		5	X	
Giovanni Perissinotto	Director		X	X	6		X
Marcello Sala	Director		X		2		X

Table n. 5: List of other management or control offices of members of the management board in other companies listed in regulated markets (also abroad), in financial, banking, insurance or large companies

Director	Office	Company
Enrico Salza	Chairman Managing Director	Italconsult S.p.A. Tecno Holding S.p.A.
Orazio Rossi	Chairman	Cassa di Risparmio di Padova e Rovigo S.p.A.
Corrado Passera	Director	RCS MediaGroup S.p.A.
Elio Catania	Chairman	Azienda Trasporti Milanesi S.p.A.
Giuseppe Fontana	Deputy Chairman Deputy Chairman Managing Director Director Director	Villa d'Este S.p.A. Fontana Finanziaria S.p.A. Fontana Luigi S.p.A. Banca Fideuram S.p.A. Banca Popolare di Sondrio S.c.p.A.
Gian Luigi Garrino	Chairman Deputy Chairman	Fondaco SGR S.p.A. Risk Management S.p.A.
Giovanni Battista Limonta	Chairman Chairman Managing Director Director	Limonta S.p.A. Arredamento Lombardo S.p.A. Limonta Sport S.p.A. Intesa Mediofactoring S.p.A.
Virgilio Marrone	Managing Director and General Manager Director Director	IFI S.p.A. Fiat S.p.A. Exor Group S.A. - Luxembourg
Emilio Ottolenghi	Chairman Chairman Chairman Chairman Director	Vis S.p.A. La Petrolifera Italo Rumena S.p.A. Pir Finanziaria S.p.A. Banca IMI S.p.A. Sapir S.p.A.
Giovanni Perissinotto	Chairman Deputy Chairman Managing Director Director Director Director	Banca Generali S.p.A. BSI S.A. Assicurazioni Generali S.p.A. Ina Assitalia S.p.A. Toro Assicurazioni S.p.A. Pirelli & C. S.p.A.
Marcello Sala	Director Director	Banca Imi S.p.A. Sanpaolo Imi Fondi Chiusi SGR S.p.A.

INTESA SANPAOLO S.p.A.
Piazza San Carlo, 156
10121 Torino (Italy)

Company Secretariat
Tel: +39 011 555.2762 – 8213 - 6093
Fax: +39 011 555.2322
E-mail: adempimenti.societari@intesaspaolo.com
Internet: www.intesaspaolo.com