



## 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 2009

## **INTESA SANPAOLO S.p.A.**

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Parent company of the Intesa Sanpaolo Banking Group included in the national register of banking groups – Registered office: Piazza San Carlo 156, Torino, Italy – 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

**Italian Stock Exchange or Borsa Italiana:**

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

**c.c.:**

Italian Civil Code

**Parent Company:**

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

**Corporate Governance Code or Code:**

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

**Consob:**

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

**Manager responsible for preparing the Company’s financial reports:**

Manager responsible for preparing the Company’s financial reports

**Banking Group or Intesa Sanpaolo Banking Group:**

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

**Group or Intesa Sanpaolo Group:**

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

**Intesa Sanpaolo or Company or Bank:**

Intesa Sanpaolo S.p.A.

**New Supervisory Provisions:**

“Supervisory Provisions concerning Banks’ organisation and corporate governance”, adopted by the Bank of Italy on 4 March 2008

**Report:**

this Corporate Governance Report and Information on Ownership Structures

**Articles of Association:**

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

**Consolidated Law on Banking:**

Italian Legislative Decree no. 385 of 1 September 1993 – Consolidated Law on Banking

**Consolidated Law on Finance:**

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



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# Introduction

Intesa Sanpaolo structured its governance system, also in the light of indications contained in the Code of Conduct for listed companies, for the purpose of ensuring effective and transparent divisions of powers and responsibilities among its corporate bodies and, in particular, a correct balance between management and control operations.

The aim of this Report – the text of which is available on the Company’s website – is to provide shareholders, investors and the market with a detailed report on the Bank’s corporate governance system, founded on the dual management and control model and on the application method of provisions of the Corporate Governance Code.

The Report was also prepared in compliance with the provisions introduced by the Consolidated Law on Finance and related implementation rules issued by Consob, which require that Italian companies quoted on regulated markets publish an annual report on their adoption of codes of conduct and compliance with related obligations, explaining the reasons for any non-adoption. It also contains information on ownership structures required pursuant to art. 123-*bis* of the Consolidated Law on Finance. In this respect it must be specified that Italian Legislative Decree no. 173 of 3 November 2008 amended the aforementioned art. 123-*bis*, incorporating rules on corporate governance and ownership structure reporting together with rules on the adoption of codes of conduct; these new measures, which entered into force on 21 November 2008 will be effective from 2009.

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The Report is divided into topics and contains information on the adoption of individual provisions 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 under Italian law, bank supervisory regulations and the Articles of Association.

Following adoption of the dual management and control model, Intesa Sanpaolo also adapted the principles and criteria of the Code to its own corporate governance system, this option being offered by the Code for alternatives to the traditional model and consistent with the objectives of good corporate governance, transparent reporting and the protection of investors and the market.

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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 on 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 Management Board. With a view to providing greater transparency, special margin notes are added regarding the applied principles and criteria of the Code (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 in relation to application of the individual principles and criteria of the Code.

Information contained in this Report, unless otherwise stated, refers to the position as at 20 March 2009, the date of its approval by the Management Board and Supervisory Board.

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Intesa Sanpaolo is aware that companies must constantly renew and adapt corporate governance practices to meet new market needs and, at the same time, seize new opportunities. Effective and transparent corporate governance is also fundamental to pursuing corporate objectives, in terms of competitiveness and for the sound and prudent operation of the Bank, and for the purpose of enhancing its reputation and the trust of shareholders and the general public.

In this respect, the Company performs constant verification and updating of its organisational structure,

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also in terms of market best practices. Specifically, in 2008 an in-depth self-assessment of the management and control system was launched, and is still in progress, in the light of the New Supervisory Provisions that must be followed by banks, with full adoption expected by 30 June 2009 (details of which are provided in a specific paragraph of this Report).

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## Part I – Profile of the Company and the Group

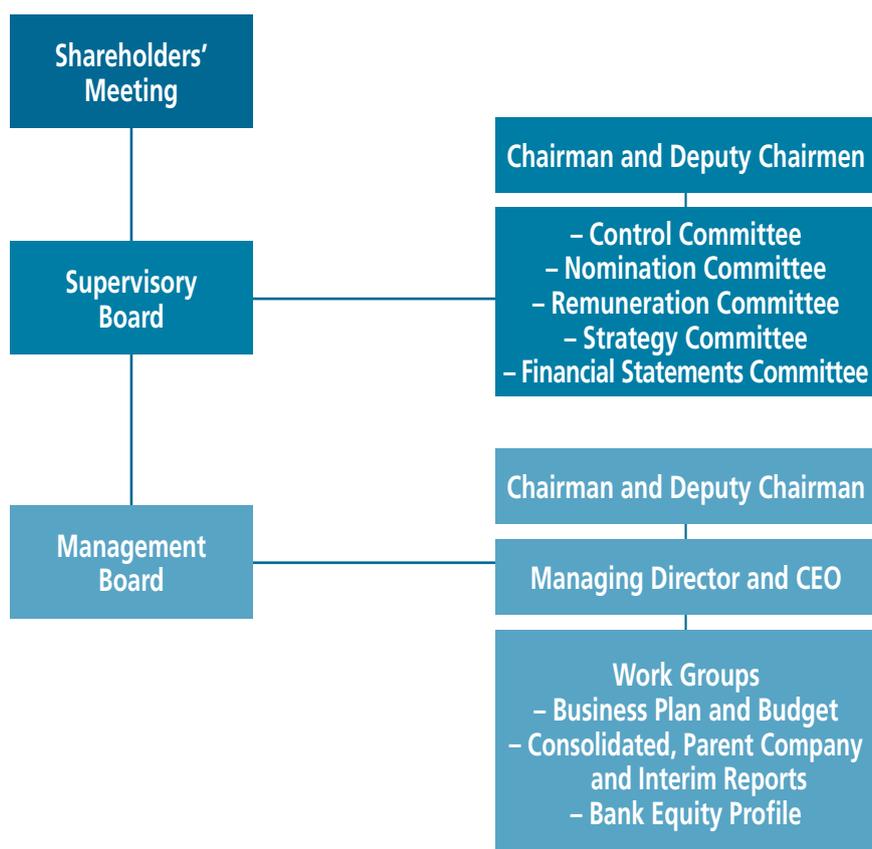
Intesa Sanpaolo is quoted on the MTA market (*Mercato Telematico Azionario*) organised and managed by Borsa Italiana. The purpose of the Company is the deposit-taking and the carrying out of all forms of lending activities, both directly and through its subsidiaries, together with any other transactions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

### Governance

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

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

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



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## *The Intesa Sanpaolo Group: role of the Parent Company and management and coordination activities*

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

Intesa Sanpaolo is the Parent Company of the Banking Group, and as such is the reference contact for the Bank of Italy, issuing provisions as required to Banking Group members on the implementation of Supervisory Authority regulations in the interest of the Banking Group's stability. Banking Group subsidiaries must comply with such provisions.

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

With regard to the provisions of Italian Legislative Decree no. 142/2005, the Intesa Sanpaolo Group is also 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 safeguarding of the stability of the financial conglomerate as a whole and of its member companies.

Pursuant to art. 2497 et seq of the Italian Civil Code, Intesa Sanpaolo also exercises policy, management and coordination activities for its direct and indirect subsidiaries, including companies which under current regulations are not part of the Banking Group.

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

Currently the role of sub-holding is covered by Banca CR Firenze, over which Intesa Sanpaolo exercises management and coordination, which in turn manages and controls its own subsidiaries pursuant to art. 2497 as above. In addition, without prejudice to its own prerogatives and pursuant to Italian Legislative Decree no. 209/2005 (the "Private Insurance Code") and related enactment provisions, Intesa Sanpaolo considers Eurizon Vita to be the parent company of the Eurizon Vita Insurance Group, guaranteeing Eurizon Vita the independent exercise of said role over its direct insurance subsidiaries.

In consideration of the common business strategy and for the purpose of optimising synergies deriving from membership of the Group, at the same time maximising the key strengths of the various entities, the Company has adopted Group Regulations, which govern the operating methods and institutional mechanisms of the Intesa Sanpaolo Group as well as the fundamental rules of the model for the management and coordination of subsidiaries.

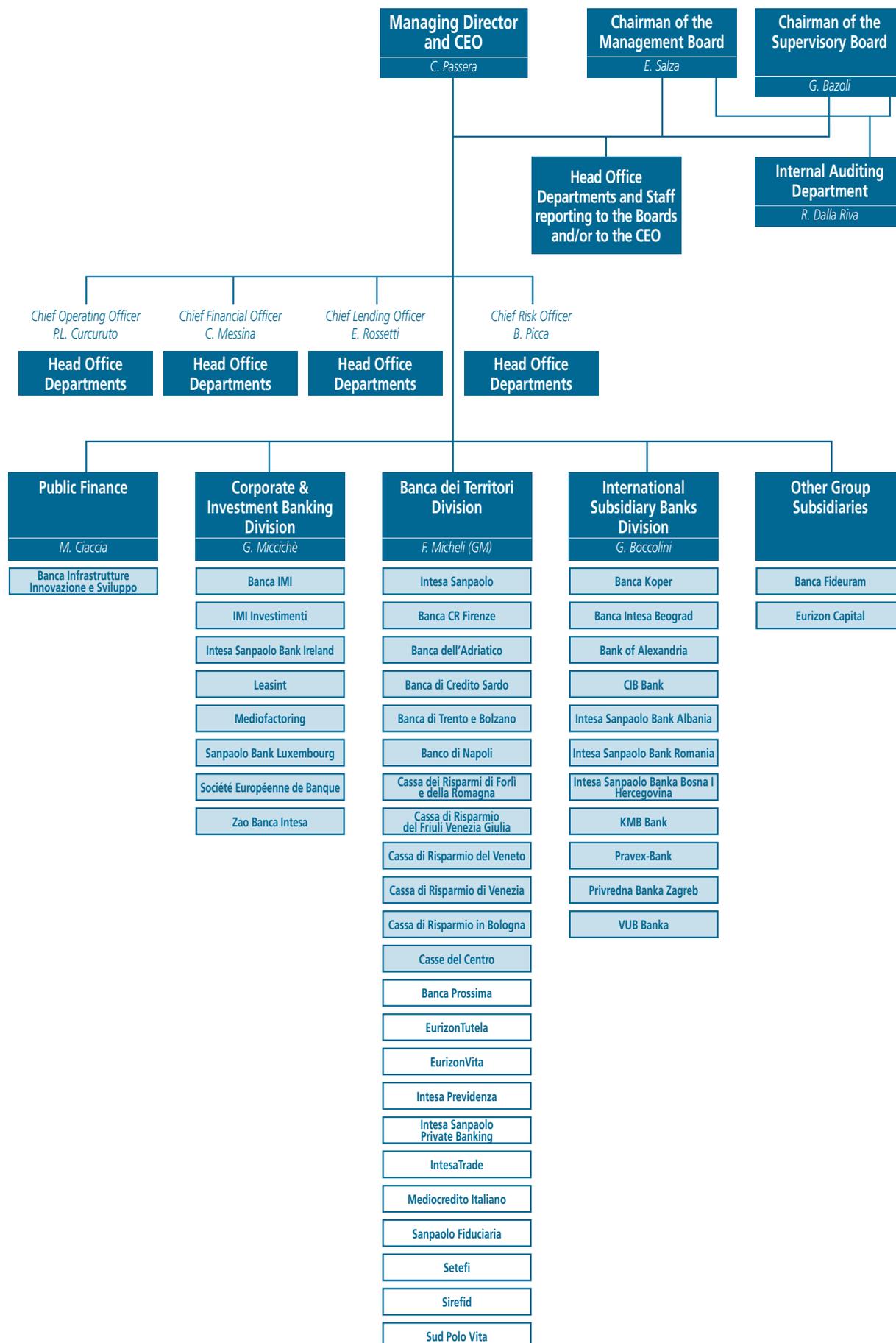
The Regulations are the reference discipline for relations between Intesa Sanpaolo and Group companies and between the latter, their conduct – in compliance with legal independence and the principles of correct governance and management of such companies – must reflect common organisational and management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

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

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

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

# The Intesa Sanpaolo Group



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## Information on ownership structures pursuant to art. 123-bis Italian Legislative Decree no. 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 a nominal value of 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 by a maximum of 15,835,003.08 euro through the issue of a maximum 30,451,929 ordinary shares reserved for executives of the merged company Sanpaolo IMI S.p.A. and its subsidiaries through stock option plans already approved by the Board of Directors of Sanpaolo IMI S.p.A..

At the current date one incentive plan remains for - as at 31 December 2008 - 24,608,500 shares, totalling 12,796,420 euro. The subscription price for this option was 3.9511 euro per share.

Other than that resolved by Sanpaolo IMI, there are no other stock option plans.

The Articles of Association do not delegate any powers to the Management Board for share capital increases pursuant to art. 2443 of the Italian Civil Code or powers to issue equity-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 entitle the holder only to attend and vote at the Special Meeting of saving shareholders. Pursuant to the Articles of Association, saving shares are also recognised pre-emption rights in the event of reimbursement of share capital on the entire nominal value, and the right to a dividend higher than that of ordinary shares, according to the rules specified below.

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

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

- a) to non-convertible saving shares – a dividend of up to 5% of the nominal share value. If in one year the dividend allocated to non-convertible saving shares is less than 5% of the nominal value, the difference shall be added to the preferred dividend payable in the next two financial years;
- b) the remaining net income, made available for distribution by the Shareholders' meeting, shall be divided among all shares so that the dividend allocated to non-convertible saving shares is higher than that allocated to ordinary shares by 2% of the nominal share value.

Any amount remaining shall be allocated to the extraordinary reserve or other reserves, without prejudice to the option of allocating a portion of this residual amount to charity or in support of social and cultural activities by setting up a special fund.

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

In general, there are no limits envisaged to the possession or transfer of shares.

It should also be specified that, in accordance with Shareholders' meeting resolutions authorising the purchase of treasury shares, in 2006 and 2007 employees were allocated Bank shares free of charge. Such shares may be subject to three-year unavailability restrictions according to pre-merger practices of the two Groups. In detail, former Intesa employees had the option to sell shares at any time after their allocation, without prejudice to the application of employee income tax regulations. On shares allocated to former Sanpaolo IMI employees, however, no action is permitted with regard to trading of the shares, even in transitory form, related rights cannot be transferred and no constraint of any nature can be placed on such shares until after 2010. A similar non-transferable constraint applies to shares allocated according to a Sanpaolo IMI stock option plan in favour of former employees expiring in 2009.

## Shareholders

According to records in the Shareholders' Register and other available information, there are approximately 308,000 Intesa Sanpaolo shareholders. The table below provides the list of shareholders which, pursuant to art. 120 of the Consolidated Law on Finance and other information received by the Bank, directly and/or indirectly hold more than 2% of ordinary share capital:

Declaring Company	Direct shareholder (if other than the declaring company)	% of ordinary share capital
Compagnia di San Paolo	–	7.960%
Crédit Agricole S.A.	Crédit Agricole S.A. other group companies	5.566% 5.411% 0.155%
Assicurazioni Generali S.p.A	Assicurazioni Generali S.p.A other group companies	5.075% 1.324% 3.751%
Carlo Tassara S.p.A.	–	4.605%
Fondazione Cariplo	–	4.680%
Fondazione C.R. Padova e Rovigo	–	4.665%
Ente C.R. Firenze	–	3.378%
Fondazione C.R. in Bologna	–	2.729%
Barclays Global Investors UK Holding Ltd.	–	2.017%

## Voting rights

No shares confer special controlling rights and there are no restrictions on voting rights, except as specified above with regard to saving shareholders who have no voting rights at ordinary and extraordinary shareholders' meetings. In this respect it should be mentioned that for the election of members of the Supervisory Board, the Articles of Association envisage a proportional list voting system.

There are no particular mechanisms for the exercise of voting rights on shares allocated to employees on a share-based payments basis.

However, the option of collective proxy obtained by associations of shareholders as permitted by law remains implicit.

In this respect it should be specified that the Articles of Association do not envisage restrictions on the use of voting proxy at shareholders' meetings and no particular methods for voting by proxy have been established, this matter being governed by the provisions of art. 2372 of the Italian Civil Code.

## Shareholders' agreements

The Company is not aware of any existing shareholders' agreements pursuant to art. 122 of the Consolidated Law on Finance.

## Other information

With regard to applicable provisions on the appointment and replacement of members of the Management and Supervisory Boards, reference should be made to the specific sections of the Report dedicated to such bodies.

In relation to rules on changes to the Articles of Association, without prejudice to the competence of the Extraordinary Shareholders' Meeting as established by law, pursuant to art. 2436 of the Italian Civil Code the Articles of Association delegate the power to resolve upon changes of a regulatory nature to the Supervisory Board.

## Treasury shares

On 2 April 2009 the purchase of treasury shares approved by the Shareholders' Meeting of 2 October 2007 is due to expire, as will authorisation to fulfil commitments linked to acquiring control of Banca C.R. Firenze.

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As at 31 December 2008 the Bank's share portfolio contained no treasury shares. Limited packets of shares are held by other Group companies as part of their own ordinary banking and financial activities.

#### *"Change of control" clauses*

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

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

#### *Employee 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 early termination of service for any cause.

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## Part II – Information on adoption of the Corporate Governance Code and other information on Governance

### The dual management and control system

Intesa Sanpaolo has adopted the dual management and control model, based on the presence of a supervisory board and a management board, in line with the provisions of article 2409-*octies* et seq and art. 147-*ter* et seq of the Consolidated Law on Finance.

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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 forming Intesa Sanpaolo – reflects a strategy aimed at separating corporate governance duties, already widespread in other countries of the European Union, especially for large companies and companies with widely-distributed shares.

The concrete configuration of the model, in Intesa Sanpaolo's Articles of Association and summarised below, has the characteristics of distinction considered useful to further improving its effectiveness.

In general terms, the Supervisory Board, in addition to performing control duties typical of the board of statutory auditors, is also charged with certain duties traditionally attributed to the shareholders' meeting and to strategic supervisory functions, whereas the Management Board has full and exclusive power over company management and, to the extent of its separate duties, provides support in the exercise of strategic supervisory duties.

The adopted model ensures that both bodies liaise in the implementation of strategic supervision in a framework of increasingly transparent, well-defined duties, in which proposals prepared by the Management Board are submitted for approval of the Supervisory Board. Without prejudice to the above, with regard to the Bank of Italy and based on provisions of the New Supervisory Provisions, the role of strategic supervision is focused on the Supervisory Board.

The effectiveness of insitutional relations between the two Corporate bodies is strengthened by the powers of the respective Chairmen, who guarantee the correct application of logic in operations of the two Corporate bodies.

In compliance with the general guidelines and programmes approved, the Management Board has exclusive power over ordinary and extraordinary company management.

Intesa Sanpaolo lays particular importance on the balance of duties and powers achieved by definition of the various roles of its Corporate bodies, in terms of both their awareness of respective responsibilities and of general law provisions regarding their role as supervisors of business activities in the sensitive sector of intermediation.

In this context, the Company has taken into account indications contained in the Corporate Governance Code, referring the individual provisions to the governance system adopted, in a manner consistent with the objectives of sound management, reporting transparency and the protection of investors and the market.

As already indicated in the 2008 Corporate Governance Report, certain provisions of the Code concerning the board of directors and individual directors under the traditional system are considered applicable to individual members of the boards in addition to the Management Board and Supervisory Board as a whole, given that the Articles of Association assigns powers of strategic supervision pursuant to art. 2409-*terdecies*, paragraph *f-bis* of the Italian Civil Code to this body, applying provisions concerning the control body to the Supervisory Board and matters regarding company management to the Management Board.

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### *The New Supervisory Provisions and the development of Intesa Sanpaolo Governance*

The dual management and control system adopted by Intesa Sanpaolo is a developing model, also in the light of the New Supervisory Provisions to which banks are expected to adapt by 30 June 2009. In recognising the multiple management and control models for banks, these regulations call for a self-assessment of bank organisational structures on the basis of general principles and application guidelines indicated in the regulations.

With regard to the abovementioned regulation, in 2008 Intesa Sanpaolo began an in-depth examination of its organisational structure, particularly the structure and operations of its Corporate bodies, to verify their correspondence to the new regulatory context and, if necessary, make adjustments.

In general terms, from the analysis performed it emerges that the dual management and control model adopted fully represents the ideal corporate governance system to ensure efficient Bank management, in line with long-term corporate strategies, efficient controls and precise strategic supervision. There was also substantial consistency not only between the adopted system and the New Supervisory Provisions, but also with the current legal and regulatory context.

In detail, it should be mentioned that the analysis and studies performed first of all led to the drafting and approval of the Supervisory Board and Management Board Regulations, detailing the respective operating and internal organisation rules.

Furthermore, for the purpose of complete adoption of the Supervisory Authority regulations, in compliance with the Articles of Association and with specific provisions of the Consolidated Law on Banking, according to which the Bank of Italy controls changes to articles of association in advance to ensure there is no conflict with sound and prudent management, these bodies decided to submit certain changes to the Articles of Association to the next Shareholders' Meeting, consistent with the supervisory regulations and analysis results, and also to ensure that the corporate governance structure is correctly reflected in the context of the Bank's organisational and operating rules.

