

Report on Corporate Governance and Ownership Structures



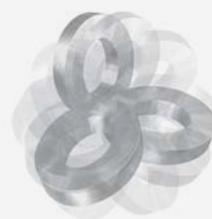
This is an English translation of the Italian original "Relazione sul Governo Societario e gli Assetti Proprietari" and has been prepared solely for the convenience of the reader.

Report on Corporate Governance and Ownership Structures

19 March 2010

Intesa Sanpaolo S.p.A. Registered office: Piazza San Carlo, 156 10121 Torino Secondary registered office: Via Monte di Pietà, 8 20121 Milano Share capital 6,646,547,922.56 Euro fully paid-in Registration number on the Torino Company Register and Fiscal Code 00799960158 VAT number 10810700152 Registration number on the National Register of Banks 5361 ABI Code 3069.2 Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund, and Parent Company of "Intesa Sanpaolo" banking group, included in the National Register of Banking Groups.

Intesa Sanpaolo was awarded the Special Award for Corporate Governance during the ceremony for the Oscar di Bilancio 2009. The event Oscar di Bilancio, under the High Patronage of the President of the Italian Republic, has been promoted and organised by FERPI (Italian Federation of Public Relations) with the sponsorship and support of CERVED; with the support of ACRI, AIIA, ANIA, ASSOLOMBARDA, BORSA ITALIANA, CONSIGLIO NAZIONALE DOTTORI COMMERCIALISTI E DEGLI ESPERTI CONTABILI; and with the collaboration of AIAF; AIRE; ANDAF; ANIMA per il sociale nei valori d'impresa; ASSIREVI; ASSOGESTIONI; FEEM, FONDAZIONE SODALITAS, IL SOLE 24 ORE, NEDCOMMUNITY.



Premio Speciale
per la Governance
Societaria

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Glossary

Bank of Italy:

the Bank of Italy - central bank of the Republic of Italy and part of the European System of Central Banks and the Eurosystem - is a public institution whose main functions aim at granting, among other, the stability and efficiency of the financial system by pursuing sound and prudent management of financial intermediaries as well as compliance with relevant laws in force

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" promoted 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 same, 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.

Supervisory Provisions:

provisions issued by the Bank of Italy as part of its regulatory functions, applicable to banks and banking groups

New Supervisory Provisions:

"Supervisory Provisions concerning Banks' organisation and corporate governance", adopted by the Bank of Italy on 4 March 2008

Joint Bank of Italy/Consob Regulation:

regulation issued jointly, pursuant to the Consolidated Law on Finance, by the Bank of Italy and Consob on 29 October 2007, governing the organisation and procedures of intermediaries providing investment services

Issuers' Regulation:

regulation implementing the Consolidated Law on Finance and governing issuers, adopted by Consob Resolution 11971 dated 14 May 1999, and subsequent amendments thereto

Borsa Italiana Regulations:

regulations governing markets organised and managed by Borsa Italiana S.p.A.

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 (CLF):

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

Introduction

The aim of this Report – the text of which is available on the website www.group.intesasanpaolo.com under the section “Governance” – is to provide shareholders, investors and the market with clear and complete information on Intesa Sanpaolo’s corporate governance system and compliance with the Corporate Governance Code, published on-line by Borsa Italiana (www.borsaitaliana.it/documenti/regolamenti/corporategovernance/corporategovernance.htm).

Art. 123-bis (2), (a)
CLF

The Report has been prepared in accordance with Article 123-bis of the Consolidated Law on Finance, which requires issuers to provide the market yearly with a set of information, precisely identified by the said Article, on their ownership structures, their compliance to some corporate governance code, their corporate bodies structure and operation as well as their corporate governance practices.

In compliance with this law requirement, the Report provides a general description of the Bank’s governance and information on its ownership structure, along with information, broken down by topic, on compliance with the individual provisions of the Code and the disclosure of any departures, including their reasons, also with regard to peculiarities connected with the Bank’s adoption of a dual management and control model.

Specifically, the Report is divided into four parts. Part I provides a brief description of the Bank and its governance model, together with a description of the Group’s structure. Part II discloses information on the ownership structure, save that included in Part III to greater clarity. Part III contains – all together with the reasons that led the Bank to adopt a dual governance model – more precise information on the Bank’s corporate governance and compliance with the Corporate Governance Code. Lastly, Part IV reports a series of tables providing summary information on the Supervisory Board and the Management Board, and their structures.

With a view to providing greater transparency, margin notes in the Report cite references to the principles and criteria of the Code and the requirements of paragraph 1 (ownership structures) and paragraph 2 (corporate governance) of the aforesaid Article 123-bis. In addition to this, in order to enable immediate discernment of which provisions of the Code have been adopted (with or without amendments) and which have been departed from, two detailed check lists in Part IV reproduce the principles and criteria of the Code and Article 123-bis requirements, with reference provided to the page number of this Report where the specific issue is expressly addressed. The two check-lists should be read together with the specifications and details provided in the Report, regarding the application of individual provisions.