Among the proposed amendments are the following topics that relate closely to the corporate bodies:

- matters to be resolved by the Shareholders' Meeting;
- greater specification of the powers and responsibilities of the Supervisory Board;
- greater qualification of the responsibilities of the Management Board;
- composition of the Management Board with regard to executive directors;
- a more specific governance of conflict of interest of Supervisory Board members;
- enhancement of the role of the Control Committee, strengthening its stability, and the structure of other committees envisaged in the Articles of Association.

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Lastly, it should be mentioned that with regard to the gradual consolidation of post-merger integration, Intesa Sanpaolo has launched a broad process for further organisational reinforcement and development, streamlining its governance structure.

Specifically, in 2008 the Intesa Sanpaolo governance was redefined to encourage the dissemination of an adequate awareness of risk, based on three lines of defence: business management, risk management and internal audit, at the same time reinforcing the coordination and cooperation mechanisms between Bank departments. The governance adopted is based on the strict separation of management roles from risk management roles, preserving the strong points that have offered effective management of the market crisis.

With regard to the corporate governance structure, it should be mentioned that the Italian Competition Authority, in a recent informative survey on the corporate governance of banks and insurance companies, focused attention on certain structural aspects including the investment links between intermediaries and the presence of directorships common to more than one company.

On these aspects, it should be emphasised that in Intesa Sanpaolo the presence of competitive entities in the shareholding structure and interlocking directorates appears to be limited in terms of both quantity and quality.

With specific regard to competing entities among the shareholders, it is important to note that at the time of concentration of Banca Intesa and Sanpaolo IMI, the Antitrust Authority defined conditions to guarantee

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the necessary independence between Crédit Agricole and Intesa Sanpaolo. Relations with Assicurazioni Generali are also managed according to methods agreed with the Antitrust Authority.

## The Supervisory Board

### DUTIES OF THE SUPERVISORY BOARD

The Supervisory Board, as part of the dual management and control system adopted by Intesa Sanpaolo, performs operations that can be defined as direction, strategic supervision and those typical to control. For the implementation of its duties, the Supervisory Board receives support from special Committees, appointed by the Board and described in a specific section of this Report.

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Firstly, the Supervisory Board exercises duties that are traditionally reserved to the Shareholders' Meeting such as the appointment, revocation and definition of the remuneration of Members of the Management Board; to perform such duties it liaises with the Nomination Committee and Remuneration Committee.

The Supervisory Board is also responsible for approving the Parent Company's and consolidated financial statements. This significant duty is completed after a thorough examination of the draft financial statements submitted to the Supervisory Board and Management Board, in liaison with the Financial Statements Committee.

In examining the Parent Company's and consolidated financial statements for approval purposes, the Supervisory Board also examines the proposed allocation of profit formulated by the Management Board and expresses its opinion to the Shareholders' Meeting in the report on operations.

According to a specific provision of the Articles of Association, if necessary the Supervisory Board can adapt the Articles of Association to regulatory provisions and resolve upon related changes.

In terms of strategic supervision, pursuant to art. 2409-*terdecies*, par. 1, lett. f-*bis*) of the Italian Civil Code, the Supervisory Board has been entrusted with other duties which strengthen its powers of direction and permit the recognition of collegial involvement of its members also in the main governance decisions of the Bank and the Group.

Under the terms of the Articles of Association, the Supervisory Board performs the following duties:

- on recommendation from the Management Board, resolves upon the general strategic guidelines of the Company and the Group;
- approves the business and/or financial plans and budgets of the Company and Group as prepared by the Management Board;
- authorises strategic transactions, on recommendation from the Management Board;
- approves strategic guidelines and policies regarding risk management, without prejudice to the Management Board's responsibility for action taken.

1.C.1.  
a) and f)

In particular, the Supervisory Board authorises:

- (i) Management Board proposals to be submitted to the Shareholders' Meeting on share capital transactions, issues of convertible bonds and bonds cum warrant of the Company, mergers and spin-offs and other changes to the Articles of Association, without prejudice to the shareholders' powers to submit proposals as envisaged by law;
- (ii) purchases or sales by the Company or subsidiaries of controlling equity investments in companies with considerable strategic value or unit value exceeding 6% of consolidated regulatory capital, as well as the purchase or sale of companies, entire business portfolios and business lines of considerable strategic value;
- (iii) investments or disinvestments of strategic value and/or which involve Company commitment to amounts per transaction in excess of 6% of the consolidated regulatory capital;
- (iv) signature of commercial, cooperation or shareholders' agreements of strategic value.

1.C.1. f)

During 2008 the Supervisory Board adopted a Regulation which, amongst other things, governs the board's duties, specifies the related application criteria and, in reference to the transaction types indicated in the Articles of Association, identifies which can be classed as strategic and therefore subject to submission for approval by the Supervisory Board on recommendation from the Management Board. In order to receive

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support for this duty, the Supervisory Board appointed the special Strategy Committee.

The Supervisory Board is also responsible for approving risk management policies, on recommendation from the Management Board. In this respect, and in observance of provisions on prudential supervision, the Board is called upon to approve the methods by which risks are detected and assessed, including the adoption of internal risk measurement systems to determine capital requirements and specific guidelines.

With regard to the internal process for calculating capital adequacy, the Supervisory Board, on recommendation from the Management Board, approves the Group's risk appetite, the report on the ICAAP process (the "ICAAP Book") – produced annually and when exceptional circumstances require its review, the total internal capital and formulation of the final opinion on adequacy of the current and prospective regulatory capital to be submitted in accordance with Supervisory Authority procedures.

For the first ICAAP Book, prepared in simple format and submitted to the Bank of Italy by the set deadline of 31 October 2008, the Supervisory Board performed a preliminary study – during a specific seminar – of the regulatory context and application profiles of the ICAAP process, together with thorough examination of the process, the results of the related self-assessment and the final report, in liaison with the Control Committee.

As required by law, the Supervisory Board is also the Board responsible for control of the Bank and therefore performs the duties envisaged in art. 149, par. 1 of the Consolidated Law on Finance, as indicated in the Articles of Association. These duties mainly involve supervision of the observance of legal and regulatory provisions and the Articles of Association, correct administration and the adequacy of the organisational and accounting structures.

1.C.1. b) The Supervisory Board is also responsible for control as envisaged in regulatory provisions. Among these, in accordance with Bank of Italy provisions, is the task of assessing the adequacy of the internal audit system, with particular reference to risk control, internal audit operations and the IT accounting system.

10.C.5. As part of control activities, in liaison with the Control Committee the Supervisory Board monitors the independence of the auditing firm.

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

All the control duties, including audits, are performed pursuant to the Articles of Association and in line with the New Supervisory Provisions by the Supervisory Board, with specific support from the Control Committee.

According to the provisions of art. 154-bis of the Consolidated Law on Finance, another task of the Supervisory Board is to express opinion on the appointment of the Manager responsible for preparing the Company's financial reports.

Lastly, according to a specific provision of the Articles of Association and a consolidated tradition in support of culture and charities, the Supervisory Board is also required to resolve upon the cultural initiatives of the Bank and Group and manage the Allowance for charitable, social and cultural contributions, set up by the Shareholders' Meeting from the allocation of a part of net income. In this respect the Supervisory Board has adopted a specific regulation that identifies the principles and application criteria for management of the abovementioned Allowance, delegating tasks which for this purpose are attributed by the Articles of Association to the Supervisory Board and its Chairman.

10.P.3. Given the significance and complexity of the matters and duties which, together with related regulations and the Articles of Association, are the responsibility of the Supervisory Board, also taking into account the provisions of art. 151-bis, par. 3 of the Consolidated Law on Finance, the Board receives support from its specially appointed office – the General Secretariat of the Supervisory Board.

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

In addition, this office provides support to the Supervisory Board Secretary in the performance of his/her

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duties, with particular reference to those linked to the carrying of resolutions for which Supervisory Board and Management Board intervention is required, and guarantees contact with the corporate bodies with Bank management responsibilities on all matters of interest to the Board. In performing its duties, the General Secretariat of the Supervisory Board acts in liaison with other Bank and Group departments.

## COMPOSITION OF THE SUPERVISORY BOARD

### *Composition and appointment*

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

3.C.3.

The Supervisory Board in office at the date of publication of this Report is composed of 19 members as follows:

Giovanni Bazoli – Chairman  
Antoine Bernheim – Deputy Chairman  
Rodolfo Zich – Deputy Chairman  
Carlo Barel di Sant'Albano  
Rosalba Casiraghi  
Marco Ciabattoni  
Giovanni Costa  
Franco Dalla Sega – Secretary  
Gianluca Ferrero  
Angelo Ferro  
Pietro Garibaldi  
Giulio Stefano Lubatti  
Giuseppe Mazzarello  
Eugenio Pavarani  
Gianluca Ponzellini  
Gianguido Sacchi Morsiani  
Ferdinando Targetti  
Livio Torio  
Riccardo Varaldo

All Supervisory Board Members, excluding Giuseppe Mazzarello, Marco Ciabattoni and Riccardo Varaldo, were appointed by the Bank's Ordinary Shareholders' Meeting (formerly Banca Intesa), held on 1 December 2006, pursuant to the transitional rule contained in art. 34 of the Articles of Association.

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

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 requisites envisaged by law and the Articles of Association, where appropriate indicating whether the independence requirements are met pursuant to art. 3 of the Corporate Governance Code. All Supervisory Board Members, except those indicated above, were appointed from the list presented by Fondazione Cariplo, with the exception of Rosalba Casiraghi who was elected from the list presented by Arca SGR on its own behalf and on behalf of other institutional shareholders.

The appointment of Giuseppe Mazzarello as member of the Board – replacing the resigning member Alfonso Iozzo, who remained in office until 30 April 2007 – was confirmed by the Shareholders' Meeting of 3 May 2007, on recommendation from one shareholder and in compliance with the Articles of Association. Likewise, the appointments of Marco Ciabattoni and Riccardo Varaldo, replacing resigning members Pio Bussolotto (who remained in office until 7 April 2008) and Fabrizio Gianni (in office until 27 April 2008), was by resolution of the Shareholders' Meeting of 30 April 2008, on recommendation from one shareholder.

Members of the Supervisory Board remain in office for the years 2007/2008/2009, all terms expiring at the same time.

With regard to the appointment of Supervisory Board members, current provisions of the Articles of

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Association envisage that lists are presented by a number of shareholders representing 0.5%, or other percentage established by current regulations on capital represented by ordinary shares; these lists are filed with the registered office at least 15 days prior to the date of the Shareholders' Meeting called to appoint the Board members.

The lists must be accompanied by an exhaustive description of the personal and professional characteristics of candidates, as well as their declaration that they possess all the requirements for all or certain Board members in accordance with legal and regulatory provisions or the Articles of Association, as well as their acceptance of candidature.

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

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

### *Chairman and Deputy Chairmen*

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

In the light of the governance model adopted by Intesa Sanpaolo and the duties attributed by the Articles of Association, as specified in the Supervisory Board Regulations, the Chairman plays a significant role in the Bank, based on the past experience and guaranteed dedication of the time necessary.

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

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

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

With regard to the corporate bodies and their operations, amongst other things the Chairman supervises and implements such operations, thereby adapting internal reasoning to that of management and the balance of powers in corporate governance decisions adopted by Intesa Sanpaolo. The Chairman establishes relations as necessary with the Management Board, its Chairman and Managing Director, supervising and verifying the correct management of relations with shareholders in liaison with the Chairman of the Management Board and the Managing Director.

With regard to duties relating to strategies and general guidelines, amongst other things the Chairman requests and receives information on specific Bank and Group management aspects and on management performance and outlook in general from the Chairman of the Management Board and the Managing Director.

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

With regard to supervisory and control duties, amongst other things the Chairman of the Supervisory Board supervises and implements internal control procedures and systems for Bank and Group activities, implements the reporting tools necessary to monitor the transparency and adequacy of the organisational structure and the administrative and accounting system adopted by the Bank and the Group.

The Chairman is not a member of the Control Committee, in line with specific provisions of the New Supervisory Provisions, to ensure objective and impartial relations between the many duties assigned to the Supervisory Board.

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In relation to Supervisory Board control activities, the Chairman is responsible for relations with the Supervisory Authority. In this respect, through Control Committee activities, the Board receives necessary information, through periodic and constant information flows established by the Board, with particular regard to control.

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

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

### *Requirements of integrity and professionalism*

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

Moreover, again based on the Articles of Association, at least four members of the Board must be included on the register of auditors and must have professional experience in the legal audit of accounts.

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

Within 30 days of appointment, the Supervisory Board verifies that each Member meets such requirements, in compliance with supervisory provisions issued by the Bank of Italy, together with the requirement of independence pursuant to art. 148, par. 3 of the Consolidated Law on Finance. The Board also verifies the grounds for independence according to criteria indicated in the Corporate Governance Code with regard to individuals declaring possession of such grounds at the time of appointment.

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

### *Management or control positions of Supervisory Board Members*

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

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

With regard to rules on the accumulation of office of Supervisory Board Members, the Board is not required to specify a maximum number of offices that can be held since Board Members are subject to the accumulation of office envisaged in current pro tempore legal and regulatory provisions or in the Articles of Association.

1.C.3.

The Intesa Sanpaolo Articles of Association has adopted the rules on accumulation of office for members of control bodies, pursuant to art. 148-bis of the Consolidated Law on Finance, extending these to compliance with all other applicable regulations on this matter. The Articles of Association state, in fact, that "*cases of incompatibility as well as the limits to the number of offices provided for by law, regulations and the Articles of Association in force at the time of acceptance of office, without prejudice to different binding provisions set forth by law*" apply to Members of the Supervisory Board.

Based on regulatory provisions issued by Consob, in enactment of the aforementioned art. 148-bis of the Consolidated Law on Finance, members of the Supervisory Board have complied with the obligation to adapt to the new regulations and, by the deadline of 30 September 2008, informed Consob of their respective offices held up to 30 August 2008, without prejudice to the individual Board Member commitment to report any change in office, by the specified methods and deadlines and in observance of the maximum

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limit envisaged for accumulation. The list of offices held is also attached to this Report pursuant to art. 153 of the Consolidated Law on Finance.

All Supervisory Board Members, including the last two elected by the Shareholders' Meeting of 30 April 2008, have complied with this obligation.

Following issue of the New Supervisory Provisions, Supervisory Board Members cannot accept office in any corporate body other than control with other Group companies or within the financial conglomerate, or with companies with which the Bank has a direct or indirect strategic investment. The Supervisory Authority specifies that "strategic investment" means a 10% investment in the share capital or voting rights at the shareholders' meeting of the investee company, and 5% in the consolidated regulatory capital of the banking group.

All Supervisory Board Members are compliant with regard to the aforementioned supervisory regulation and others indicated above.

1.C.2. Each Board Member must inform the Bank of any office accepted 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 Members of the Supervisory Board have reported as held in other companies quoted on regulated markets (also abroad), in financial, banking, insurance or large companies, while Table No. 3 contains a list of such offices.

## INDEPENDENT MEMBERS

All Members of the Supervisory Board must meet the independence requirements pursuant to art. 148, par. 3 of the Consolidated Law on Finance, amongst other things with regard to the absence of any self-employment or established employment, or any other relations of an economic or professional nature with the Company – or with any of its subsidiaries, controlling companies or those subject to joint control – the existence of which could compromise their independence.

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

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

Prior to approval of this Report, the Supervisory Board Members – also drawing their attention to the aforementioned Consob Communication – were invited to submit a declaration in this respect. All Members confirmed that they continued to meet the requirements of independence pursuant to art. 148, par. 3 of the Consolidated Law on Finance.

3.P.1. The Articles of Association also require that at least six members of the Supervisory Board must meet the independence requirements envisaged in the 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 indicated in the Code. Each Board Member claiming independence must evaluate his/her own situation based on the parameters listed in the aforementioned criteria. The relevant declarations were disclosed to the market.

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

3.C.4.  
10.C.2. The Supervisory Board assesses the independent status of the Members based on statements made by the Members themselves but also considers information acquired directly.

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

3.C.5.

With regard to the current composition of the Supervisory Board, the following 16 Members prove to be independent: Rosalba Casiraghi, Marco Ciabattini, Giovanni Costa, Franco Dalla Sega, Gianluca Ferrero, Angelo Ferro, Pietro Garibaldi, Giulio Stefano Lubatti, Giuseppe Mazzarello, Eugenio Pavarani, Gianluca Ponzellini, Gianguido Sacchi Morsiani, Ferdinando Targetti, Livio Torio, Riccardo Varaldo and Rodolfo Zich.

3.C.3.

Their number allows them to participate in all the Committees established by the Board, in order to make full use of their respective professional competences in relation to the specific duties attributed to each Committee. From this point of view the composition of the Committees, particularly the Control Committee and Remuneration Committee also proves compliant with the New Supervisory Provisions.

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

The Supervisory Board has had the opportunity to perform an assessment of its own duties on adoption of the Regulation, which amongst other things governs the organisational and operating methods. In addition, with a view to the self-assessment required of the Bank in compliance with the New Supervisory Provisions, in 2008 a full review of the structure and operations of Corporate bodies with strategic supervision, management and control tasks was launched, without recourse to the assessment tasks indicated in the Corporate Governance Code criteria.

1.C.1. g)

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

3.C.6.

## COMPOSITION AND DUTIES OF SUPERVISORY BOARD INTERNAL COMMITTEES

As already illustrated in previous Corporate Governance Reports, the Supervisory Board has established five Committees, three of which – with propositional, consulting and control duties – are specifically envisaged in the Articles of Association (Remuneration Committee, Nomination Committee and Control Committee):

5.P.1.  
5.C.1.  
a) b) and 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; said members are included on the Register of Auditors and have practised the legal audit of accounts for a period of at least three years;
- **Control Committee**, composed of 5 Members, all independent according to the Code, of which 4 are included on the Register of Auditors and have practised 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 2 independent members according to the Code;
- **Financial Statements Committee**, composed of 5 Members, all independent according to the Code; 3 members are included on the Register of Auditors and have practised the legal audit of accounts for a period of at least three years.

6.P.2.

7.P.3.

In this respect, the governance adopted by Intesa Sanpaolo – adapting indications in the Code to the dual system – complies with the New Supervisory Provisions.

The duties of the Committees, after establishment, have been specified and integrated with the adoption of regulations – in each case by resolution of the Supervisory Board – governing their operations and

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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 model adopted by Intesa Sanpaolo, for which art. 2386 of the Italian Civil Code does not apply.

In the composition of the Committees, the Supervisory Board took into consideration the independence requirements and 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 their respective Committees.

In 2008, following the appointment of two new Members in replacement of resigning members, the Supervisory Board changed the composition of the Nomination Committee, Strategy Committee and Financial Statements Committee.

Also with regard to their specific specialist duties, the Committees play an important role in the research, analysis and in-depth study of matters put before the Supervisory Board. Such activities – expressed in the formulation of proposals, recommendations and opinions – facilitates the task of the Supervisory Board in making reasoned decisions, without limiting the powers and responsibilities of the Board, and rather increasing the effectiveness and efficiency of its work, particularly with regard to the discussion of sensitive matters which could be a source of conflict of interest.

5.C.1. d) The regulations of each Committee require that minutes specific to each meeting are prepared by the appointed secretary. The secretary may also be chosen from outside the members and, in this case, will be from the General Secretariat of the Supervisory Board.

5.C.1. c) Each Committee, in accordance with regulations, can ask the Bank departments and, where necessary, those of subsidiaries, for access to any information considered necessary to perform their assigned duties. Such access may (except for the Nomination Committee) be direct or via the General Secretariat of the Supervisory Board and also, where envisaged, via departments established for this purpose (the Control Committee also makes use of the Internal Auditing and Compliance Departments).

Every Committee meeting receives the support of preliminary work performed by the General Secretariat of the Supervisory Board. Committees can also make use of external consultants; the right to do so being explicitly indicated in each set of regulations, except those pertaining to the Nomination Committee. Individuals who are not part of a committee may attend Committee meetings provided they are invited by the Committee concerned, and only in relation to specific items on the agenda.

Also in consideration of the time dedicated to each task in hand, Committee work is always performed in a constructive climate of exchange and reasoning among the respective members, encouraging personal contributions, open discussion and criticism not only among Board Members but also with Managers of the various Control Bodies, Business Units and Departments involved in meetings to the extent of their duties.

5.C.1. f) The Chairman of the Supervisory Board has the right to participate in the work of any Committee, without voting rights unless he/she is a member of that Committee. However, considering the role of guaranteeing equidistance between the many duties of the Supervisory Board, the Chairman does not participate in meetings of Committees of which he/she is not a member. The same right envisaged for the Chairman of the Supervisory Board in relation to each Committee is also reserved to the Secretary to the Board and to the Manager of the General Secretariat of the Supervisory Board, who instead normally participate in the work of the Committees.

5.C.1. g) Detailed information regarding each Committee, its composition, its duties and the tasks attributed to each are listed below, in addition to details on its meetings and the attendance of its members.

## Nomination Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Giovanni Bazoli – Chairman			100%
Fabrizio Gianni (up to 27.04.2008)	X	X	n.a.
Giuseppe Mazzarello		X	100%
Angelo Ferro	X	X	100%
Riccardo Varaldo (from 20.05.2008)		X	n.a.
Rodolfo Zich		X	100%

The Nomination Committee is expected to support the Supervisory Board in the consulting, selection and propositional tasks regarding the nomination of members of the Management Board.