This Report adopts the format used for the 2009 Report, which specifically reflects the dual governance model adopted by the Bank and which has received the Special Award for Corporate Governance.

Unless otherwise stated, the information contained in this Report is updated as at 19 March 2010, the date of the Report’s approval by the Management Board.

This Report was audited for consistency by the independent auditors Reconta Ernst & Young, in accordance with Article 123-bis of the Consolidated Law on Finance. Their findings are published in the Independent Auditors’ Report, prepared in accordance with Article 156 of the Consolidated Law on Finance and annexed to the Bank’s 2009 financial statements.

Adoption of the Corporate Governance Code for listed companies

As mentioned in the Introduction, Intesa Sanpaolo has featured its corporate governance also by the aims and instructions contained in the Corporate Governance Code, with a view to ensuring the effective and transparent separation of the roles and responsibilities of its corporate bodies, and, in particular, also in accordance with supervisory provisions, checks and balances between strategic supervision, management and control functions.

Art. 123-bis (2),
(a) CLF

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

12.P.1.

All the above, with no prejudice to strict compliance with supervisory provisions issued by the Bank of Italy, pursuant to which, Intesa Sanpaolo, as a bank, must however shape its organisational structure

Part I – Profile of the Company and the Group

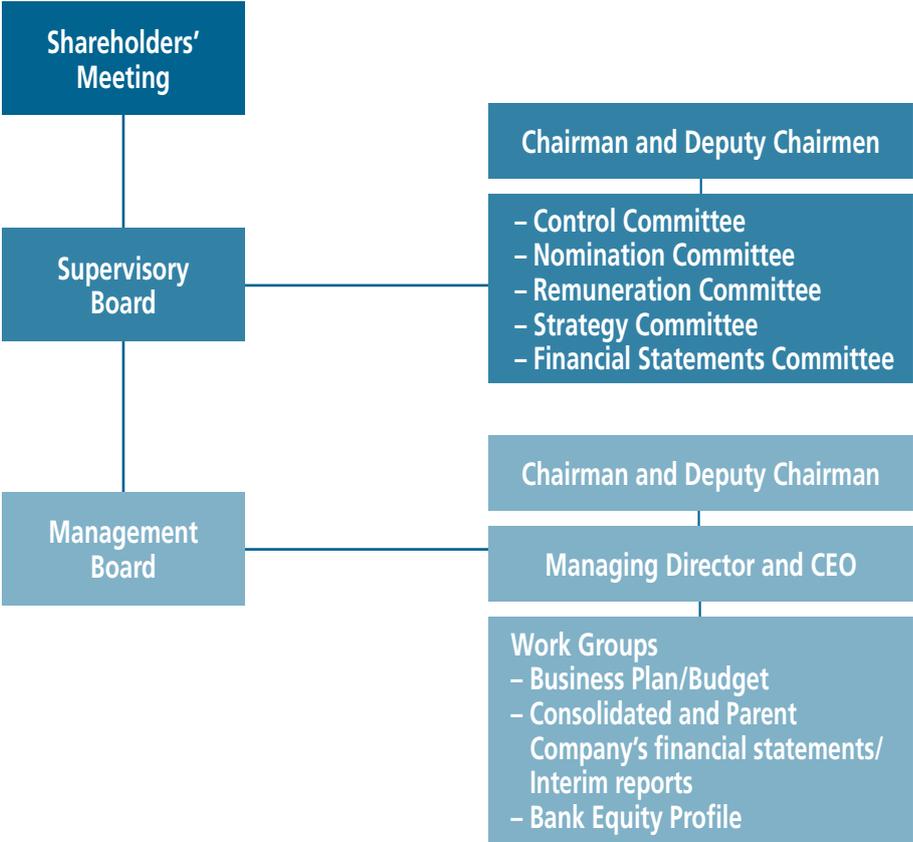
Intesa Sanpaolo is a bank quoted on the MTA market (Mercato Telematico Azionario) organised and managed by Borsa Italiana. The purpose of the Company is the deposit-taking and the carrying out of all forms of lending activities, both directly and through its subsidiaries, together with any other transactions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

Intesa Sanpaolo corporate 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 third part of the Report.



The Corporate Governance Project

In accordance with New Supervisory Provisions, in 2009 Intesa Sanpaolo duly prepared a Corporate Governance Project.

In preparing the Project, the Company conducted a comprehensive review of its corporate governance system, the operation of its Corporate bodies and organisational arrangements adopted, in order to verify compliance with new law framework, also in terms of due separation of roles and responsibilities.