In particular, the Nomination Committee:

- submits proposals to the Supervisory Board regarding the size and composition of the Management Board and on the professional skills considered appropriate to the Board;
- based on the aforementioned criteria and in compliance with requirements of the Articles of Association and pro tempore rules in force for individuals performing bank administration duties, it submits proposals to the Supervisory Board regarding the appointment of Management Board Members;
- submits proposals to the Supervisory Board regarding appointment of the Chairman and one or two Deputy Chairmen of the Management Board;
- submits proposals to the Supervisory Board regarding indication of the candidate for appointment as Managing Director of the Management Board;
- in accordance with provisions of the Articles of Association, expresses advance opinion to the Supervisory Board, regarding (i) appointment to the office of Management Board Member for the Bank of any 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, excluding industrial associations or companies belonging to the Group or in which the Bank owns shares, and (ii) regarding acceptance of the above-mentioned offices by members of the Management Board.

6.C.2.

In 2008, the Committee met once in order to formulate a proposal for the Supervisory Board on the appointment of a Board Member as integration of the Management Board following the resignation of one of its members.

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## Remuneration Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Gianluca Ponzellini – Chairman	X	X	100%
Giulio Stefano Lubatti	X	X	100%
Eugenio Pavarani	X	X	100%

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

Its duties include:

- submitting proposals to the Supervisory Board on the identification of criteria for calculating remuneration and regarding the definition of compensation for the Chairman, Deputy Chairmen and members of the Supervisory Board assigned special office, powers and duties by the Articles of Association or by the Board itself, specifying however that the remuneration of such individuals must be decided in a fixed sum and that decisions regarding the compensation of members of the Remuneration Committee must be referred to the Supervisory Board;
- 7.C.1.  
7.C.2. – submitting proposals to the Supervisory Board on the identification of criteria for calculating remuneration and regarding the definition of fixed and variable compensation for members of the Management Board, the Managing Director and other members of the Management Board assigned special office(s) or who have been assigned to Committees or commissions in compliance with the Articles of Association, monitoring the application of related decisions adopted by the Supervisory Board;
- 7.C.3. – periodic assessment of criteria adopted for the remuneration of executives with strategic responsibilities, supervising their application on the basis of information provided by the Management Board and submitting general recommendations to the Supervisory Board on such matters;
- submitting opinions and proposals on the adoption of any stock option or stock granting plans;
- monitoring the application of decisions taken by the Supervisory Board based on proposals submitted.

The Remuneration Committee met 9 times in 2008, submitting proposals to the Supervisory Board on the calculation of remuneration for key managers.

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

## Control Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Giulio Stefano Lubatti (Chairman)	X	X	100%
Gianluca Ponzellini	X	X	95%
Rosalba Casiraghi	X	X	98%
Pietro Garibaldi		X	100%
Livio Torio	X	X	90%

The Control Committee proposes, advises and investigates on matters regarding the internal control system, risk management and the IT accounting system.

In particular, the Committee, in addition to the above duties regarding the internal control system, also:

- supports the Supervisory Board in the periodic examination of risk management policies submitted by the Management Board;
- supports the Supervisory Board in monitoring the actual use of internal management systems (“use test”) and their compliance with regulatory requirements;
- supports the Supervisory Board in guaranteeing periodic audit of the operations, efficiency and effectiveness of the risk management and control system and related procedures, promptly reporting audit results to the Supervisory Board. In the event of shortcomings or anomalies, proposes appropriate corrective measures to the Supervisory Board and all necessary reports or reprimands to the competent bodies and/or authorities;
- supports the Supervisory Board in audit of the internal process to determine the adequacy, in both current and prospective terms, of the Bank’s total consolidated capital with respect to the significant risks to which the Bank and the Group are exposed (Internal Capital Adequacy Assessment Process - ICAAP);
- supports the Supervisory Board in audit of the application of operating regulations applied by the Management Board with a view to adequate risk monitoring;
- reports on the functioning and adequacy of the internal risk measurement systems in order to determine capital requirements;
- verifies the adequacy of internal control systems, their structure and procedures, and on compliance of the internal control system with reference models approved by the Supervisory Board, expressing opinion on specific aspects of risk management and performing tasks in support of Supervisory Board duties, particularly with regard to supervision and control pursuant to provisions on the prudential supervision of banks;
- expresses advance opinion on significant transactions with related parties;
- in liaison with the Corporate Social Responsibility Unit and the Internal Auditing Department, supervises compliance with the principles and values of the Bank’s Code of Ethics;
- cooperates with the Supervisory Board, in liaison with the Financial Statements Committee, in preparing the report on supervisory activities performed, for submission to the Shareholders’ Meeting, pursuant to art. 153 of the Consolidated Law on Finance.

9.C.1.

The Committee can make use at any time of the dedicated company departments (Internal Auditing and Compliance) to proceed with inspection and control action, in addition to exchanging information with the control bodies of Group companies regarding management and control systems and the general progress of operations.

10.C.6.

In 2008 the Committee held quarterly meetings with managers of the main Bank departments and with the independent auditors, also for the purposes of art. 150 of the Consolidated Law on Finance, to improve and consolidate existing information flows, particularly with the Internal Auditing, Compliance and Risk Management departments, closely monitoring the post-merger integration process, unification of the IT accounting system and IT systems in general, project tasks implemented in compliance with new

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regulations and studying the governance mechanisms for risk monitoring, with a thorough examination of the various guidelines prepared by the relevant Bank departments, for submission to the Supervisory Board for approval.

The Committee has constantly monitored correspondence with the Supervisory Authorities, with specific reference to the Bank of Italy, Consob and the Italian Competition Authority. In this context, with regard to requests received from said Authorities on events characterising the current financial crisis, the Committee has supervised action taken by the corporate departments on such matters, performing studies and audits as appropriate and requesting prompt feedback.

The Committee also met with the chairmen of the boards of statutory auditors of the main Italian subsidiaries, with the aim of consolidating information exchange as part of supervisory activity, while respecting the independence of each control body. In addition, the Committee met with the top management of certain subsidiaries, with participation of the Internal Auditing Department in providing its contribution regarding audit activities performed. Lastly, with reference to the Group's branches and companies abroad, the Committee performed tasks on the premises of two subsidiaries abroad.

Special Committee attention was paid to the internal process to determine the capital adequacy of the Group (ICAAP), performing in-depth study of decisions adopted and the process results, reporting to the Supervisory Board on specific considerations adopted by the Corporate body at the time of approval of the first report prepared in simplified format and submitted to the Bank of Italy by the deadline set by the Authority (31 October 2008).

The Control Committee also expressed advance opinion on significant transactions with related parties, in line with Committee regulations, according to indications in the Code and specific regulations adopted by the Bank.

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

In 2008 the Control Committee met 50 times, occasionally in joint meetings with the Financial Statements Committee, providing detailed reports to the Supervisory Board on action taken and the main points discussed, and in summary terms on a half-yearly basis also in reference to the adequacy of internal control systems.

A copy of the Control Committee's half-yearly report to the Supervisory Board is issued to the Chairman of the Supervisory Board, the Chairman of the Management Board and the Managing Director in order to enhance information exchange between the bodies with strategic, management and control duties.

In accordance with the Articles of Association and in line with the New Supervisory Provisions, members of the Control Committee participate in meetings of the Management Board.

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

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## Strategy Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Giovanni Bazoli – Chairman			100%
Antoine Bernheim – Deputy Chairman			100%
Rodolfo Zich – Deputy Chairman		X	100%
Pio Bussolotto (up to 07/04/2008)			100%
Carlo Barel di Sant’Albano			100%
Giovanni Costa (from 20/05/2008)		X	n.a.

The Strategy Committee performs consulting support to the Supervisory Board in the performance of its duties as the designated body, amongst other things, pursuant to art. 25.1 of the Articles of Association, to: (i) approve the business and/or financial plans and budgets of the Bank and Group as prepared by the Management Board; (ii) authorise strategic transactions, on recommendation from the Management Board; (iii) establish criteria for identifying strategic transactions.

In 2008 the Committee met once to examine the 2008 budget. The meeting was also attended by the Managing Director and Chief Financial Officer.

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## Financial Statements Committee

Members	Inclusion in the Register of Auditors and professional practise of legal auditing of accounts	Independent pursuant to the Code	Attendance percentage at meetings
Eugenio Pavarani – Chairman	X	X	95%
Marco Ciabattoni (from 20/05/2008)		X	100%
Gianluca Ferrero	X	X	95%
Gianguido Sacchi Morsiani		X	100%
Giovanni Costa (up to 19/05/2008)		X	91%
Ferdinando Targetti		X	95%

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

- studies issues relating to preparation of the Parent Company's and consolidated financial statements, and to this end may obtain information from the Manager responsible for preparing the Company's financial reports;
- analyses the logic and processes involved in preparation of the financial reports of the Bank and the Group (including quarterly and half-yearly reports) also verifying consistency between the results achieved by the Bank and the Group and forecasts contained in the multi-year plans and the annual budget;
- examines, jointly with the Control Committee, all documentation prepared by the Manager responsible for preparing the Company's financial reports and proposes any resolutions to be passed by the Supervisory Board;
- 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-yearly 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 supervisory work completed, to be submitted to the Shareholders' Meeting pursuant to art. 153 of the Consolidated Law on Finance.

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

The Chairman of the Committee duly reported on the work carried out in 2008 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 managers of the Administration and Tax, Risk Management and Administrative and Financial Governance Departments, and meetings with representatives of the Independent Auditors for the purposes of art. 150 of the Consolidated Law on Finance.

Specifically, with support from the General Secretariat of the Supervisory Board, the Committee (i) studied the loan accounting method; (ii) analysed the presentation method of the Parent Company's and consolidated financial statements, related problems and requests for public disclosure of specific information received from Consob in relation to the draft financial statements, pursuant to art. 114, par. 5 of the Consolidated Law on Finance, the responses to which were disclosed to the market in accordance with Consob regulations; (iii) examined the 2007 draft Parent Company's and consolidated financial statements for the Bank and the Group, later approved by the Supervisory Board.

In addition, in a specific report, support was provided to the Supervisory Board for their own assessments in

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examining the half-yearly report, on which Consob had also requested public disclosure of specific elements.

With regard to regulations introduced following the transposition to Italian Law of Directive 2004/109/EC (the Transparency Directive) on periodic reporting, the Financial Statements Committee performed an appropriate study of the methods for preparing interim reports. It also studied the amendments introduced by European Regulation no. 1004/2008 regarding international accounting standards (IAS 39) and international financial reporting standards (IFRS 7), providing support to the Supervisory Board in verifying the interim reports as at 31 March and 30 September 2008.

In 2008 the Financial Statements Committee met 20 times, occasionally as joint meetings with the Control Committee.

## **SUPERVISORY BOARD OPERATIONS**

### *Duties and responsibilities of Supervisory Board Members*

The Members of the Supervisory Board are aware of the duties and responsibilities inherent to their office.

At the time of appointment, each Member receives a dossier containing, amongst other things, indications regarding the main applicable principles.

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

1.P.2.

At a specially arranged seminar in 2008, the Board Members studied the regulatory framework on the new prudential supervisory provisions with regard to capital requirements, during which the overall regulatory framework and its long term development were reviewed, also in strict relation to the project to adopt, wherever possible, internal risk measurement systems.

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

Board Members' growing knowledge of Bank and Group business and developments is mainly through their constant participation in the work of the Committees. During these meetings and to the extent of their responsibilities, the main legal and regulatory changes are also outlined by the Company departments concerned, with specific reference to the impact on Bank operations.

### *Calling and conduct of Supervisory Board meetings*

By a specific resolution the Supervisory Board has adopted a Regulation which, in compliance with legal and regulatory provisions and the Articles of Association, governs its organisation, operating methods and duties.

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

With regard to its duties the Board normally meets on a monthly basis, with meetings called by the Chairman in accordance with terms established in the Articles of Association, or at the initiative as deemed necessary of just one Board Member, unless particular reasons hinder the holding of meetings and, in any event, in cases envisaged by law and the Articles of Association.

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

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

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### *Reports to Board Members*

Members of the Supervisory Board receive, for each meeting and, as far as possible at the time of call, all information and documentation relevant to making decisions on each item of the agenda.

The General Secretariat of the Supervisory Board ensures that this provision is met promptly, efficiently and in accordance with Supervisory Board Regulations.

The Secretariat also ensures that Board Members receive prompt updates on matters of interest, also with regard to regulations and in relation to obligations that must be fulfilled by members of a control body.

### *Decision-making process*

10.P.2.

Members of the Supervisory Board, also on the basis of prerogatives set out by law and information that must be received from the Management Board, act and pass resolutions independently and with full knowledge of the facts.

The adopted governance model offers the option of enlisting specific professional qualities and competences of all members, also by means of participation in at least one of the Committees established by the Board. In participating in such Committees, combined with skills, also of a technical nature, acquired outside the Bank, in an academic capacity, in the exercise of professions or other corporate office, Members are encouraged to contribute their specific skills in meetings of the Board.

Periodic and constant meetings of the Board are always conducted in an atmosphere of open and constructive discussion between members, with the added value of contributions from the Committees.

A sense of responsibility adopted in office along with the skills acquired by each member have consolidated the formation of a well-articulated corporate body, in which specific individual competences contribute to discussions in a cohesive, cooperative context in order to make reasoned, knowledgeable and widely shared decisions, not only in the committees but also at global Supervisory Board level.

In 2008, the Chairman of the Supervisory Board invited the Chairman of the Management Board and the Managing Director to take part in Supervisory Board Meetings each time achieved results, including periodic results, financial statements, reports or briefings were presented, or when a general and/or strategic issue was addressed, as well as other Heads of Business Units, Departments and Head Office Departments of the Bank to provide information and figures as appropriate on matters submitted for examination by the Board, together with the Manager responsible for preparing the Company's financial reports and representatives of the independent auditors.

With particular regard to transactions in which Supervisory Board Members could have a personal interest or interest on behalf of third parties, the Board Members concerned inform other Members accordingly, without prejudice to art. 136 of the Consolidated Law on Banking where grounds for its application exist.

10.C.4.

The Supervisory Board Regulations, taking as reference the contents of the Corporate Governance Code, envisage that each Board Member must inform the Board of any direct or indirect personal interest or interest on behalf of third parties in a given transaction.

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

## Frequency of meetings and Board Member attendance

In 2008 the Supervisory Board met on 12 occasions, with the following attendance percentage for each Member:

1.C.1. h)

Giovanni Bazoli – Chairman	100%	Pietro Garibaldi	100%
Antoine Bernheim – Deputy Chairman	92%	Fabrizio Gianni (resigned as of 28/04/2008)	75%
Rodolfo Zich – Deputy Chairman	100%	Giulio Stefano Lubatti	100%
Franco Dalla Sega Secretary	100%	Giuseppe Mazzarello	100%
Carlo Barel di Sant’Albano	67%	Eugenio Pavarani	100%
Pio Bussolotto (resigned as of 08/04/2008)	100%	Gianluca Ponzellini	92%
Rosalba Casiraghi	100%	Gianguido Sacchi Morsiani	92%
Marco Ciabattoni (from 30/04/2008)	100%	Ferdinando Targetti	92%
Giovanni Costa	100%	Livio Torio	92%
Gianluca Ferrero	100%	Riccardo Varaldo (from 30/04/2008)	100%
Angelo Ferro	92%		

The Supervisory Board programmed 11 meetings for 2009; to date three have already been held.

The Company’s 2009 financial calendar indicates 9 April as the date of the Supervisory Board meeting for approval of the Parent Company’s and consolidated financial statements.

## The Management Board

The Management Board, in addition to legal and regulatory provisions, is governed by the Articles of Association and its own Regulations adopted in 2008. Specifically, the aforementioned Regulation was designed to provide the Board with precise organisational and operating rules and to identify its duties in detail, all in accordance with applicable law.

### DUTIES AND POWERS OF THE MANAGEMENT BOARD

The Management Board has sole responsibility for management of the Bank in compliance with general, programme-related and strategic guidelines approved by the Supervisory Board, under the terms of which, to the extent of its own duties, its strategic supervisory role is exercised.

1.P.1.  
1.P.2.  
1.C.1. h)

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

Pursuant to the Articles of Association, the Management Board is guaranteed sole responsibility for certain matters of greater importance – identified in a precise and analytical manner – beyond those strictly envisaged in the regulations. On such matters joint decision-making makes it possible to actively involve Board Members who therefore participate with independent judgement in key moments in the operational governance of the Bank.

In addition to duties that according to law must not be delegated, those reserved to the Board include, amongst others:

- submitting proposals on general strategic guidelines of the Bank and the Group to the Supervisory Board;
- the preparation of business and/or financial plans as well as the budgets of the Bank and the Group for submission to the Supervisory Board for approval;

1.C.1. a)

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- the setup of Committees and Commissions with a consulting role;
  - the policy for the management of risks and internal audit;
  - the purchase and sale of equity investments leading to changes in the Banking Group;
  - 1.C.1. b) – adequacy assessment of the organisational, administrative and accounting structure of the Bank and the Group organisational structure;
  - 1.C.1. b) – adequacy assessment of the organisational, administrative and accounting structure of the Subsidiary Banks of strategic importance;
  - the determination of criteria for the coordination and management of Group companies and for the implementation of Bank of Italy provisions;
  - 1.C.1. c) – the nomination of members of the corporate bodies of subsidiaries;
  - the appointment and revocation of the Managing Director, and the delegation, modification or revocation of related powers;
  - the appointment to particular offices or the assignment of particular powers to one or more Board Members and the determination of the related powers;
  - 8.C.1. – the appointment and revocation of one or more General Managers and the determination of related powers;
  - subject to 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 related powers, funding and remuneration;
  - the appointment, subject to the opinion of the Supervisory Board, of the Internal Control Manager and the Managers of other departments for which the Management Board has sole responsibility pursuant to applicable law or regulations;
  - preparation of the draft Parent Company's and consolidated financial statements and of documentation on merger and spin-off projects;
  - 1.C.1. f) and 9.C.1. – the arrangement of transactions to be submitted for Supervisory Board approval pursuant to the Articles of Association, and resolutions on transactions with a unit value exceeding 3% of the consolidated regulatory capital;
  - the determination of criteria to identify related party transactions for which the Management Board has sole decision-making responsibility.

Without prejudice to regulatory provisions, the Management Board resolves on all other matters reserved to the Board under its own Regulations and on those that are not delegated.

Specifically, in addition to general non-delegated management duties, the Board is responsible, for example, for the following matters, without prejudice where required to joint responsibility of the Supervisory Board:

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

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

As indicated in this Report, the Management Board has elected a Managing Director from among its own members, upon whom powers are delegated, with specified content, limits and exercise methods, on the issue of directives and to decide on transactions up to the assigned limit.

Pursuant to the Articles of Association – by resolution passed by the majority of members in office – the Board may confer special proxy or office upon one or more Board Members, and determine the related powers. For certain categories of action and business activities, specific powers can also be delegated to Bank personnel, provided the limits and methods of exercise of powers are defined, and establishing whether the appointed individuals may act individually or jointly in Committees. The Management Board decides the methods for reporting to the Board on decisions made under delegated powers.

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The Management Board periodically assesses the general development of operations – also on presentation of the financial data of the Company and Group – bearing in mind, in particular, the information received from the delegated bodies. It also periodically compares results achieved with those previously forecast.

1.C.1. e)

In order to ensure proper coordination with the Supervisory Board, the Management Board provides the Supervisory Board with prompt reports, at least every three months, regarding, amongst other things, the general development of operations and the more significant transactions. On a monthly basis, the Board instead reports on the key performance data for the period compared with system data.

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

The activities of the Management Board are supported by the Corporate Secretariat Service, which is part of the Corporate Affairs and Investments Department. The Corporate Secretariat's duties include handling activities essential to the Management Board and providing support to the various members in carrying out their respective duties, especially to the Chairman, Deputy Chairman, Managing Director and the Work Groups. The Corporate Secretariat guarantees reporting and organisational coordination as necessary with the Supervisory Board and appropriate links between the Board and other Corporate bodies and departments, and in general ensures that corporate obligations for which the Board and its Members are responsible, are fulfilled.

## COMPOSITION OF THE MANAGEMENT BOARD

### *Composition and appointment*

The Management Board is composed of a minimum of 7 and a maximum of 11 members, including non- shareholders, appointed by the Supervisory Board, which determines their number at the time of appointment.

6.P.1.

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, appointing Enrico Salza as Chairman and Orazio Rossi as Deputy Chairman by unanimous consent. On the same date the Management Board, on recommendation from the Supervisory Board, appointed Corrado Passera as Managing Director with Chief Executive Officer duties.

Following the resignation of Board Member Giovanni Battista Limonta as of 13 May 2008, the Supervisory Board, with support from the Nomination Committee, arranged replacement by appointing Aureliano Benedetti as member of the Management Board on 20 May 2008.

The current composition of the Management Board is as follows:

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

The Management Board will remain in office for the 2007-2009 financial years. Expiry of the term of office for all Members is envisaged as the date of the Supervisory Board meeting called to approve the 2009 financial statements. The date of termination of office of the Management Board is the date on which it is renewed by the Supervisory Board.

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

### *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 Bank and the Group – must be considered “non-executive” for the purposes of the Code since, individually – and also in consideration of the absence of an Executive Committee in Intesa Sanpaolo – they are not vested with individual management powers and do not have executive roles in the Parent Company or in subsidiaries of strategic importance.

Given the above it is also important to mention that the Articles of Association envisage a system of non-delegation of duties, which reinforces the joint decision-making of the Board in the exercise of its management duties. The Intesa Sanpaolo governance is therefore oriented towards making full use of the professional expertise of all members of the Management Board, with regard to and in support of its entire management role. Board Members are systematically involved in management. This includes their involvement within the Board in specific Work Groups, described in a later paragraph. These are assigned specific consulting tasks regarding significant management matters relevant to the overall duties of the Management Board.

Members of the Management Board, particularly those involved in the Work Groups are therefore characterised by an extensive executive role to be specifically developed, also in the light of indications provided in the New Supervisory Provisions.

### *Chairman and Deputy Chairman*

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

The Chairman of the Management Board is appointed by the Supervisory Board.

The Chairman is a non-executive board member: in fact, he/she has no operating powers and the current organisational structure of the Bank separates his/her duties from those of the Managing Director.

The corporate governance structure adopted by Intesa Sanpaolo gives the Chairman of the Management Board a special role, the fulfilment of which calls for deep commitment and proven managerial skills.

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

Moreover, the role of Chairman is especially important with regard to the Work Groups formed within the Management Board, in terms of promoting their activities, and acting as contact for the Groups for the presentation of their results at board meetings.

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

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

Lastly, the Chairman – in agreement with the Managing Director – has the power to resolve in urgent cases on any matter relevant to the Management Board, except those which may not be delegated other than resolutions regarding transactions with a value between 3% and 6% of consolidated regulatory capital and to the designation of the members of the bodies of subsidiary companies. The Management Board must be informed of such decisions at the next meeting.

In the absence or impediment of the Chairman, the role is covered by the Deputy Chairman, also appointed by the Supervisory Board.

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## Managing Director

The Managing Director was appointed by the Management Board, on recommendation from the Supervisory Board, for the period 2007-2009, with the duty as Chief Executive Officer of the Bank and the Group and also that of General Manager.

1.C.1. c)

The Managing Director - whose duties are governed by the Articles of Association and the Management Board Regulations – is the Chief Executive Officer, supervising corporate management by means of powers attributed in compliance with general and strategic guidelines of the Corporate bodies. He or she ensures implementation of the resolutions of the Management Board, is responsible for personnel management, determines operational directives, has 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 Bank.

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

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

- submitting proposals on strategic guidelines, multi-year plans and annual budgets of Intesa Sanpaolo S.p.A. and the Group for approval by 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;
- acquisition, increase (also via share capital increases) and disposal of investments not implying a change in the Banking Group to a limit of 25 million euro; authorisation of the waiver or disposal of option rights on share capital increases in subsidiaries and the waiver of pre-emption rights, where these do not imply a change in the Banking Group;
- authorisation without limit of compulsory expenses and other expenses up to a limit of 25 million euro limit;
- authorisation of the purchase or sale of real estate assets with a commercial value of no more than 25 million euro and concession of such assets on free loan;
- ensuring application of the Group's corporate governance rules;
- definition of guidelines and coordination, also via dedicated departments, of initiatives and activities related to the Group's ethical and social responsibility.

The Managing Director reports to the Management Board at least once every three months, for appropriate assessments on general business performance and outlook, and on the more significant transactions carried out by the Company and its subsidiaries. On a monthly basis reports are submitted to the Board on the key performance data for the period compared with system data.

1.C.1. c) and e)

## Independent Management Board Members

Pursuant to the Articles of Association, at least one Member of the Management Board must meet the independence requirements pursuant to art. 148, par. 3 of the Consolidated Law on Finance, particularly with regard to administrative offices held in Group companies or self-employment, established employee or other relations of an economic or professional nature with the company – or with its subsidiaries, parent companies or companies subject to joint control – which might compromise their independence. A Communication issued by Consob in 2008 provided elements useful to understanding what relations can be classed as “*other relations of a professional nature*” and indications of elements to be taken into consideration in assessing whether such relations might compromise the independence of the member.

3.P.1.

On an annual basis, the Management Board verifies the independence requirements of each Board Member, also taking into consideration their individual statements; the last verification in this respect was performed prior to the approval of this Report and, in the light of the elements considered and indications provided by Consob, the following Board Members proved to be independent:

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

Enrico Salza  
Elio Catania  
Virgilio Marrone  
Giovanni Perissinotto

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Each of the aforementioned Members is committed to informing the Management Board should they find themselves in a situation of non-independence.

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

### *Requirements of integrity and professionalism*

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

The integrity requirement aims to ensure that the Bank can rely on corporate bodies composed of individuals of proven honesty and moral integrity. At the same time, in terms of professionalism, these individuals are expected to have successfully practised the profession for at least three years through qualified activity relevant to the office covered. Loss of the aforementioned requirements leads to lapse 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 such office, with decisions oriented towards those of the highest professional standing and wide-ranging managerial experience. In any event, the Management Board verifies the possession of such requirements by each Board Member, in compliance with supervisory regulations and its own Regulations.

### *Other positions of Management Board Members*

1.C.2. Management Board Members accept office in the full awareness of the need for due diligence in the assigned tasks and related responsibilities and of the time to be dedicated in doing so, also taking into account other offices held.

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

1.C.3. This matter, in fact, is specifically governed by the Articles of Association, according to which no individual may be appointed member of the Management Board, and if appointed such office shall lapse, where the maximum of four administrative, steering or control office in other listed companies, their subsidiaries or parent companies is exceeded. Note that accumulative office - up to a maximum of four - within the same group is classed as one office; where the maximum of four is exceeded they are classed as two).

For each Management Board Member, verification confirmed observation of the abovementioned provisions.

1.C.4. Furthermore, again pursuant to the Articles of Association, unless specific *ad personam* approval is given by the Supervisory Board with unanimous vote in favour by the Nomination Committee, persons who are members or become members of administrative, steering or control bodies, or employees of rival groups or in any event other banks, their parent companies or subsidiaries, may not be appointed Board Members, and if nominated such office shall lapse.

1.C.2. Summary Table No. 4, provided as an attachment to this Report, illustrates the number of other administration or control offices held by Members of the Management Board in other companies quoted on regulated markets (also abroad), in financial, banking, insurance or large companies; Table No. 5 provides the list of such offices.

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## MANAGEMENT BOARD INTERNAL WORK GROUPS

As part of its independent organisation and implementation of its duties, the Management Board makes use of internally established Work Groups with consulting duties.

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

Specifically, the Work Groups play an active and systematic role in the management operations of the Board with a view to productive interaction among all its members. Their task is to facilitate analysis and study of specific matters relevant to the Board and are called upon to report to the Board, contributing to the investigational and decision-making processes and ensuring that the Board Members can therefore adopt fully-reasoned resolutions.

The composition of the Work Groups, in addition to satisfying the principle of the spread of Board Member duties, is also determined on the basis of their specific professional skills so as to guarantee adequate supervision of matters under their responsibility. One member is appointed to steer and coordinate the Work Group.

Currently – without prejudice to the option of setting up other work groups with a consulting role on specific matters or, in compliance with the Articles of Association, special Committees and Commissions, the following Work Groups are in operation.

### *Business Plan/Budget:*

The Business Plan/Budget Work Group is currently composed of 4 Board Members:

Elio Catania – Coordinator  
Giuseppe Fontana  
Marcello Sala  
Orazio Rossi

The task of the Work Group is to perform support activities in preparation of the Business Plan and the annual Budget, their analysis in liaison with the Departments responsible for their preparation and subsequent monitoring of any deviation from corporate results.

For this purpose, the Group meets on a monthly basis with the Chief Financial Officer and the Managers of the Bank's main business areas.

The Work Group also examines the more significant transactions to be submitted for Management Board approval.

### *Consolidated and Parent Company's financial statements/Interim reports*

The Consolidated and Parent Company's financial statements/Interim reports Work Group is currently composed of 6 Board Members:

Gian Luigi Garrino – Coordinator  
Aureliano Benedetti  
Virgilio Marrone  
Emilio Ottolenghi  
Giovanni Perissinotto  
Marcello Sala

This Work Group provides support activities in the preparation of the draft financial statements, analysing the adopted accounting standards in liaison with the relevant Departments, and examining the main issues and solutions adopted. The Group also works in liaison with the Manager responsible for preparing the Company's financial reports and with the independent auditors.

### *Bank equity profile*

The Bank Equity Profile Work Group is currently composed of 4 Board Members:

Gian Luigi Garrino – Coordinator  
Elio Catania  
Virgilio Marrone  
Emilio Ottolenghi

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The task of this Work Group is to study matters on the current and future adequacy of the Group's capital with regard to risk and corporate strategies. For this purpose the Group liaises with the Chief Financial Officer and the Chief Risk Officer.

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In 2008 the abovementioned Work Groups met on 12, 7 and 2 occasions, respectively. The attendance level of the respective members was very high and sufficient to guarantee effective fulfilment of their consulting support role to the Management Board.

For a more efficient organisation of their activities, each Work Group performs a thorough examination of matters considered, also in liaison with Bank Department Managers and, if necessary, with other Work Groups. The results of such research are subject to submission and discussion with the Chairman and Managing Director, according to deadlines consistent with need to report the Management Board on the various subjects.

The Work Groups and their members receive support from the Corporate Secretariat.

## MANAGEMENT BOARD OPERATIONS

### *Calling of meetings*

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

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

The meeting is called by the issue of a call notice containing the agenda of matters for discussion, addressed to each member of the Management Board at least four days prior to the date of the meeting. In urgent situations the meeting may be called by giving 24 hours' notice. The call notice and agenda are also sent to members of the Supervisory Board.

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

### *Reports to Board Members*

1.P.2.

The call notice to Board Members is followed by the issue of documentation – normally two working days prior to the meeting – necessary to allow each Board Member to be fully aware of topics on the agenda and therefore adopt reasoned resolutions. Where urgent meetings are called, it must still be guaranteed that each agenda item is addressed thoroughly and that special attention is paid to the content of any documents that could not be delivered in the normal manner.

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

In each case, the documentation provided at meetings of the Board is later made available by the Corporate Secretariat.

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

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## *Conduct of meetings and the decision-making process*

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

The Chairman presides over Board meetings and coordinates the work in hand, ensuring adequate time is given to the discussion of each topic, with particular attention to the content of documents not delivered in the normal manner.

Based on their respective competences and knowledge (also in relation to office held in Group companies), the Board Members contribute to discussions and analyse the various topics from different viewpoints, fuelling discussions in such a manner that board resolutions are fully considered and reasoned.

2.P.2.

The Secretary of the Supervisory Board attends meetings of the Management Board, as do members of the Control Committee in accordance with the Articles of Association.

On invitation from the Chairman, the General Manager and the Manager responsible for preparing the Company's financial reports may also take part in meetings, in addition to the Managers of Bank Departments and top management of subsidiaries, in order to provide information and data regarding matters examined by the Board. Moreover, independent auditor representatives and external consultants may also attend where their specific technical expertise is pertinent to items on the agenda.

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

The Secretary of the Management Board prepares minutes of the meeting, illustrating the method adopted for decision-making and a note of the underlying reasons for such decisions. A copy of the minutes is issued to all Board Members for comments, which are collected by the Corporate Secretariat and forwarded without delay to the Chairman of the Supervisory Board. Each Board Member has the right to ensure that the minutes include a note of any vote against or abstention and the related reasons.

## *Frequency of meetings and Board Member attendance*

In 2008 the Management Board met 18 times; there was a very high and constant level of attendance by Members. As in the past, this ensured the systematic contribution of all its members to the management of Group business, thereby allowing the Bank to make full use of professional skills represented. The meetings lasted an average 4 hours, considered adequate in satisfying the need for thorough negotiation and discussion of matters on the agenda by the Board Members.

1.C.1. h)

The table below illustrates the attendance percentage of each Member at Management Board meetings, and it should be mentioned that absences were always justified by the member in question:

Enrico Salza	100%	Gian Luigi Garrino	100%
Orazio Rossi	90%	Giovanni Battista Limonta (2)	100%
Corrado Passera	100%	Virgilio Marrone	100%
Aureliano Benedetti (1)	100%	Emilio Ottolenghi	75%
Elio Catania	100%	Giovanni Perissinotto	65%
Giuseppe Fontana	95%	Marcello Sala	100%

(1) from 20/5/2008; (2) up to 13/5/2008

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A similar number of meetings is planned for this year, 4 of which have already been held. In compliance with Borsa Italiana Regulations, in January Intesa Sanpaolo disclosed the 2009 corporate events calendar to the market (also published on the website), with an indication of Management Board meeting dates for the approval of financial reports.

1.C.1.g) In 2008 and in the first few months of 2009 the Management Board reviewed the Board's structure and operations for the purpose of drafting its Regulations, which detail the regulations on internal organisation. A complete review of the Board was also launched with a view to the self-assessment required from Intesa Sanpaolo by 30 June 2009 in adaptation to the New Supervisory Provisions. The assessment activities indicated in the Corporate Governance Code, therefore, were not implemented.

2.C.2. The Management Board Members are aware of the duties and responsibilities inherent to their office. In addition, as part of the reporting and decision-making process that characterises Management Board and Work Group meetings, Board Members are constantly updated by the relevant Departments on new legislation and regulatory provisions pertinent to the Bank and the exercise of the board's own duties, whilst the flow of information on topics discussed proves adequate for the purpose of awareness - and further study as appropriate - of corporate transactions, corporate processes and the topics of strategic importance to the Bank, in order that each may effectively fulfil his/her duties.

2.C.2. In this respect, at a specially arranged seminar in 2008, Board Members studied the regulatory framework on the new prudential supervisory provisions on capital requirements, during which the overall regulatory framework and its long term development were reviewed, also in strict relation to the project to adopt, wherever possible, internal risk measurement systems.

## INFORMATION FLOWS BETWEEN CORPORATE BODIES

Intesa Sanpaolo considers the adequacy of its internal information flows to be a key element of the organisation and corporate governance of the Bank, not only because they allow for the correct fulfilment of obligations imposed by current regulations, but they also offer effective Management and Supervisory Board activities and efficient relations between the two Corporate bodies.

The circulation of information between and within the Corporate bodies is also a fundamental condition for the effective achievement of management and control efficiency objectives.

The Intesa Sanpaolo Articles of Association and the Supervisory and Management Board Regulations contain provisions to ensure the correct flow of information between Bank departments and the Managing Director, between Managing Director and Management Board and between the Management and Supervisory Boards, in addition to effective coordination and full liaison between the Management and Supervisory Boards.

Firstly it should be mentioned that, pursuant to the Articles of Association, all members of the Control Committee must attend meetings of the Management Board, and for this purpose any documentation prepared to the Management Board is also made available to members of the Control Committee. As part of its duties attributed by the dual system, the Supervisory Board provides the Management Board with periodic Control Committee reports on analyses and studies completed with regard to the control system, also to allow the Management Board to implement corrective action or improvements as necessary.

In general, the Articles of Association also envisage that the Chairmen of the Supervisory and Management Boards liaise amongst themselves and with the Managing Director in order that all are appropriately informed.

Specifically, the Regulations envisage that the Chairman of the Supervisory Board requests and receives information, and is promptly informed and consulted by the Chairman of the Management Board and Managing Director on specific aspects of Bank and Group management and on business performance in general, also in terms of business outlook, and on initiatives regarding the Bank's general strategies and guidelines and strategic transactions subject to Supervisory Board approval. The Chairman of the Supervisory Board in this respect refers and submits his/her own observations and proposals to the Board for resolution as appropriate.

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In turn, the Chairman of the Management Board requests the advance opinion and proposals that according to the Articles of Association or regulatory provisions must be submitted to the Supervisory Board or its internal Committees, and receives information on resolutions adopted by the Supervisory Board together with all other communications to submit to assessment by the Management Board. In addition, the Chairman regularly consults the Chairman of the Supervisory Board in order to guarantee effective coordination between the two Corporate bodies and to promote coordination as appropriate with the Managing Director for the implementation of the Bank's general strategies and guidelines. He/she is promptly informed and consulted by the Managing Director - also for reporting as required to the Chairman of the Supervisory Board - on initiatives regarding the Bank's general strategies and guidelines and on significant transactions. For this purpose he/she obtains all information necessary for related decisions of the Board, formulating his/her own observations and proposals in this respect. Lastly, the Chairman requests and obtains information from the Managing Director and top management on specific aspects of Bank and Group management and management performance in general, including the business outlook.

The Chairman of the Management Board, as part of his/her duties as "guarantor" of the completeness of reporting within the Board, ensures that all Members receive adequate information on matters on the agenda and exchanges information with individual Members also in relation to their delegated powers or duties. The Chairman is also responsible for ensuring that at least once every three months, the Supervisory Board receives reports on general business performance and outlook, and on the more significant transactions carried out by the Bank and its subsidiaries. On a monthly basis reports are submitted on the key performance data for the period compared with system data.

In this respect, the Managing Director arranges action by the Bank and Group departments to guarantee appropriate information flows, reporting such information to the Management Board, and through this board to the Supervisory Board. It should be emphasised that meetings of the Management Board, as already mentioned, can be attended by members of the Bank and the Group in order to provide information and data on matters subject to examination by the Board.

## Organisational structure

### *Business Units, Head Office Departments*

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

In order to guarantee autonomy and independence, a special position in the organisation is held by the Internal Auditing Department, reporting directly to the Chairmen of the Management and Supervisory Boards.

The Department, Business Unit and Head Office Department managers, in the general policy and guidelines framework, are responsible for the achievement of objectives in their specific business areas, also through the optimum use of assigned human and technical resources.

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

In particular, Intesa Sanpaolo is made up of the following 6 Business Units which report directly to the Managing Director. Under their domain are the Group companies that operate in specific sectors:

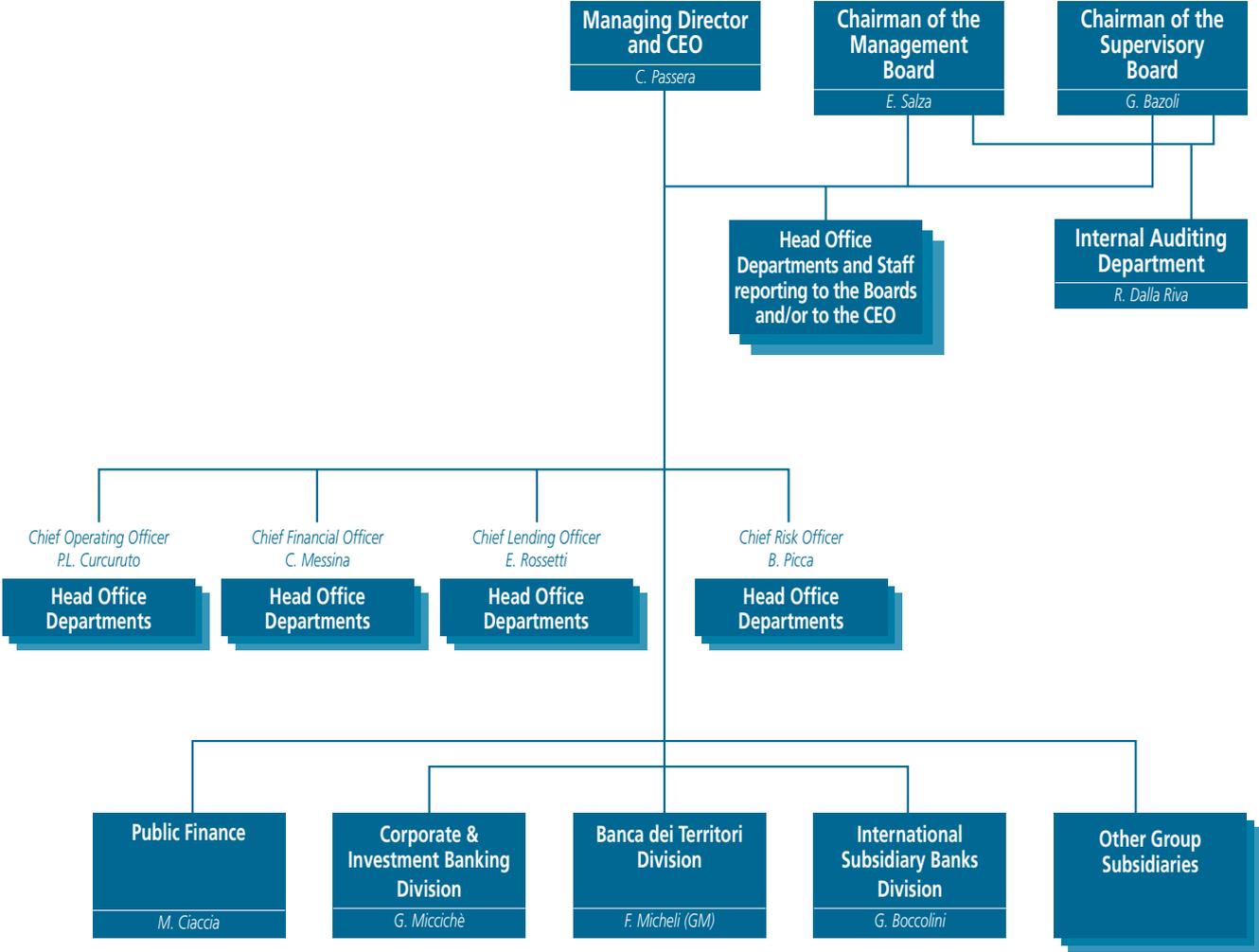
- Banca dei Territori Division, responsible for serving retail customers, private customers and SMEs in Italy through supervision of the territorial branch network, attention to the specific needs of local markets and the promotion of local bank trademarks and companies specialised in medium/long-term credit, insurance and consumer credit, reporting to the Business Units through which the Group operates;

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- Corporate & Investment Banking Division, dedicated to corporate customers and financial institutions in Italy and abroad, has the task of creating value through the offer of corporate banking products and services for their customers together with investment banking, capital markets, merchant banking, lease and factoring for the entire Group.
  - Public Finance is responsible for government customers, public entities, local authorities, public utilities and for developing activities related to medium-/long-term lending, project financing, securitisations, financial consulting and investments in initiatives and investment projects in the reference segments;
  - International Subsidiary Banks Division, responsible for monitoring and coordinating activities on foreign market on which the Bank operates through its international subsidiary banks to provide retail activities, and for defining strategic guidelines to identify growth opportunities for the Group;
  - Eurizon Capital is the company dedicated to the provision of collective and individual asset management products to the Group's internal banking networks, and the development of its presence on the open market through specific distribution agreements with other networks and institutional investors.
  - Banca Fideuram, which through its network of private bankers, performs asset gathering activities serving customers with medium to high investment potential.