Approved by the Management Board and Supervisory Board, the Project highlighted the underlying motivations for choosing a dual management and control model, by explaining what features make the chosen model best suited to ensuring efficient management and effective control, and provided a description of the statutory provisions and Bank's internal organisation.

In addition to this, adequate information was provided on how the corporate bodies and departments of the Banking Group's various members coordinate, with particular reference to the arrangements adopted to ensure, at both the business and consolidated levels, the effectiveness and efficiency of management and control systems and the organisational structures adopted by subsidiaries.

A detailed description of the organisational structures and corporate governance systems of each subsidiary bank was annexed to the Project, specifying the organisational schemes adopted and the reasons for their adoption.

The Intesa Sanpaolo Group

The 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 homonymous Banking Group and holds controlling interests in other companies belonging to the broader business group. Accordingly, Intesa Sanpaolo is responsible, in accordance with the Consolidated Law on Banking, for the management and coordination of the companies belonging to the Banking Group and, pursuant to Articles 2497 et seq. of the Italian Civil Code, is responsible for the management and coordination of all the companies belonging to both the Banking Group and the business one.

As Parent Company of the Banking Group, Intesa Sanpaolo issues provisions as required to Banking Group members for the implementation of Bank of Italy instructions in the interest of the Banking Group's stability. Banking Group subsidiaries must comply with such provisions.

Intesa Sanpaolo also verifies the compliance with, and adoption of the provisions issued as instructed by the Bank of Italy of individual members of the Banking Group, so as to ensure compliance with supervisory, regulatory and prudential reporting regulations and, with reference to the financial conglomerate, compliance with supplementary supervisory requirements, 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.

In accordance with Legislative Decree 142/2005, the Intesa Sanpaolo Group constitutes 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 safeguards for the stability of the financial conglomerate as a whole and of its member companies.

In its capacity as Parent Company, Intesa Sanpaolo adopts specific risk management procedures and internal control mechanisms for the co-ordinated and unified management of the Group's various companies, with a view to guaranteeing compliance with statutory requirements, ensuring sound and prudent management, safeguarding the profitability and value of the Parent Company's investments and the investments of each Group company, and warding off any potential threat to the capital base of each Group entity.

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 coordinates its own subsidiaries pursuant to art. 2497 of the Italian Civil Code. In addition, without prejudice to its own prerogatives and pursuant to Italian Legislative Decree 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.

By 30 June 2010, Intesa Sanpaolo will comply with new Bank of Italy regulations concerning the management and coordination powers of the parent companies of banking groups over asset management companies belonging to their respective groups. The aim of the new regulations is to balance the exercise of these powers and Group interests against the need to safeguard and strengthen the capacity of asset management companies to act in the exclusive interests of investors.

Under the new regulations, the Bank is required to ensure, among other things, that asset management companies belonging to the Group have the resources necessary to operate efficiently, that their positioning in the Group prevents them from being conditioned by the other distribution networks, and that the companies have the decision-making independence necessary for determining their investment processes and strategies and business policies.

Group Regulations

In consideration of the common business strategy and for the purpose of optimising synergies created by the Group, while at the same time maximising the key strengths of the various entities, the Company has adopted Group Regulations which govern the institutional operations of the Intesa Sanpaolo Group and intragroup transactions in accordance with supervisory regulations, which assign responsibility for the overall consistency of Group governance to the parent company, through management and coordination activities.

The Regulations are the reference discipline for relations between Intesa Sanpaolo and Group companies and between the latter, whose 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 Parent Company also prepares and distributes Group governance documents, targeted at either individual Group members or the Group as a whole and addressing either general governance matters or

specific issues. The management bodies of the companies that receive these documents are required to implement the instructions provided, as far as they are concerned, immediately, promptly informing their senior managers of the requirement in order to identify implementation methods.

The Intesa Sanpaolo Group

The chart below lists the main Intesa Sanpaolo Group subsidiaries, grouped by business area.

Public Finance	Corporate & Investment Banking Division	Banca dei Territori Division	International Subsidiary Banks Division	Other Group subsidiaries
Banca Infrastrutture Innovazione e Sviluppo	Banca IMI	Intesa Sanpaolo	Banca Intesa	Banca Fideuram
	IMI Investimenti	Banca CR Firenze	Banca Intesa Beograd	Eurizon Capital
	Intesa Sanpaolo Bank Ireland	Banca dell'Adriatico	Bank of Alexandria	
	Leasint	Banca di Credito Sardo	Banka Koper	
	Mediofactoring	Banca di Trento e Bolzano	CIB Bank	
	Sanpaolo Bank Luxembourg	Banco di Napoli	Intesa Sanpaolo Bank Albania	
	Société Européenne de Banque	Cassa dei Risparmi di Forlì e della Romagna	Intesa Sanpaolo Bank Romania	
		Cassa di Risparmio del Friuli Venezia Giulia	Intesa Sanpaolo Banka Bosna I Hercegovina	
		Cassa di Risparmio del Veneto	Pravex-Bank	
		Cassa di Risparmio di Venezia	Privredna Banka Zagreb	
		Cassa di Risparmio in Bologna	VUB Banka	
		Casse del Centro		
		Banca Prossima		
		Centrovita Assicurazioni		
		EurizonTutela		
		EurizonVita		
		Intesa Previdenza		
		Intesa Sanpaolo Private Banking		
		Mediocredito Italiano		
		Moneta		
		Sirefid		
		Sud Polo Vita		