The Intesa Sanpaolo organisational structure envisages the office of General Manager, currently covered by the Managing Director Corrado Passera and by Francesco Micheli, appointed by the Management Board on recommendation from the Managing Director and subject to approval by the Supervisory Board. Until 11 December 2008 the office of General Manager was also covered by Pietro Modiano.

The General Manager – responsible for the Banca dei Territori Division – is also the acting Managing Director, except in cases specific to that office only, and provides support to the Managing Director on matters of business management with full powers attributed at the time of appointment.

# Organisational structure: simplified chart



## Organisational structure: detailed chart

Reporting to the Supervisory Board:

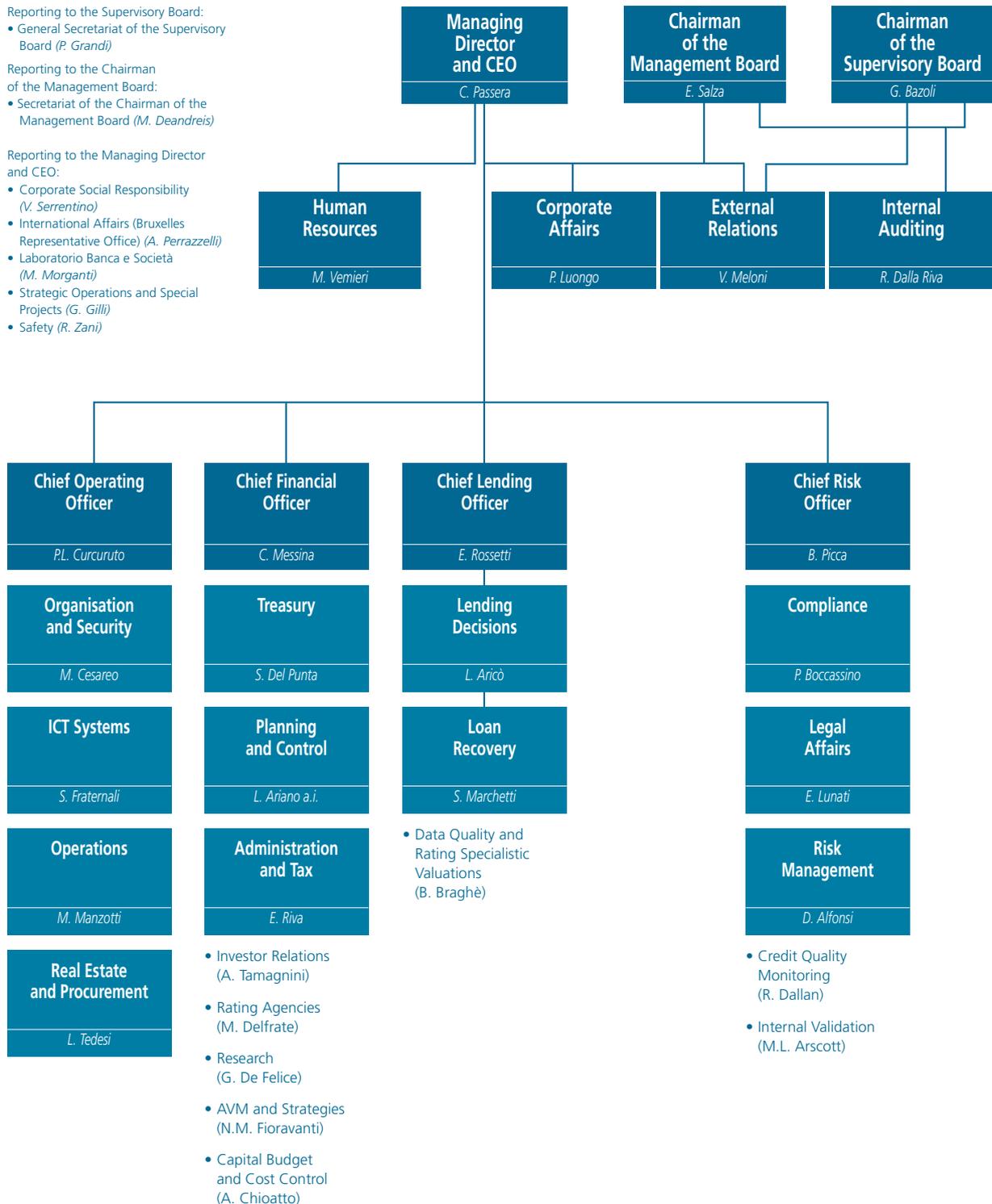
- General Secretariat of the Supervisory Board (*P. Grandi*)

Reporting to the Chairman of the Management Board:

- Secretariat of the Chairman of the Management Board (*M. Deandreis*)

Reporting to the Managing Director and CEO:

- Corporate Social Responsibility (*V. Serrentino*)
- International Affairs (Bruxelles Representative Office) (*A. Perrazzelli*)
- Laboratorio Banca e Società (*M. Morganti*)
- Strategic Operations and Special Projects (*G. Gilli*)
- Safety (*R. Zani*)



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## *Group Committees*

As part of the mechanisms to guarantee effective management of operational matters relevant to the entire Group and to guarantee an adequate level of internal communication and discussion, special Group Committees are established by the Bank, composed of Bank Executives and members of the Group's top management:

- Coordination Committee, consultative body with the role of facilitating intragroup operations and top level communication between the Bank departments, with a view to sharing and coordinating the main corporate decisions;
- Steering Committee, consultative body formed for the purpose of supervising 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 members of various Group companies. The Committee suggests strategic options and shares the operating guidelines of banking activities, consistent with the budget and the three-year plan, for this purpose ensuring management commitment also with regard to their translation into executive plans and related control;
- Group Risk Governance Committee, formed with decision-making, consultative and reporting powers to ensure the monitoring and management of risks and the safeguarding of corporate value at Group level. The Committee also coordinates the activity of specific Technical Committees to monitor financial and operational risks, and the Group Compliance Committee;
- Group Financial Risk Committee, body with a decision-making and reporting role focusing on proprietary financial risks of the banking and trading book, which operates on the basis of operating powers and duties assigned by the Parent Company statutory bodies and on coordination activities performed by the Group Risk Governance Committee;
- Group Operational Risk Committee, which has a decision-making and reporting role focusing on operational risk and operates on the basis of operating powers and duties assigned by the Parent Company statutory bodies and on coordination activities performed by the Group Risk Governance Committee;
- Group Compliance Committee, body with a decision-making and reporting role focusing on the assessment of business initiatives and new product compliance with legal and regulatory provisions, which operates on the basis of operating powers and duties assigned by the Parent Company statutory bodies and on 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 coordinated management of issues relating to credit risk to the extent of its assigned powers.

The Managing Director has the power to propose the set-up of further Group Committees to the Management Board and is responsible for their coordination.

## **Remuneration of Board Members and Management**

The New Supervisory Provisions envisage application principles and guidelines on remunerations, with which banks are obliged to comply. Without prejudice to changes to the Articles of Association already mentioned in the introduction, the aforementioned Provisions envisage that the shareholders' meeting is adequately informed on the implementation of remuneration policies.

This Report therefore is intended to provide information on the regulations, criteria and guidelines adopted by the Bank in this respect, with specific regard to members of the Supervisory and Management Boards, the Managing Director, General Manager and top management Executives – including the Manager responsible for preparing the Company's financial reports and Internal Control department managers – and employees.

### *Supervisory Board Members*

With regard to remuneration of the Members of the Supervisory Board, the law and the Articles of Association apply.

The Shareholders' Meeting establishes the payment due to Members of the Supervisory Board at the time of appointment; this remuneration is decided in a fixed amount for the entire term of office.

By resolution of 1 December 2006, therefore, the Bank's Shareholders' Meeting established the annual payment to each appointed member of the Supervisory Board for 2007-2008-2009.

However, based on the current Articles of Association, it is the duty of the Supervisory Board to examine proposals of the Remuneration Committee and decide on payment for the Chairman, Deputy Chairmen and

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Members of the Supervisory Board that have been assigned special posts or duties.

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

The Supervisory Board therefore decided upon supplementary payments – strictly fixed amounts and not linked to results achieved by the Company – for the Chairman, Deputy Chairmen and Members of the Supervisory Board assigned special posts or duties, also within the related Committees.

The resolutions of the Supervisory Board regarding the remuneration of Board Members according to the office held or duties assigned were passed with abstention by the individuals involved.

This duty will be subject to amendment in adaptation to the New Supervisory Provisions.

### *Management Board Members and Managing Director*

In accordance with law and the current Articles of Association, the Supervisory Board – after consulting the Remuneration Committee – establishes the remuneration for the Management Board Members, the Managing Director and Members of the Management Board assigned special office, duties or delegated powers or assigned to the related Committees or Commissions.

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

In this respect it should be mentioned that, pursuant to the Code, the remuneration of directors “*shall be established in a sufficient amount to attract, maintain and motivate directors endowed with the professional skills necessary for successful management of the issuer*”. In addition, the European Commission Recommendation of 14 December 2004 (2004/913/EC), referred to in the New Supervisory Provisions, considers that elements essential to remuneration (i.e. the form, structure and level) must facilitate the recruitment and retention of directors with the skills required to manage a company.

With regard to the duty of establishing remuneration for Members of the Management Board, the Supervisory Board defined not only the amounts, both fixed and variable, due to Members, but also the criteria and guidelines on which the remuneration decision is based.

For decision-making purposes, the Supervisory Board also made use of support from the Remuneration Committee, which amongst other things contacted a leading international human resource selection company to obtain market guidelines and best practices on the economic treatment of top management positions.

The guidelines identified in the definition of remuneration policy is therefore based on an examination of the composition of the Management Board, duties assigned by law and the duties and responsibilities of each Member, not only as a member of the management board but also based on the office, duties and powers assigned, taking into account the size and role of the Bank in the domestic and international scenario, and its complexity resulting also from the merger which imposed a rapid, effective implementation of the integration process upon the two former banks.

In this respect, the Supervisory Board decided to structure Management Board remuneration as part-fixed and part-variable, also taking into account the analysis tasks performed by the Remuneration Committee on fees paid to members of the two banks that merged to become Intesa Sanpaolo.

Specifically, the key criteria identified by the Supervisory Board for remuneration of the Management Board Members in office for the three-year period 2007-2009 envisage:

- payment of a fixed annual amount linked to the office of Board Member;
- attribution of remuneration, this too fixed and on an annual basis, for the offices of Chairman, Deputy Chairman and Managing Director;
- payment of an additional fixed amount, on an annual basis, to the Managing Director for his/her role as Chief Executive Officer, in addition to other amounts relating to insurance benefits and complementary pension. There are no other fees/indemnities envisaged in the event of cancellation/termination;
- payment of a variable remuneration element which, for all Management Board Members, would be payable on conclusion of the term of office on achieving certain mid-term results, identified from the three-year Business Plan, whilst for the Managing Director additional remuneration is envisaged on an annual basis in relation to certain Budget parameters.

On this latter point it is emphasised that:

- the pre-established parameters of the Supervisory Board for payment of the variable component reserved for all Management Board Members are profitability, credit quality, operating efficiency and sound capital

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- base. For each parameter a minimum threshold has been set. The lump sum component envisaged on expiry of the term of office has been established for each Management Board Member as half of the fixed remuneration due for the three-year period which, as already stated, is equal for all Members;
- the variable annual amount for the Managing Director, linked to the 2008 Budget, relies on the achievement of a number of the abovementioned parameters identified for the Management Board, though with different values strictly linked to Budget forecasts, and a further parameter based on the medium/long-term debt rating allocated to the Bank by Standard & Poor's, intended as a synthetic benchmark rating attributed by the market to the risk management policy and financial decisions of the Bank. The lump sum variable component envisaged on achievement of the abovementioned Budget results is equal to one year of the fixed remuneration reserved for the Chief Executive Officer, whilst that linked to Business Plan parameters is established as twice said amount.

The Managing Director is not a beneficiary of any stock option plans.

All variable bonuses are paid after Supervisory Board approval of the financial statements for the years in question and, with regard to the Business Plan bonus, after approval of the financial statements as at 31 December 2009, provided those concerned are still in office at the time the resolutions are passed.

### *General Manager*

Without prejudice to the Supervisory Board duties, after consulting the Remuneration Committee, of deciding on 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 decision regarding General Manager remuneration lies with the Management Board, on recommendation from the Managing Director and after consulting the Supervisory Board.

7.C.1.

Specifically, it was decided that such remuneration will be based on:

- 1) a fixed annual remuneration;
- 2) a variable bonus paid annually if the budget objectives of each year are achieved;
- 3) an additional variable bonus paid as a lump sum if the 2007-2009 Business Plan goals are achieved.

This payment will be calculated on the same parameters indicated for the Managing Director.

The variable bonuses are paid after Supervisory Board approval of the financial statements for the years in question and, with regard to the Business Plan bonus, after approval of the financial statements as at 31 December 2009, provided those concerned are still in office at the time the resolutions are passed.

The General Manager is not a beneficiary of any stock option plans.

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## *Internal Control Managers and Manager responsible for preparing the Company's financial reports*

7.C.1.

For Internal Control department managers and the Manager responsible for preparing the Company's financial reports a fixed annual payment is envisaged and, consistent with Group policies on variable remuneration and based on positive results they achieve through their respective duties, a variable gross amount that in any event may not exceed one year of the fixed annual payment indicated above.

The amount of the aforementioned variable payment is defined in accordance with the New Supervisory Provisions in reference to specific quality indicators for the respective duties.

Specifically, with regard to the Manager responsible for preparing the Company's financial reports, these indicators assess:

- the correct presentation of economic and financial results of the Bank and the entire Group;
- fulfilment of accounting and Supervisory obligations;
- quality control of processes governing administrative and financial disclosures to the market;
- consistent with corporate strategies and objectives, the definition of guidelines and policies on financial statement, tax obligation and legal consulting matters.

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A detailed account of the remuneration paid to Supervisory and Management Board Members and to General Managers in 2008 is provided in a specific table in the Notes to the Parent Company's financial statements. In aggregate format the table also illustrates remuneration to Managers with strategic responsibilities.

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## *Remuneration and incentives policy for management and employees*

Investment in the development and promotion of human resources is a distinctive and qualifying feature of the Intesa Sanpaolo Group, in a framework of sustainable development and strong sense of responsibility towards all its stakeholders.

This translates into the promotion of conduct, competence and systems to guarantee respect for individuals and the development of human resources through adequate initiatives of empowerment, education and professional training, recognition of individual and team merit, involvement and motivation in achieving Business Plan objectives – also with a view to integration, equal treatment and the promotion of diversity, trust and a sense of belonging.

The Bank has therefore implemented a series of initiatives, projects, tools and systems, appropriately integrated into a specific "development platform", to provide support in the management and professional growth of individuals in the Group. This platform is made available to Staff Supervisors and Managers to facilitate equal treatment and sustainability of managerial and rewards action, with a view to identifying and effectively rewarding the merits of employees.

Three different systems form the management pillars of the new development platform:

- assessment of organisational posts to identify the relevance of each, expressed in international metric terms and resulting from a strict analysis of the level of responsibility concerned, the complexity of duties supervised and their impact in economic and organisational terms. The contribution of post assessments can be seen in internal equal treatment, pay and development opportunities, and in market competitiveness (a strategic post consistent with the need to attract and retain key professionals to achieve growth strategies);
- assessment of performance, which for Managers involves guaranteeing effective supervision of Business Plan objectives, facilitating alignment of economic terms of relevance to the Group, on the specific objectives of each business unit and, in reference to remaining personnel, to effectively identify merit and enhance skills through the definition of individual development plans;
- assessment and identification of potential, through fine-tuning of a special system available to each

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Manager and through the implementation of special assessments to verify alignment of managerial skills with those expressed in the leadership models defined at Group level. This potential expresses the framework of individual capacity and approach in future terms, and is a fundamental tool for planning the professional and managerial development of individuals.

This management information, appropriately integrated with data and benchmarks of an economic and financial nature, also offers a measurement system to effectively monitor development of human resources and quantify their contribution to value creation processes.

The information obtained via the abovementioned systems is an objective element on which Group remuneration policy is based, and which with regard to Management aims to guarantee adequate positioning of the related overall annual remuneration at the market levels expressed by the large European banking groups, the values resulting from periodic specialist surveys.

The general objectives and guidelines pursued through the remuneration policy therefore meet the following criteria:

- **merit**, to guarantee better matching between actual performance and the management potential identified;
- **equality**, to reduce remuneration inconsistencies and standardise treatment;
- **sustainability**, to limit expense deriving from application of the policy to values compatible with the Business Plan cost objectives.

### *The Incentive System linked to the Business Plan*

Consistent with the framework outlined above, for Group Management the Bank has implemented a specific Incentive System linked to the Business Plan, with the aim of supporting the achievement of short and mid-term objectives.

This system is composed of two strictly related parts: the first regards objectives and the results achieved each year, whereas the second (the LTI - Long Term Incentive Plan) regards objectives and results achieved overall on conclusion of the Business Plan.

The annual bonus, referring to the first part of the aforementioned System, is allocated to Management after the date of approval of the financial statements for the year in question, in compliance with the incentive schemes operating from time to time in each Business Unit and the various organisational areas, and based on the assessment of individual performance.

The LTI Plan envisages the allocation to beneficiaries of a lump sum, payable on conclusion of the Business Plan and subordinate to the achievement of related economic and efficiency objectives and to continuation of service after the three-year period.

The amount of bonuses allocated is a proportion of the fixed remuneration and, if the Business Plan short and mid-term objectives are achieved in full, can reach the following thresholds:

- for Top and Senior Management, a bonus of up to 1 GAP (Gross Annual Pay) for each year and a maximum lump sum bonus of up to 2 GAP at the end of the three-year period;
- for other beneficiaries, up to an amount in the range of 0.33-0.67 GAP, based on the professional category of the individual, for each year, and a maximum lump sum bonus of up to 1 GAP at the end of the three-year period.

The different bonuses according to professional category, i.e. by business unit, is consistent with the results indicated by specific benchmarking analysis of the leading European banking groups and also guarantee observance of the internal equality principle, given the use of common benchmarks for each statistical population.

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### *Treatment envisaged by way of employee termination indemnity*

The termination of service of personnel with state pension or seniority pension rights and/or A.G.O. pension treatment may be by means of mutually agreed transactions under the terms of individual termination of employment agreements.

In recent years, the Bank has signed specific agreements with the trade unions with regard to the “solidarity fund”, applied to employees of all grades, including executives, which also governs the treatment of sums payable to personnel on termination of service.

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## The control system

### *Main characteristics*

In line with corporate law and bank supervisory regulations, and consistent with indications in the Corporate Governance Code, the Bank has adopted an internal control system suited to the ongoing monitoring of risks typical to the Bank and the Group, involving the corporate bodies, the Manager responsible for preparing the Company's financial reports, the independent auditors, special internal control departments and the Surveillance Body pursuant to Italian Legislative Decree no. 231/2001.

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

In the implementation of guidelines defined by the Corporate bodies, the internal control systems of the Bank and the Group were designed to achieve constant monitoring to identify and manage business-related risks. The primary reference in this respect are the Bank of Italy's Supervisory Provisions on the prudential control of companies and banking groups, regulations on financial conglomerates and developments in international best practices.

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

In this context, the adequacy of essential system elements is continuously assessed by the Corporate bodies, and taken into consideration in the annual Report of the Supervisory Board pursuant to art. 153 of the Consolidated Law on Finance and in the Report on operations attached to the Parent Company's financial statements as prepared by the Management Board, and at the time of approval of this Report.

In 2008, also with the aim of strengthening the internal control system and guaranteeing effective risk management, the Bank reorganised the Head Office Departments based on three levels: business management, risk control and internal audit. In this context a specific business unit, reporting to the Managing Director and headed by the Chief Risk Officer, into which the Risk Management, Compliance, Legal Affairs and Credit Quality Departments are concentrated, was established to guarantee autonomy and independence of the level 2 control-related departments from business support departments.

Level 3 controls are instead guaranteed by the Internal Audit Department.

Given the above, a description is provided below of the main elements of the control system, also indicating the breakdown of financial reporting controls (in reference to the duties of the Manager responsible for preparing the Company's financial reports, the financial reporting control system and audit), other control departments (risk management, compliance and internal audit) and crime prevention models.

### *The Corporate Bodies*

Given the considerable importance of the subject and based on the implementation of the dual management and control model, both Corporate bodies involved in strategic supervision of the Bank play an active role in risk control activities, in particular:

- the Management Board is responsible for the establishment and maintenance of an effective internal control system for the implementation of strategic guidelines, assessing its overall operations by taking into account all operating areas of the Group. Moreover, on recommendation from the Managing Director, the Management Board adopted appropriate resolutions for submission to the Supervisory Board of guidelines to ensure adequacy of the organisational, administrative and accounting structure;
- the Supervisory Board approves the general risk management policies proposed by the Management Board in addition to assessing and supervising the degree of efficiency and adequacy of the internal control system; in this context, the Supervisory Board also verifies the correct exercise of strategic and management control by the Parent Company over Group companies.

In order to guarantee the effectiveness of its actions, the Management Board ensures that its assessments and decisions regarding the organisational structure of the Bank and Group and regarding the internal control system as a whole are backed by appropriate consulting and preparatory activities.

The Management Board has also deemed it appropriate to include responsibility for ensuring the proper functioning of control measures among the prerogatives of the Managing Director. Consequently, Management Board resolutions on risk management policy and internal control are taken on recommendation and proposal by the Managing Director, who in general is expected to ensure that "the organisational, administrative and accounting structure is adequate given the nature and size of the bank." In addition the Managing Director steers the implementation of guidelines resolved by the Management and Supervisory

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Boards by the departments concerned, specifically:

- ensuring effective management of operations and related risks, defining appropriate control policies and procedures;
- also in the light of changing internal and external conditions in the bank's operations, ensuring the overall operation, efficiency and effectiveness of the internal control system, arranging its updating for the management of new risks or to improve the control of known risks;
- also based on analysis of business performance and any deviation from forecasts, identifying and assessing potential risk factors;
- defining the duties of business units dedicated to control, ensuring that the various tasks are supervised by qualified personnel with an adequate level of experience and technical skills;
- establishing effective communications channels to ensure that all personnel are aware of the policies and procedures relating to their own duties and responsibilities.

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8.C.3.

As already mentioned, the Supervisory Board - supported by the Control Committee - also approves strategic guidelines and risk management policies and assesses the degree of efficiency and adequacy of the internal audit system, with particular reference to risk control, internal audits and the IT accounting system.

The tasks of this Committee, based on the provisions of its own Regulations – amended in 2008 – include:

- in liaison with the Manager responsible for preparing the Company's financial reports and the Independent Auditors, assessing the correct application of accounting standards and their consistency in drafting the Parent Company's and consolidated financial statements;
- assessing assignment bids submitted by Independent Auditors in addition to the audit plan, results presented in the report and in any letter of recommendations;
- supervising audit process efficiency, exchanging relevant data and information with the independent auditors as required for their respective duties;
- expressing opinion on specific aspects on the identification and monitoring of corporate risks in addition to the planning, implementation and management of the internal control system;
- expressing opinion on the appointment and revocation of the Internal Auditing Manager;
- providing support to the Supervisory Board in the appointment and revocation of the Compliance and Risk Management Managers;
- verifying that (i) the risk management department structures defined by the Department managers are consistent with the strategic guidelines approved by the Supervisory Board and (ii) that said departments are guaranteed an appropriate level of independence with the funding and resources necessary to the exercise of their duties;
- in its capacity as Surveillance Body, approving the annual audit plan prepared by the Internal Auditing Department. In this context, it may also request specific audits to assess the adequacy of crime prevention controls;
- examining periodic reports from the Risk Management, Internal Auditing and Compliance Departments, making related observations and proposing related resolutions for approval by the Supervisory Board;
- reporting to the Supervisory Board, at least once every half year at the time of the approval of the half-yearly and annual financial statements, on activities performed and on the adequacy of the internal control system.

Again in 2008 the Committee focused attention on the organisational structure, particularly with regard to the internal control system, relations with other Bank departments and Group companies, and the risk management system and procedures.

Verification of the adequacy and effective operations of the internal control systems resulted in a number of meetings, centred on specific topics, between the Control Committee and Internal Auditing, Compliance and Risk Management, which continued to support Committee activities by producing a systematic information flow, and meetings with the Independent Auditors, the Manager responsible for preparing the Company's financial reports, and the Bank's business and governance departments.

With regard to the control departments, the Bank's Audit, Risk Management and Compliance departments were reviewed. As support to the Supervisory Board – responsible for verifying the efficiency of organisational decisions regarding the control systems - the Committee supervised the Bank's reorganisation procedure to streamline and simplify governance structures, separating management Departments from risk control departments, with particular regard to the internal auditing department.

Support was provided to the Supervisory Board on opinion regarding the appointment of the Compliance Manager.

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For risk control, the overall risk position of the Group was reviewed periodically by examination of the “Risk Tableau de Bord”; the progress of the special Work Group on adaptation to prudential supervisory provisions was also verified.

With regard to the accounting system, the Committee examined the “Report on the internal control system in relation to accounting and financial reporting” and received the related periodical reports from the departments concerned.

Lastly, in relation to the internal control system as a whole, the Committee analysed the periodic results report on audits performed by the Internal Auditing Department and, via the “Audit Tableau de Bord”, duly monitored the solutions implemented to overcome any weak points identified.

### *The Manager responsible for preparing the Company's financial reports and Accounting and financial disclosure*

In 2008, following changes in the Bank's organisational structure and with particular regard to control departments, the Management Board, based on the opinion of the Supervisory Board, appointed Ernesto Riva as the Manager responsible for preparing the Company's financial reports, replacing Bruno Picca with effect from 1 July 2008, pursuant to the provisions of 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 meet specific professional requirements connected to adequate skills in financial and accounting disclosures, management or control of the related administrative procedures, gained in a period of at least five years in positions of responsibility in business units within the Bank, Group or other companies or entities comparable in terms of activities and organisational structures. The Manager responsible for preparing the Company's financial reports must also meet integrity requirements for members of control bodies of quoted companies envisaged under current regulations.

The Manager responsible for preparing the Company's financial reports has the task of monitoring the internal control system in terms of accounting and financial disclosures. 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 Bank to the market and regarding interim and annual accounting information correspond to corporate records, books and accounts;
- jointly with the Managing Director, in a specific report attached to the annual and half-yearly reports, certify the adequacy and actual application of administrative and accounting procedures, the compliance of company accounting reports with the records, books and accounts and their capacity to provide a true and fair representation of the Bank's balance sheet, income statement and financial situation and those of companies included in the scope of consolidation, and that the report on operations includes a reliable analysis of business performance and results, the position of the issuer and the overall position of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which the Group is exposed.

For this purpose, following opinion in favour by the Supervisory Board, the Management Board approved the corporate Regulations, “Guidelines for administrative financial governance”, which regulate:

- the governance model required by the Manager responsible for preparing the Company's financial reports to constantly verify the adequacy and effective application of the administrative and accounting procedures at Group level;
- the system of information flows and relations with other Parent Company departments and subsidiaries, which allows the Manager responsible for preparing the Company's financial reports to receive information necessary to his/her duties;
- the system of certifications to the Managing Director and the Manager responsible for preparing the Company's financial reports from other Parent Company and subsidiary departments, in terms of related compliance with regulatory obligations;
- the communication flows from the Manager responsible for preparing the Company's financial reports towards Corporate bodies and the exchange of information with Independent Auditors.

The Manager responsible for preparing the Company's financial reports plays a steering and coordination role in Group companies with regard to administrative and accounting matters and in the supervision of

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internal control departments over accounting and financial reporting. Group companies are required to implement provisions adopted on this matter by the Parent Company, adapting such provisions to their own business context, and liaising with the Manager responsible for preparing the Company's financial reports to ensure adequate monitoring of procedures for the presentation of the financial statements and other financial disclosures at Group level, and to ensure that the Manager responsible for preparing the Company's financial reports receives all information and data necessary to perform his/her duties and issue related certification.

In the light of the assigned responsibilities, the Manager responsible for preparing the Company's financial reports is also assigned adequate powers and means to perform his/her duties. Specifically, he/she makes use of an organisational structure, adequate in numeric and quality terms, and of support from other Parent Company departments with regard to activities relevant to the observance of duties envisaged in regulations.

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

These reports are also submitted to the Control Committee and Supervisory Board on completion of the supervisory task of monitoring the accounting system, as required by law and the Articles of Association.

For the purpose of monitoring the control system for accounting and financial disclosures, also in compliance with Consob regulations on this matter, Intesa Sanpaolo has established a specific organisational process to ensure systematic monitoring of subsidiaries governed by the laws of non-EU countries.

With regard to such companies and based on the aforementioned regulations, the Bank has amongst other things made available to the public the accounting positions prepared for the purpose of drafting the consolidated financial statements, verifies that the subsidiaries concerned provide their auditors with the information necessary for related interim and annual audit of company accounts and that they use an administrative and accounting system appropriate to reporting regularly to the Bank and its auditors on the economic, equity and financial data required for preparation of the consolidated financial statements.

### *Internal control of accounting and financial disclosure*

The adopted reference model identified by Intesa Sanpaolo for verification of the adequacy and actual application of internal controls on accounting and financial reports is based on the COSO and COBIT Framework, the generally accepted reference standards at international level<sup>1</sup>. The model provides for the existence of:

- an adequate internal control system at corporate level to reduce the risk of errors or incorrect conduct; this is achieved through the verification of elements such as adequate governance systems, conduct standards based on ethics and integrity, effective organisational structures, clear attribution of powers and responsibilities, adequate risk policies, personnel disciplinary systems, effective codes of conduct and fraud prevention systems;
- administration and accounting procedures for the preparation of financial statements and financial reporting in general, with long-term monitoring of their adequacy and actual application; in addition to administration and accounting processes, this category also includes business processes for steering, control and support with an estimated significant impact on financial statements;
- governance rules for the IT infrastructure and applications relating to administration and accounting procedures, with long-term monitoring of their adequacy and actual application.

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<sup>1</sup> 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.

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

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

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

### *Independent Auditors*

For Intesa Sanpaolo, as a quoted company, the audit of accounts may only be conducted by an independent auditing firm, responsible for audit during the year of the regular keeping of corporate accounts and the correct registration of management operations in the books, as well as ascertaining that the Parent Company's and consolidated financial statements correspond to accounting records and related audits, and that such records comply with the relevant regulations. The independent auditors express their opinion on the Parent Company's, consolidated and half-yearly financial statements by the issue of a specific report.

The independent auditors currently appointed by Intesa Sanpaolo are Reconta Ernst & Young S.p.A., whose assignment will expire on the date of the Shareholders' Meeting called to allocate net income for 2011. The independent auditors are appointed by the Ordinary Shareholders' Meeting on motivated recommendation from the Supervisory Board.

Also for the purpose of pursuing efficiency and effectiveness of the audits assigned to the independent auditors, Intesa Sanpaolo has adopted a Group "Policy for audit and non audit" covering the assignment to independent auditors and their networks of the independent audit of accounts and other services, addressed to Parent Company departments and Group companies, in compliance with Management Board and Supervisory Board guidelines on this matter.

The Policy aims to establish a surveillance system for Group level monitoring of assignments conferred by Parent Company departments and Group companies to independent auditors, their networks and related entities, for the purpose of safeguarding the independence of auditors and monitoring the application of relevant regulations.

10.C.5.

### *The Chief Risk Officer*

The Chief Risk Officer heads the business unit that comprises the Risk Management, Compliance, Legal Affairs and Credit Quality Departments, in addition to supervising credit quality, and constitutes the "second line of defence" in corporate risk management, separate and independent of the business support departments.

The duties of the Chief Risk Officer are:

- consistent with corporate strategies and objectives, defining guidelines and policies on risk management, compliance and legal matters;
- coordinating the implementation of guidelines and policies on risk management, compliance and legal matters by the relevant Group business units, and in other corporate departments as appropriate;
- guaranteeing the measurement and control of Group exposure to the various types of risk, also verifying the implementation of guidelines and policies as above;
- guaranteeing the monitoring of credit quality and the observance of credit-related guidelines and strategies through the constant monitoring of risk, and submitting proposals on the structure of delegated powers of the corporate bodies;

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- supervising the identification and monitoring of any misalignment of current regulations, and arranging consulting, support and sensitisation as appropriate on regulations to the corporate departments.

### *Risk Management*

In enactment of supervisory provisions, specific Group procedures are dedicated to the control of capital requirements to cover all the main risk areas, particularly for credit, market, operational, concentration and liquidity risks.

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

In particular, the Group Risk Governance Committee, formed with decision-making, consultative and reporting powers ensures the monitoring and management of risks and the safeguarding of corporate value at Group level. It is assigned important duties for the implementation of risk control strategies, such as:

- submitting proposals to the corporate bodies on Group strategies and policies for risk management;
- ensuring compliance with Supervisory Authority provisions with regard to risk governance and related reporting transparency;
- ensuring that the Managing Director and CEO and the Management Board have an overall view of risk exposure;
- identifying, analysing and monitoring situations of potential significant deterioration of risk and managing events of specific impact and relevance;
- ensuring the adequacy and effectiveness of the risk measurement and reporting system architecture, assessing consistency between business guidelines and management tools/processes; on this point the Committee supervises the results of risk management model validation processes;
- coordinating activities of the specific Technical Committees which monitor financial and operating risks;
- assessing the adequacy of the Group's equity and regulatory capital, as well as the allocation of capital to business units on the basis of plan objectives and risk tolerance objectives;
- verifying the consistency of capital requirements and risk measurement with accounting policies;
- verifying the Group's overall credit risk profile, coordinating corrective action and strategic guidelines;
- allocation of risk limits to the Divisions/Departments and setting country risk and credit risk concentration limits;
- disseminating awareness of risk, in its various forms, within the Group;
- defining business continuity strategies for disaster recovery purposes;
- governing the Basel II project and supervising the projects/tasks necessary to guarantee regulatory compliance.

Within the business unit headed by the Chief Risk Officer, responsibility for the measurement and control of Group exposure to the various types of risk indicated above is assigned to the Risk Management Department, whilst internal validation of activity relating to internal risk measurement systems is the responsibility of the Internal Validation Office. The latter, amongst other things, is responsible for validation of the internal models already operative or under development with regard to all risk profiles covered by Pillars I and II of the Basel II Accord.

### *The Compliance Department*

In compliance with Bank of Italy supervisory provisions, which require that the compliance department is independent of operating departments and separate from internal audit, in June 2008 the Compliance Department was established, reporting directly to the Chief Risk Officer.

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

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

Specifically, directly on behalf of the Parent Company and in-service subsidiaries, the Compliance Department performs all activities relating to compliance with Bank of Italy supervisory provisions and the joint Bank of Italy-Consob Regulation on regulatory areas of strategic importance to the Supervisory Authorities or for which centralised management of compliance risk is considered necessary, consistent with industrial association guidelines and best market practices: investments services, insurance and pension-related

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intermediation, market abuse, conflict of interest, personal transactions, public offerings, contractual transparency, household loans, usury, unfair trading, payment systems, administrative responsibility of entities, anti money-laundering, embargos, depository banks.

The Bank has also identified certain regulatory areas in any event significant in terms of compliance risk, for which the related duties of the Compliance Department are performed by other corporate departments, all with an adequate level of independence and the required skills: internal dealing, register of persons with access to inside information on Intesa Sanpaolo and Group company securities, safeguarding of competition, transactions with related parties, obligations of members of the Banking Group, protection of privacy, occupational safety, environmental protection. In these regulatory areas, the Compliance Department nevertheless has the role of defining guidelines and methodologies for the monitoring and measurement of compliance risk, coordinating compliance initiatives also in terms of prioritising the related risk, verifying their actual implementation by the control departments and production of a full report on related results to the corporate bodies.

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

### *Internal auditing*

Internal audit activities are performed by a special department - Internal Auditing - which after the June 2008 internal reorganisation reports directly to the Chairmen of the Management and Supervisory Boards, and also liaises with the Control Committee.

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

The Internal Auditing departments of Group companies report to Internal Auditing of the Parent Company.

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

Internal Auditing is responsible for ensuring a constant and independent auditing of the regular performance of Bank operations and processes for the purpose of preventing or identifying any anomalous or risky conduct or situation, assessing the overall operations of the internal control system and its adequacy in guaranteeing the effectiveness and efficiency of company processes, safeguarding asset value and loss protection, and the reliability and completeness of accounting and management reports, and the compliance of transactions with corporate governance policies and with internal and external regulations.

Furthermore, it provides consulting to Bank and Group departments, also through participation in projects, for the purpose of adding value and improving the effectiveness of control, risk management and organisation governance processes.

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

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

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

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

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

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A similar approach is used with regard to administrative liability pursuant to Italian Legislative Decree no. 231/2001 for the Control Committee in its capacity as the Surveillance Body.

### *Organisational, Management and Control Model as per Legislative Decree no. 231/2001*

8.C.2.

Intesa Sanpaolo has adopted an "Organisation, Management and Control Model" in accordance with Legislative Decree no. 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 codifies the behavioural and control principles – broken down according to the specific illegal act to be prevented – that must be followed by individuals operating in sensitive areas.

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

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

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

The tasks of the Surveillance Body with regard to operations and compliance with the Model are, as previously mentioned, assigned to the Control Committee, with the necessary powers and prerogatives to fulfil such tasks.

In 2008 the Model was updated from two aspects.

Firstly, the composition of the Surveillance Body was extended to the appointment of three alternative members in order to enhance its characteristic autonomy and independence requirements. The alternative members were identified from individuals external to the Bank, in possession of integrity, professional and independence requisites. These may become standing members - only with regard to duties as member of the Surveillance Body - in cases envisaged in the Model, when one or more standing members are either suspended or temporarily unavailable.

At the same time as this amendment, the Model was updated to coincide with the change in the Bank's organisational structure, with particular regard to the roles and responsibilities of the Internal Auditing and Compliance Departments.

In this respect the Model was updated a second time to cover additional offences, deemed to involve the administrative liability of entities, following their introduction pursuant to Italian Legislative Decree no. 231/2001.

Conferring the aforementioned supervisory function on the Control Committee guarantees a high degree of independence in exercising the duties set out in the Decree, in that this body incorporates the prescribed characteristics of independence and professionalism and, at the same time, is aware of corporate facts required to efficiently perform this role.

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

The Surveillance Body, at least on a half-yearly basis, must submit a specific report on the adequacy of and compliance with the Model to the Management and Supervisory Boards. In any event the Committee reports

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to the corporate bodies on request, whenever considered necessary or appropriate, on the operations of the Model and the fulfilment of obligations imposed by the Decree.

In 2008 the Surveillance Body met 14 times, in implementation of the planning stage begun in 2007 to guarantee alignment of the detailed regulations with those envisaged in the Model and with development in the regulatory framework.

With regard to the value of the Model in terms of exempting the Bank from liability pursuant to law, Intesa Sanpaolo has prepared an internal communication and training plan to facilitate the dissemination of provisions of the Decree and of the Organisation Model adopted, so that awareness of the subject and observance of the related rules becomes an integral part of the professional portfolio of each employee.

Furthermore, given the independent responsibility of each Group company regarding the adoption and efficient implementation of its own Model in accordance with requirements of the Decree, in exercising its specific function as Parent Company, the Bank has the power to establish criteria and guidelines of a general nature and to verify, through the Internal Auditing, Compliance and Investments Departments, whether the Models of Group companies comply with these criteria and guidelines.

In this context, the Surveillance Body has launched an information exchange with the Surveillance Bodies of the subsidiaries so that the Parent Company body can confirm the absence of problems relating to administrative liability regulations.

The principles of the Model were also extended to Group companies, through a programme implemented to take into account the different degrees of sensitivity to core business, the level of compliance of existing Models and integration paths in progress, and to provide indications on the criteria for composition of the Surveillance Body.

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

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## Transactions with related parties and Interests of Supervisory and Management Board Members

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9.C.1.

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. In 2008 changes were made to the Regulations in order to strengthen the monitoring of group controls. Complying with the criteria set out in IAS 24, the Regulations define the rules for practical identification of the various entities belonging to categories covered by this accounting standard (companies related through control or association, joint ventures, pension funds, key managers, close family members of key managers and related significant shareholdings). In this respect, it was decided that the category of key managers will include not only Management and Supervisory Board Members but also General Manager, the Manager responsible for preparing the Company’s financial reports, the Heads of Business Units, Head Office Departments and 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.

Despite the fact that no Bank shareholder, either personally or jointly with others, is able to exercise considerable control or influence over operations pursuant to IAS 24, at the time of review of the Regulations, the Management and Supervisory Boards decided as a form of self-regulation to extend application of the rules on transactions with related parties beyond the scope considered in reference regulations, so as to include Shareholders and their groups (subsidiaries, parent companies or companies subject to joint control) with an equity investment with voting rights in the Bank of over 2% (calculated on registered shares only). This formula will allow development of a higher standard for monitoring transactions with the main shareholders, subjecting these to the rules applied for transactions with related parties. For financial reporting purposes, the data is aggregated to record a total referring to all significant shareholders.

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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 reasons 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 considered significant are those of greatest economic, equity 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 by half for companies that are not wholly owned):
  - a) the purchase and sale of real estate;
  - b) the underwriting, purchase or sale of investments in companies, even if no change to the Banking Group is involved;
  - c) the purchase and sale of companies, business lines or entire business portfolios;
  - d) the framework agreements regulating the provision of services or the placement or distribution of products/services with an annual duration and implicit renewal, or with a multi-year duration;
- 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 transactions, hybrid capital instruments, eligible subordinated liabilities in the subsidiary’s regulatory capital and credit facilities 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 credit facilities 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 and restructured loans).

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Lastly, the Management Board always has jurisdiction over transactions that, due to their content, the nature of the parties, the consideration paid, methods or timeframes, may affect the safeguarding of company assets or the thoroughness or correctness of Intesa Sanpaolo information, including accounting data (any such transactions are also included in disclosures to the market in accordance with art. 71-bis of Consob Regulation no. 11971/1999).

Furthermore, in compliance with the provisions of the Corporate Governance Code, transactions with 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 Supervisory Board's Control Committee.

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

In any event, 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, unless subsidiaries are involved.

The Regulations also establish that decision-making bodies can make use of independent experts, where considered appropriate, to assess the degree of significance of the transaction, its specific economic or structural characteristics 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 those established by the Parent Company to regulate transactions executed by the individual company with its "own related parties". Based on 2008 changes to the Regulations, the prior opinion of the Control Committee of the Parent Bank is also envisaged for the more significant transactions by subsidiaries with related parties of the Parent Company.

Moreover, the Regulations define the general criteria for reports made, at least quarterly – also pursuant to article 150 of the Consolidated Law on Finance – to the Management Board and by the latter to the Supervisory Board on 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 more significant transactions, as well as the volumes and main characteristics 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.

Lastly, it should be noted that if the related party is an entity with steering, administration or control duties, the special decision-making procedure set out in art. 136 of the Consolidated Law on Banking also applies. This requires that the transaction is submitted for prior unanimous decision of the Management Board and vote in favour by all Supervisory Board Members.

In accordance with the abovementioned article 136, anyone who carries out steering, administration or control duties in banks or companies forming part of the Banking Group cannot directly or indirectly enter into contracts binding upon their company or carry out financing transactions with another company or bank in the Banking Group without approval from the administrative and control bodies of the company or bank that is party to the contract; in such cases, moreover, the contract or document must be approved by the Parent Company. The special decision-making procedure also applies to contractual obligations entered into by the Bank or companies in the Banking Group with companies controlled by board members or companies in which board members have administration, steering or control duties. Moreover, it also applies to related subsidiaries and parent companies (unless the obligations are contracted between companies in the same Banking Group or refer to transactions on the interbank market).

9.C.2.

The abovementioned provision also confirms the requirements envisaged in the Italian Civil Code regarding the personal interests of Directors, insofar as article 2391 requires each Board Member to report every instance of interest held, personally or through third parties, that could significantly affect the performance of his/her duties in relation to a specific transaction. In accordance with the abovementioned provision, the Management Board has jurisdiction over decisions regarding transactions – including with related parties – in which the Managing Director holds a personal interest or interest through a third party and must therefore abstain from the decision pursuant to art. 2391 of the Italian Civil Code.

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## Treatment of Corporate Information

### *Inside information*

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

In 2008 (by resolution of the Management Board and acknowledgment of the Supervisory Board) Intesa Sanpaolo adopted the “Regulation on disclosure to the market of inside information”, governing the internal management and treatment of sensitive information and procedures to be observed for the external disclosure of documents and information regarding Intesa Sanpaolo and its subsidiary banks, with particular reference to price sensitive data pursuant to art. 114, par. 1 of the Consolidated Law on Finance.

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

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

The Regulation also outlines a procedure for the management and external disclosure of inside information of which Bank departments may become aware as a result of their specific operating responsibilities.

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

### *Internal Dealing and Insiders List*

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

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

Any transactions by “relevant parties” are also published on the Bank’s website, through which the text of the Regulations can also be consulted.

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Again on the basis of provisions contained in the Consolidated Law on Finance and the enactment regulations issued by Consob, the Bank created and regularly updates a register of parties who, due to their work or professional activities or duties performed in the name of or on behalf of the Bank or its subsidiaries who are issuers of quoted securities, have occasional access to inside information (the so-called “Insiders List”).

In this respect a Regulation is about to be issued to proceduralise the keeping of said Register, defining the grounds and effective date for compulsory entries. Specifically, on the one hand the Regulation lists certain persons who, due to their role and/or duties have permanent access to inside information and, on the other hand, dictates certain criteria according to which persons with occasional access to inside information are identified.

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## Relations with shareholders and the financial community

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

11.P.1.  
11.P.2.

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

Given the size of the Bank and the Group, Intesa Sanpaolo makes use of specialist departments backed by appropriate funding and professional resources.

11.C.2.

The first of these, the Investor Relations Service handles relations with institutional investors, whilst the second, the Corporate Secretariat Service handles relations with shareholders – or shareholder associations – and support to shareholders by providing them with corporate documentation disclosed pursuant to law. Press and media relations in general, in Italy and abroad, are the responsibility of the External Relations Department - Media Relations Service, which in this respect is the main contact also for Group companies. As mentioned above, the Rating Agencies Service is instead dedicated to the management of relations with analysts and rating agencies.

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

11.C.1.

Given this line of transparent communications and in order to make information available promptly and as accessible as possible, Intesa Sanpaolo also uses its website [group.intesasanpaolo.com](http://group.intesasanpaolo.com). The development and constant updating of this reporting channel reflects both the Company's attention to international best practices regarding investor relations and the need to comply with the requirements of regulations on corporate disclosures.

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

The site also contains a section specifically dedicated to the corporate governance of the Bank. Here, users can access information regarding the governance model adopted by the Company. This Report is also published, along with documents and information concerning the organisational structure in general and, in detail, the codes of conduct, regulations and corporate policy that the Company follows in reference to specific issues.

In order to facilitate the exercise of rights, including participation in the Shareholders' Meeting, the Intesa Sanpaolo website also indicates the Shareholder Association contacts that received notice of the previous Shareholders' Meeting held, and of those on which previous issue of communications was based.

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

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## 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 and which are binding on all Shareholders, irrespective of their attendance or dissent.

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

- the appointment and revocation of the Supervisory Board;
- the responsibilities of members of the Supervisory Board and, without prejudice to the concurrent duties of the Supervisory Board, of members of the Management Board;
- the allocation of net income;
- the appointment and revocation of independent auditors;
- the approval of financial statements unless approved by the Supervisory Board;
- transactions reserved by the law to resolution of the Extraordinary Shareholders' Meeting.

11.P.1.

For Intesa Sanpaolo the shareholders' meetings are one of the main opportunities for contact and dialogue with shareholders and are an important occasion for the disclosure of news, in accordance with the principle of non-selective disclosure and rules 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 at the same time guarantee the best quality standards for the information provided. As a matter of fact, shareholders attending the latest meetings are promptly sent the call notice as well as documentation prepared for the agenda of the next meeting, also to make it possible to vote in a well-informed manner.

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

Shareholders' Meetings are called at the registered office of the Company, or other venue 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 at least 30 days before the date of first call in the daily newspaper "Il Sole 24 Ore" and in the Official Gazette.

The Shareholders' Meeting may not resolve on matters not included on the agenda. Therefore, shareholders or groups of shareholders representing at least 1/40 of the share capital can, within 5 days of publication of the call notice, ask that the agenda be integrated with additional topics for discussion (except for matters which, according to law, the Shareholders' Meeting resolves on recommendation from Board Members or on the basis of a project or report prepared by the Boards).

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

11.C.3.

In consideration, also, of the needs of shareholders and institutional investors, it is not envisaged that shareholders file any special prior notice in order to attend the meeting. In fact, the Bank's Articles of Association state that Shareholders with the right to vote may attend the Shareholders' Meeting provided a notice from the authorised intermediary certifying their voting right is received by the Company in time for the start of the Shareholders' Meeting on first call. Voting by proxy is permitted: shareholders not participating directly have the right to delegate a proxy, with equal rights during voting procedures.

11.C.4.

The Management Board Members and Members of the Supervisory Board attend the Shareholders' Meetings in order to make a useful contribution to its work and render discussions more useful. Also attending the Shareholders' Meeting are the saving shareholders' representative, company executives and employees, directors, auditors, Group executives and employees and representatives of the independent auditors. In addition, other persons whose presence is considered useful by the Chairman of the Meeting may participate in the topics for discussion or in the work of the meeting.

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Intesa Sanpaolo has not deemed it necessary to adopt a specific Shareholders' Meeting Regulation. The powers of steering and coordination attributed to the Chairman on this matter by law and the Articles of Association – through the identification, at the beginning of each Meeting, of the main rules to be observed – ensure the orderly and practical conduct of the work of the Meeting and the participation of each Shareholder in related discussions. In any event the shareholders are informed, prior to the start of the meeting, of voting procedures in order that they may make reasoned and well-informed contributions to topics on the agenda.

11.C.5.

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

11.C.6.

In 2008 the ordinary session of the Shareholders' Meeting was called for 30 April. The meeting agenda included approval of the proposed allocation of 2007 net income, dividend allocation and the replacement of resigning Supervisory Board Members Pio Bussolotto and Fabrizio Gianni.

The participation of Shareholders in the Meeting continued to be significant. Specifically, the 2008 Shareholders' Meeting represented 57.86% of ordinary share capital.

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On 3 December 2008 the Special Meeting of Saving Shareholders also met to resolve on the appointment of Paolo Sfameni as Saving Shareholders' Representative for the 2009-2011 period.

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## Corporate social responsibility

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

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

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

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

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

# Part III – Summary Tables

**Table No. 1: “Check List”**

Principles and Criteria of the Corporate Governance Code		Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
<b>1. ROLE OF THE BOARD OF DIRECTORS</b>					
1.P.1.	Listed companies are governed by a Board of Directors that meets at regular intervals, and that adopts an organisation and a modus operandi which enable it to perform its functions in an effective, efficient manner.	✓			page 19, 33 (C.d.S.) page 35 (C.d.G.)
1.P.2.	The Directors act independently and pass resolutions with full knowledge of the facts, pursuing the priority of creating value for the shareholders. Consistent with this goal, they also take into account the directives and policies defined for the group of which the issuer is a member, as well as the benefits deriving from membership of the group.	✓			page 33, (C.d.S.) page 35, 41, 42 (C.d.G.)
1.C.1.	The Board of Directors shall:	✓			page 19 (C.d.S.) page 35 (C.d.G.)
	a) examine and approve the company's strategic, business and financial plans and the corporate structure of the group under its control, the management and control system of the issuer and the group structure;	✓			page 20 (C.d.S.) page 36 (C.d.G.)
	b) evaluate the adequacy of the organisational, administrative and accounting structure of the issuer and its subsidiaries of strategic importance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest;	✓			page 20 (C.d.S.) page 36 (C.d.G.)
	c) delegate powers to the managing directors and to the executive committee and revoke such powers, defining their limits, exercise and frequency. Said frequency shall normally be no less than once every three months, by which deadline the bodies in question must report to the board on activities performed in the exercise of their delegated powers;	✓			page 36 (C.d.G.)
	d) after examining the proposal of the special committee and consulting the board of auditors, determine 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;	✓			page 50 (C.d.G.)
	e) evaluate the general performance of the company, paying particular attention to the information received from various committees, and periodically comparing the results achieved with those planned;	✓			page 37, 39 (C.d.G.)
	f) examine and provide advance approval of transactions carried out by the issuer and its subsidiaries with a significant strategic, economic, equity or financial impact, paying particular attention to transactions in which one or more Directors hold a personal interest or interest on behalf of third parties and, in more general terms, to transactions involving related parties; for this purpose the board establishes general criteria for identifying transactions of significant impact;	✓			page 19, (C.d.S.) page 36, 64 (C.d.G.)

Principles and Criteria of the Corporate Governance Code		Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
	g) at least once a year, evaluate the size, composition and operations of the Board of Directors and its committees, eventually characterising new professional figures whose presence on the board would be considered appropriate;		✓		page 25 (C.d.S.) page 44 (C.d.G.)
	h) provide information in the report on corporate governance regarding the application of this article 1 and, in particular, the number of meetings of the board and of the executive committee, if any, held during the year, plus the related attendance percentage of each director.	✓			page 35 (C.d.S.) page 35, 43 (C.d.G.)
1.C.2.	The directors shall accept the office of director when they consider that they can devote the necessary time for the diligent performance of the duties involved, also taking into account the number of offices already held as director or auditor in other companies quoted on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of considerable size. Based on information received from the directors, on a yearly basis the board shall record the offices of director or auditor held by the directors in other companies and include them in the report on corporate governance.	✓			page 23, 24 (C.d.S.) page 40 (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 effective performance of a director's duties. To this end, the board identifies the general criteria, differentiated according to the commitment entailed in each (executive, non-executive or independent director), as well as the nature and size of the companies in which the office is held, plus whether or not the companies are members of the issuer's group; the board may also take into account the participation of directors in committees established by the board itself.	✓			page 23 (C.d.S.) page 40 (C.d.G.)
1.C.4.	If the shareholders' meeting, when dealing with organisational needs and on a general, preventive basis, authorises exceptions to the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting any critical points at the next shareholders' meeting. To this end, each director shall inform the board on acceptance of appointment of any activities exercised in competition with the issuer and of any subsequent significant amendments.	✓			page 40 (C.d.G.)
<b>2. COMPOSITION OF THE BOARD OF DIRECTORS</b>					
2.P.1.	The Board of Directors shall be made up of executive and non-executive directors.	✓			page 38 (C.d.G.)
2.P.2.	Non-executive directors shall bring their specific expertise to board discussions and contribute to the making of balanced decisions paying particular care in areas where conflicts of interest may exist.	✓			page 33 (C.d.S.) page 38 (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 board decisions.	✓			page 38 (C.d.G.)
2.P.4.	It is appropriate to avoid a concentration of corporate offices on one person only.	✓			page 38 (C.d.G.)

Principles and Criteria of the Corporate Governance Code		Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
2.P.5.	Where the Board of Directors has delegated management powers to the chairman, it shall disclose adequate information in the report on corporate governance on the reasons for such an organisational decision.			✓	page 38 (C.d.G.)
2.C.1.	<p>The following are executive directors:</p> <ul style="list-style-type: none"> <li>– managing directors of the issuer or a subsidiary of strategic importance, including related chairmen when these are granted individual management powers and when they play a specific role in the definition of business strategies;</li> <li>– directors vested with management duties in the issuer or in one of its subsidiaries of strategic importance, or in the parent company when the office also concerns the issuer;</li> <li>– directors who are members of the executive committee of the issuer, when no managing director is appointed or when participation in the executive committee, taking into account the frequency of meetings and the purpose of related resolutions, entails the systematic involvement of its members in the day-to-day management of the issuer.</li> </ul> <p>The granting of powers only in cases of urgency to directors not provided with management powers is insufficient, per se, for their identification as executive directors, unless such powers are actually exercised with considerable frequency.</p>	✓			page 38 (C.d.G.)
2.C.2.	The directors must be fully aware of the duties and responsibilities relating to their office. The chairman of the Board of Directors shall ensure that directors participate in initiatives aimed at increasing their business and corporate awareness, also with regard to the relevant regulatory framework, so that they may carry out their role effectively.	✓			page 33 (C.d.S.) page 44 (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, or if the office of chairman is covered by the person controlling the issuer, the board shall designate a lead independent director to act as coordination contact for the requests and contributions of non-executive directors and, in particular, those classed as independent pursuant to Article 3 below.			✓	

### 3. INDEPENDENT MEMBERS

3.P.1.	An adequate number of non-executive directors shall be independent, in the sense that they have no current or recent business relations, direct or indirect, with the issuer or entities linked to the issuer, of significance sufficient to influence their independent judgement.	✓			page 24 (C.d.S.) page 39 (C.d.G.)
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Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
3.P.2. The directors' independence shall be periodically assessed by the Board of Directors. The results of the board's assessments shall be communicated to the market.	✓			page 39 (C.d.G.)
3.C.1. The Board of Directors shall evaluate the independence of its non-executive members having regard more to content than to form and keeping in mind that a director does not usually appear to be independent in the following circumstances, to be considered merely examples: <ul style="list-style-type: none"> <li>a) if directly or indirectly he/she controls the issuer also through subsidiaries, trustees or a third party, or is able to exercise significant influence over the issuer, or participates in a shareholders' agreement through which one or more persons may exercise control or significant influence over the issuer;</li> <li>b) if he/she is, or in the preceding three years has been, a significant representative of the issuer, of a subsidiary of strategic importance or of a company under joint control with the issuer, or of a company or entity with full or part control over the issuer through a shareholders' agreement, or is able to exercise considerable influence over the issuer;</li> <li>c) if he/she, 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) has, or in the preceding year has had, a significant commercial, financial or professional relationship:               <ul style="list-style-type: none"> <li>– with the issuer, one of its subsidiaries, or any of its significant representatives;</li> <li>– with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or                   <ul style="list-style-type: none"> <li>– in case of a company or an entity – with related strategic representatives;</li> </ul> </li> </ul> </li> <li>d) if he/she receives, or has received in the preceding three 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 share-based payments;</li> <li>e) if he/she has been a director of the issuer for more than nine years in the last twelve years;</li> <li>f) if he/she is vested with executive director office in another company in which an executive director of the issuer holds the office of director;</li> <li>g) if he/she is shareholder or director of a legal entity belonging to the same network as the company appointed as independent auditor of the issuer;</li> <li>h) if he/she is a close relative of a person who holds any position listed in the above paragraphs.</li> </ul>	✓			page 24 (C.d.S.)

Principles and Criteria of the Corporate Governance Code		Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
3.C.2.	For the purposes of the above, "strategic representatives" of a company or entity are: the chairman of the entity, legal representative, chairman of the board of directors, executive directors and managers with strategic positions in the company or entity concerned	✓			page 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.	✓			page 21, 25 (C.d.S.)
3.C.4.	The Board of Directors shall evaluate, after the appointment of a director who qualifies as independent, and thereafter at least once a year, on the basis of information provided by that director or in any event available to the issuer, those relations which could be or appear to be such as to jeopardize the independent judgement of that director. The Board of Directors shall notify the result of its evaluations, on the occasion of the appointment, through a press release to the market and, subsequently, within the report on corporate governance, specifying, with adequate reasons, whether any criteria have been adopted other than those indicated herein.	✓			page 23, 24, 39 (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, disclosing the results of such evaluations to the market in the corporate governance report or in the board of auditors' report to the shareholders' meeting.	✓			page 25 (C.d.S.)
3.C.6.	The independent directors shall meet at least once a year without the presence of other directors.		✓		page 25 (C.d.S.)
<b>4. TREATMENT OF CORPORATE INFORMATION</b>					
4.P.1.	Directors and members of the Board of Auditors shall keep confidential the documents and information acquired in the performance of their duties and shall comply with the procedure adopted by the issuer for the internal handling and disclosure to third parties of such documents and information.	✓			page 66

Principles and Criteria of the Corporate Governance Code		Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
4.C.1.	The managing directors shall ensure the correct handling of corporate information; to this end they shall propose to the Board of Directors the adoption of a procedure for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to price sensitive information.	✓			page 66
<b>5. ESTABLISHMENT AND DUTIES OF COMMITTEES OF THE BOARD OF DIRECTORS</b>					
5.P.1.	The Board of Directors shall establish among its members one or more committees with proposing and consulting functions in accordance with the articles below.	✓			page 25 (C.d.S.) page 41 (C.d.G.)
5.C.1.	The establishment and functioning of committees within the Board of Directors shall meet the following criteria:	✓			page 25 (C.d.S.)
	a) committees shall be made up of at least three members. However, where the issuer Board of Directors is made up of no more than five members, committees may be made up of two directors only, provided that they are both independent;				
	b) the duties of individual committees are provided by the resolution by which they are established and may be supplemented or amended by a subsequent resolution of the Board of Directors;	✓			page 25 (C.d.S.)
	c) the functions that the Code attributes to different committees may be distributed in a different manner or delegated to a number of committees less than that envisaged, provided that the composition adopted complies with rules indicated from time to time by the Code and the achievement of underlying objectives is ensured;	✓			page 25 (C.d.S.)
	d) minutes shall be drafted of the meetings of each committee;	✓			page 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;	✓			page 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;	✓			page 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 content of their assigned tasks and the activity actually performed during the year, specifying the number of meetings held and the relevant attendance percentage of each member.	✓			page 26 (C.d.S.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
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## 6. APPOINTMENT OF DIRECTORS

6.P.1.	The appointment of Directors shall occur according to a transparent procedure. It shall ensure, inter alia, prompt and adequate information on the personal and professional characteristics of the candidates.	✓		page 21 (C.d.S.) page 37 (C.d.G.)
6.P.2.	The Board of Directors shall evaluate whether to establish among its members a nomination committee made up of directors, the majority of which are independent.	✓		page 25 (C.d.S.)
6.C.1.	The lists of candidates to the office of director, accompanied by exhaustive information on the personal characteristics and professional qualifications of the candidates with an indication where appropriate of their eligibility to qualify as independent directors as defined in Article 3, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete with information on the characteristics of the candidates, shall be promptly published on the issuer website.	✓		page 21 (C.d.S.)
6.C.2.	Where established, the nomination committee may be vested with one or more of the following functions: a) 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 required in order to replace an independent director; b) designate candidates to the position of independent director for submission to the shareholders' meeting of the issuer, taking into account any recommendation in this regard received from shareholders; c) express opinions to the Board of Directors regarding the size and composition of the board and, if appropriate, with regard to the professional skills considered adequate for a position on the board.	✓		page 27 (C.d.S.)

## 7. BOARD MEMBER REMUNERATION

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.	✓		page 50 (C.d.S.) page 50 (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 the medium-long term.	✓		page 50 (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.	✓		

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
7.C.1. A significant part of the remuneration of executive directors and executives with strategic responsibilities is related 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 abovementioned executives, by the managing directors.	✓			page 28 (C.d.S.) page 50 (C.d.G.) page 51, 52
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 – other than for an insignificant portion – be related to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of share-based payment schemes, unless it is so decided by the shareholders' meeting, which shall also give the relevant reasons.	✓			page 28, 50 (C.d.S.) page 50 (C.d.G.)
7.C.3. The remuneration committee shall: – formulate proposals to the board for the remuneration of the managing directors and other directors in charge of 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.	✓			page 28 (C.d.S.)
7.C.4. No director shall participate in meetings of the remuneration committee in which proposals are submitted to the Board of Directors relating to his/her personal remuneration.	✓			page 50 (C.d.S.)
<b>8. INTERNAL CONTROL SYSTEM</b>				
8.P.1. The internal control system is the set of rules, procedures and organizational structures aimed at enabling a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of the main risks.	✓			page 55
8.P.2. An effective internal control system contributes to safeguard the company's assets, the efficiency and effectiveness of business transactions, the reliability of financial information, and compliance with laws and regulations.	✓			page 55
8.P.3. The Board of Directors shall evaluate the adequacy of the internal control system with respect to the characteristics of the company.	✓			page 55

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
<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 financial statements and half-yearly reports and the relationships between the issuer and the external auditor are supported by an adequate preliminary activity. To such purpose the Board of Directors shall establish an internal control committee, made up of non-executive directors, the majority of which are independent. If the issuer is controlled by another listed company, the internal control committee shall be made up exclusively of independent directors. At least one member of the committee must have an adequate experience in accounting and finance, to be evaluated by the Board of Directors at the time of his/ her appointment.</p>	✓			page 56
<p>8.C.1. The Board of Directors, together with the internal control committee, shall:</p> <p>a) define the guidelines of the internal control system, so that the main risks concerning the issuer and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, determining the criteria for establishing whether such risks are compatible with sound, correct management of the company;</p> <p>b) identify an executive director (usually one of the managing directors) to supervise operations of the internal control system;</p> <p>c) evaluate, at least on an annual basis, the adequacy, effectiveness and actual operations 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 system's overall adequacy.</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 company policies.</p>	✓			page 36 (C.d.G.) page 55
<p>8.C.2. The Board of Directors shall exercise its duties with regard to the internal control system taking into due consideration the reference models and the best practices existing at national and international level. Particular attention shall be devoted to the organisation and management models adopted pursuant to Italian Legislative Decree no. 231 of 8 June 2001.</p>	✓			page 55, 62

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
<p>8.C.3. In addition to assisting the Board of Directors in the performance of the duties set out in criterion 8.C.1, the internal control committee shall:</p> <ul style="list-style-type: none"> <li>a) evaluate together with the manager responsible for preparing the Company's financial reports and the auditors, the correct application of the accounting standards and, for groups, their consistency for the purpose of preparation of the consolidated financial statements;</li> <li>b) on request from the executive director, express opinions on specific aspects relating to identification of the principal risks for the company as well as on the design, implementation and management of the internal control system;</li> <li>c) review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them;</li> <li>d) evaluate the proposals submitted by the independent auditors with regard to their assignment, as well as the audit plan and the results described in the report and letter of recommendations, if any;</li> <li>e) supervise the efficiency of the auditing process;</li> <li>f) perform any additional duties assigned by the Board of Directors;</li> <li>g) report to the board, at least on a half-yearly basis, at the time of approval of the financial statements and half-yearly report, on the activity carried out, as well as on the adequacy of the internal control system.</li> </ul>	✓			page 56 (C.d.S.)
<p>8.C.4. The chairman of the Board of Auditors or another auditor designated by the chairman of the board shall participate in internal control duties.</p>			✓	
<p>8.C.5. The executive director responsible for supervising operations of the internal control system, shall:</p> <ul style="list-style-type: none"> <li>a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to review by the Board of Directors;</li> <li>b) implement 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;</li> <li>c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control.</li> </ul>	✓			page 55
<ul style="list-style-type: none"> <li>b) implement 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;</li> </ul>	✓			
<ul style="list-style-type: none"> <li>c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control.</li> </ul>	✓			

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
<p>8.C.6. Each person in charge of internal control shall:</p> <p>a) ensure that the internal control system remains adequate, fully operative 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 adequate means made available for the performance of his/her assigned duties;</p> <p>e) report on his/her activity to the internal control committee and the board of auditors; moreover, he/she could also be required to report to the executive director responsible for the supervision of operations of the internal control system. In particular, he/she shall report on risk management procedures, and on compliance with plans defined for their reduction, expressing his/her evaluation of the internal control system's ability to pursue an acceptable overall risk profile.</p>	✓			page 61
<p>8.C.7. The issuer shall establish an internal audit department. The person responsible for internal control shall normally be the internal audit manager.</p>	✓			page 61
<p>8.C.8. The internal audit department may be entrusted, as a whole or by business segments, to entities external to the issuer, provided, however, that they are endowed with adequate professionalism and independence; these persons may also be responsible for internal control. The adoption of such organisational choices, with a satisfactory explanation of the relevant reasons, shall be disclosed to the shareholders and the market in the report on corporate governance.</p>			✓	
<b>9. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES</b>				
<p>9.P.1. The Board of Directors shall adopt measures to ensure that transactions in which a director has a personal interest or interest 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>	✓			page 29 (C.d.S.) page 36 (C.d.G.) page 64, 65
<p>9.C.1. The Board of Directors shall, after consulting the internal control committee, establish approval and implementation procedures for transactions carried out by the issuer, or its subsidiaries, with related parties. It shall define, in particular, the specific transactions (or shall determine the criteria for identifying such transactions), which must be approved after consulting the internal control committee and/or with support from independent experts.</p>	✓			page 29, 36, 64, 65

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
9.C.2. The Board of Directors shall adopt suitable operating solutions to facilitate the identification and adequate handling of situations in which a director has a personal interest or interest on behalf of third parties.	✓			page 65
<b>10. MEMBERS OF THE BOARD OF AUDITORS</b>				
10.P.1. The appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, prompt and adequate information on the personal and professional characteristics of the candidates.	✓			page 21 (C.d.S.)
10.P.2. The auditors shall act with complete independence, also vis-à-vis their electing shareholders.	✓			page 34 (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.	✓			page 21, 33 (C.d.S.)
10.C.1. The lists of candidates for the position of auditor, accompanied by detailed information on the personal traits and professional qualifications of the candidates, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete with information on the characteristics of the candidates, shall be promptly published on the issuer website.	✓			page 21 (C.d.S.)
10.C.2. The auditors shall be chosen from among persons who may be qualified as independent also on the basis of criteria provided in this Code with reference to directors. The Board of Auditors shall check compliance with said criteria after appointment and thereafter on an annual basis, including the result of such verification in the report on corporate governance.	✓			page 23, 25 (C.d.S.)
10.C.3. The auditors shall accept appointment when they believe they can devote the time necessary for the diligent performance of their duties.	✓			page 23 (C.d.S.)
10.C.4. An auditor with an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall promptly and exhaustively inform the other auditors and the chairman of the board of the nature, terms, origin and extent of his/her interest.	✓			page 34 (C.d.S.)
10.C.5. The board of auditors shall monitor the independence of the independent auditors, verifying both compliance with legal provisions and regulations governing such matters, and the nature and extent of services other than accounting control provided to the issuer and its subsidiaries by the independent auditors and the entities belonging to the independent auditor's network.	✓			page 20 (C.d.S.) page 59
10.C.6. As part of their activities, the auditors may call upon the internal audit department to audit specific operating areas or transactions of the company.	✓			page 29 (C.d.S.)
10.C.7. The board of auditors and the internal control committee shall promptly exchange material information for the performance of their respective duties.			✓	

**11. RELATIONS WITH SHAREHOLDERS**

11.P.1.	The Board of Directors shall launch initiatives to promote the broadest participation possible of shareholders in the shareholders' meetings and facilitate the exercise of shareholders' rights.	✓	page 67, 68
11.P.2.	The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on a reciprocal understanding of their roles.	✓	page 67
11.C.1.	The Board of Directors shall ensure that access to information concerning the issuer and of significance to its shareholders is prompt and easily accessible, so as to provide shareholders with information appropriate in the exercise of their rights. For this purpose, the issuer shall establish a specific, easily identifiable and accessible section on its website, in which the abovementioned information is available, with particular reference to procedures regarding attendance and the exercise of voting rights at shareholders' meetings, as well as documentation relating to items on the agenda of shareholders' meetings, including the lists of candidates for the positions of director and auditor with an indication of the relevant personal traits and professional qualifications.	✓	page 67
11.C.2.	The Board of Directors shall ensure that a person is identified as responsible for handling the relations with the shareholders and shall from time to time evaluate whether it would be advisable to establish a department for this purpose.	✓	page 67
11.C.3.	The Board of Directors shall make every attempt to reduce restrictions and obligations that make it difficult for shareholders to participate in shareholders' meeting and exercise their voting rights.	✓	
11.C.4.	Normally, all directors are expected to attend 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 activity performed and planned and shall make every effort to ensure that shareholders receive adequate information on elements necessary for them to make reasoned decisions at the shareholders' meeting.	✓	page 69
11.C.5.	The Board of Directors shall submit rules for approval by the shareholders' meeting on procedures to be followed for 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 items on the agenda.	✓	page 69
11.C.6.	In the event of a significant change in the market capitalisation of the company, the composition and/or the number of shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the Articles of Association with regard to the minimum percentage required for the exercise of shares and rights provided to protect minority interests.	✓	page 69

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	See Report page
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## 12. THE TWO-TIER OR ONE-TIER MANAGEMENT AND CONTROL SYSTEM

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

**Table no. 2: Composition of the Supervisory Board and Committees**

Director	Office	Independent pursuant to the Corporate Governance Code	No. of other offices held	Control Committee	Nomination Committee	Remuneration Committee	Strategy Committee	Financial Statements Committee
Giovanni Bazoli	Chairman		3		X		X	
Antoine Bernheim	Deputy Chairman		17				X	
Rodolfo Zich	Deputy Chairman	X	1		X		X	
Carlo Barel di Sant'Albano	Director		4				X	
Pio Bussolotto (up to 07/4/2008)	Director		1				X (up to 07/04/2008)	
Rosalba Casiraghi	Director	X	7	X				
Marco Ciabattoni (from 30/4/2008)	Director	X						X (from 20/05/2008)
Giovanni Costa	Director	X	1				X (from 20/05/2008)	X (up to 19/05/2008)
Franco Dalla Sega	Director and Secretary to the Board	X	8					
Gianluca Ferrero	Director	X	12					X
Angelo Ferro	Director	X	4		X			
Pietro Garibaldi	Director	X		X				
Fabrizio Gianni (up to 27/04/2008)	Director	X			X (up to 27/04/2008)			
Giulio Lubatti Stefano	Director	X	1	X		X		
Giuseppe Mazzaello	Director	X	1		X			
Eugenio Pavarani	Director	X	3			X		X
Gianluca Ponzellini	Director	X	16	X		X		
Gianguido Sacchi Morsiani	Director	X	1					X
Ferdinando Targetti	Director	X						X
Livio Torio	Director	X	4	X				
Riccardo Varaldo (from 30/4/2008)	Director	X	2		X (from 20/05/2008)			

**Table No. 3: List of other management or control offices of Members of the Supervisory Board in other companies quoted on regulated markets (also abroad), in financial, banking, insurance or large companies**

Director	Office	Company
Giovanni Bazoli	Director	Alleanza Assicurazioni S.p.A.
	Chairman	Mittel S.p.A.
	Member Supervisory Board	UBI Banca S.p.A.
Antoine Bernheim	Deputy Chairman	Alleanza Assicurazioni S.p.A.
	Director	AMB Generali Holding AG
	Chairman	Assicurazioni Generali S.p.A.
	Director (representative of Assicurazioni Generali S.p.A.)	Banco Santander Central Hispano S.A.
	Deputy Chairman and Director	Bolloré S.A.
	Director	B.S.I. – Banca della Svizzera Italiana
	Director	Christian Dior S.A.
	Director	Christian Dior Couture S.A.
	Director	Ciments Francais S.A.
	Member Supervisory Board	Eurazeo S.A.
	Director	Generali Espana Holding de Entidades de Seguros S.A.
	Director	Generali France
	Director	Generali Holding Vienna AG
	Director	Havas S.A.
Deputy Chairman and Director	LVMH Moet Hennessy Louis Vuitton	
Director	Mediobanca S.p.A.	
Director	Graafschap Holland AG	
Rodolfo Zich	Director	Innogest SGR S.p.A.
Carlo Barel di Sant'Albano	Director	Alpitour S.p.A.
	Director	FIAT S.p.A.
	Managing Director and Director	EXOR S.p.A. (già IFIL Investments S.p.A.)
	Director	Juventus F.C. S.p.A.
Pio Bussolotto (up to 07/04/2008)	Director and Member Executive Committee	Banca delle Marche S.p.A.
Rosalba Casiraghi	Chairman, Board of Auditors	Banca CR Firenze S.p.A.
	Chairman, Board of Auditors	Nuovo Trasporto Viaggiatori S.p.A.
	Standing Auditor	Industrie De Nora S.p.A.
	Director	Luisa Spagnoli S.p.A.
	Director	Spa.Im S.r.l.
	Director	Spa.Pi. S.r.l.
	Director	Alto Partners SGR S.p.A.
Marco Ciabattoni (from 30/4/2008)		
Giovanni Costa	Director	Edizione S.r.l. (già Edizione Holding S.p.A.)
Franco Dalla Sega	Chairman, Board of Auditors	Hopa S.p.A.
	Chairman, Board of Auditors	Intesa Previdenza SIM S.p.A.
	Chairman, Board of Auditors	Mittel Investimenti Immobiliari S.r.l.
	Chairman, Board of Auditors	Mittel Private Equity S.p.A.
	Standing Auditor	Mittel S.p.A.
	Standing Auditor	Progressio SGR S.p.A.
	Chairman, Board of Auditors	Torino Zerocinque Trading S.p.A.
	Alternate Auditor	Carisma SGR S.p.A.

Consigliere	Carica	Società
Gianluca Ferrero	General Partner	Giovanni Agnelli e C. Sapaz
	Standing Auditor	Alberto Lavazza e C. S.a.p.a.
	Director and Member Executive Committee	Banca del Piemonte S.p.A.
	Alternate Auditor	COFINCAF S.p.A.
	Standing Auditor	Emilio Lavazza S.a.p.a.
	Standing Auditor	Fenera Holding S.p.A.
	Sole Director	FIBE S.r.l.
	Alternate Auditor	Gabriel Fiduciaria S.r.l.
	Chairman, Board of Auditors	Luigi Lavazza S.p.A.
	Standing Auditor	Pictet Fiduciaria (in liquidazione) S.r.l.
	Standing Auditor	Tecnodelta S.p.A.
	Alternate Auditor	Reale Mutua Assicurazioni
	Angelo Ferro	Chairman
Chairman		Pavan S.r.l.
Director		R.C.S. Quotidiani S.p.A.
Director		Società Cattolica di Assicurazione Soc. Coop.
Pietro Garibaldi		
Fabrizio Gianni (up to 27/04/2008)		
Giulio Stefano Lubatti	Director	Tokos SGR S.p.A.
Giuseppe Mazzarello	Managing Director	P. Ferrero & Co. S.p.A.
Eugenio Pavarani	Chairman, Board of Auditors	Intesa Mediofactoring S.p.A.
	Standing Auditor	Roche Diagnostic S.p.A.
	Standing Auditor	Roche Pharma S.p.A.
Gianluca Ponzellini	Standing Auditor	Autogrill International S.r.l.
	Standing Auditor	Autogrill S.p.A.
	Chairman, Board of Auditors	Banca IMI S.p.A.
	Standing Auditor	Casa Editrice Universo S.p.A.
	Alternate Auditor	CIR S.p.A. – Compagnie Industriali Riunite
	Chairman, Board of Auditors	De'Longhi Appliances S.r.l.
	Chairman, Board of Auditors	De'Longhi Capital Services S.p.A.
	Chairman, Board of Auditors	De'Longhi S.p.A.
	Chairman, Board of Auditors	Finmar S.p.A.
	Standing Auditor	G.S. S.p.A.
	Alternate Auditor	Ital Press Holding S.p.A.
	Alternate Auditor	Ital Press San Biagio S.p.A.
	Chairman, Board of Auditors	Luisa Spagnoli S.p.A.
	Director	Schemaventotto S.p.A.
	Chairman, Board of Auditors	Spa.Pi S.r.l.
Chairman, Board of Auditors	Spa.Im S.r.l.	
Gianguido Sacchi Morsiani	Director	Equitalia Polis S.p.A.
Ferdinando Targetti		
Livio Torio	Standing Auditor	Banca di Credito Sardo S.p.A.
	Chairman, Board of Auditors	Mediocredito Italiano S.p.A.
	Alternate Auditor	Intesa Sec 3 S.r.l.
	Chairman, Board of Auditors	Setefi S.p.A.
Riccardo Varaldo (from 30/4/2008)	Director	Finmeccanica S.p.A.
	Director	Piaggio & C. S.p.A.

**Table No. 4: Composition of the Management Board and Work Groups**

Director	Office	Executive	Non-executive	Independent pursuant to art. 148, Consolidated Law on Finance	No. of other offices held	Business Plan/Budget Work Group	Consolidated and Parent Company's financial statements/Interim reports Work Group	Bank Equity Profile Work Group
Enrico Salza	Chairman		X	X	2			
Orazio Rossi	Deputy Chairman		X		2	X		
Corrado Passera	Managing Director and CEO	X			1			
Aureliano Benedetti	Director		X		3		X	
Elio Catania	Director		X	X	2	X		X
Giuseppe Fontana	Director		X		5	X		
Gian Luigi Garrino	Director		X		3		X	X
Virgilio Marrone	Director		X	X	3		X	X
Emilio Ottolenghi	Director		X		6		X	X
Giovanni Perissinotto	Director		X	X	6		X	
Marcello Sala	Director		X		4	X	X	

**Table No. 5: List of other management or control offices of Members of the Management Board in other companies quoted on regulated markets (also abroad), in financial, banking, insurance or large companies**

Director	Office	Company
Enrico Salza	Chairman Managing Director	Italconsult S.r.l. Tecno Holding S.p.A.
Orazio Rossi	Chairman Director	Cassa di Risparmio del Veneto S.p.A. Mediocredito Italiano S.p.A.
Corrado Passera	Director	RCS MediaGroup S.p.A.
Aureliano Benedetti	Chairman Chairman Director	Banca CR Firenze S.p.A. Centrovita Assicurazioni S.p.A. Banca Imi S.p.A.
Elio Catania	Chairman and Managing Director Director	Azienda Trasporti Milanese S.p.A. Telecom Italia S.p.A.
Giuseppe Fontana	Director Director Managing Director Deputy Chairman Deputy Chairman	Banca Fideuram S.p.A. Banca Popolare di Sondrio S.c.p.A. Fontana Luigi S.p.A. Fontana Finanziaria S.p.A. Villa d'Este S.p.A.
Gian Luigi Garrino	Chairman Chairman Deputy Chairman	Equiter S.p.A. Fondaco SGR S.p.A. Risk Management S.p.A.
Virgilio Marrone	Director Director Director	Exor S.p.A. Fiat S.p.A. Old Town S.A. - Luxembourg
Emilio Ottolenghi	Chairman Chairman Chairman Chairman Director Chairman, Supervisory Board	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. La Petrolifera Italo Albanese Sh.A. (Albania)
Giovanni Perissinotto	Managing Director Chairman Deputy Chairman Director Director Director	Assicurazioni Generali S.p.A. Banca Generali S.p.A. BSI S.A. Ina Assitalia S.p.A. Toro Assicurazioni S.p.A. Pirelli & C. S.p.A.
Marcello Sala	Director Director Director Director	Banca Imi S.p.A. Sanpaolo Imi Fondi Chiusi SGR S.p.A. Banca ITB S.p.A. Bank of Alexandria

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