Part II – Ownership Structures

Introduction

This part of the Report provides information on the ownership structure of Intesa Sanpaolo, in accordance with Article 123-bis, paragraph 1, of the Consolidated Law on Finance.

However, some of the information required under paragraph 1 has been exhaustively provided in Part III of this Report, to refer to for greater detail.

Specifically, the chapter regarding remuneration and incentive systems contains information on any agreements between the Company and members of the Supervisory Board or Management Board providing for indemnities in the event of resignation, dismissal without just cause, or termination of employment; the chapter regarding shareholders' meetings addresses the matter of shareholder rights and voting rights at meetings; and the chapters regarding the Supervisory Board and the Management Board identify the rules applicable to the appointment and replacement of Board members.

For the purposes of clarity, margin notes are provided in the aforementioned chapters citing references to the provision in question.

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 savings shares (equal to 7.30% of share capital).

Art. 123-bis (1), (a) CLF

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 present, one incentive plan remains for - as at 31 December 2009 - 23,674,000 shares, totalling 12,310,480 euro. The subscription price for this option has been fixed as 3.9511 euro per share.

With the exception of this one stock option plan, no other share-based payment schemes are in place.

Art. 123-bis (1), (m) CLF

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.

Art. 123-bis (1), (d) CLF

No shares exist that confer special controlling interests to their holders.

Ordinary shares and savings shares

Each ordinary share confers the right to cast one vote at ordinary and extraordinary Shareholders' Meetings.

Art. 123-bis (1), (a) CLF

Savings 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 savings shareholders.

Pursuant to the Articles of Association, savings 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 allocations to the legal reserve and the unavailable portion as required by law, shall be distributed to shareholders as follows:

a) a dividend of up to 5% of the nominal value of the non-convertible savings shares shall be distributed to non-convertible savings shares. If in a financial year the dividend is less than 5% of the nominal value

of the non-convertible savings shares, the difference shall be added to the preferred dividend paid in the following two accounting periods;

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 savings shares is higher than that allocated to ordinary shares by 2% of the nominal share value.

Securities traded on Non-European Markets

Art. 123-bis (1), (a) CLF American Depositary Receipts (ADRs), certificates on Intesa Sanpaolo ordinary shares, are outstanding, currently deposited with and managed by the Bank of New York Mellon. Following the deregistration of the ADRs with the SEC, the securities are currently admitted to trading in the United States on the OTC market only.

Treasury shares

Art. 123-bis (1), (m) CLF On 2 April 2009 authorisation to purchasing treasury shares approved by the Shareholders' Meeting of 2 October 2007 – also in order to fulfil commitments linked to acquiring control of Banca Cassa di Risparmio di Firenze - is expired.

As at 31 December 2009 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.

Share Transfers

Art. 123-bis (1), (b) CLF In general, there are no limits envisaged to the possession or transfer of shares.

It should also be specified that, in accordance with shareholder resolutions authorising the purchase of treasury shares, in 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 the end of the three-year period.

Art. 123-bis (1), (e) CLF It should be specified that no employee stock ownership scheme has been adopted at Intesa Sanpaolo.

Shareholder Base

Main Shareholders

Art. 123-bis (1), (c) CLF According to records in the Shareholders' Register and other available information, there are approximately 300,000 Intesa Sanpaolo shareholders. The table below provides the list of shareholders which, to the Bank's knowledge by communications 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	----	9.888%
Crédit Agricole S.A. *		5.982%
	Crédit Agricole S.A.	5.823%
	other group companies	0.159%
Assicurazioni Generali S.p.A		5.073%
	Assicurazioni Generali S.p.A	1.324%
	other group companies	3.749%
Fondazione C.R. Padova e Rovigo	----	4.924%
Fondazione Cariplo	----	4.680%
Ente C.R. Firenze	----	3.378%
Blackrock Inc.	----	3.183%
Fondazione C.R. in Bologna	----	2.734%
Carlo Tassara S.p.A.	----	2.504%

* See the following section on Shareholders' Agreements.

Shareholders' agreements

On 24 April 2009, Crédit Agricole S.A. and Assicurazioni Generali S.p.A. made and entered into a shareholders' agreement, pursuant to Article 122, paragraphs 1 and 5, letters a) and b), of the Consolidated Law on Finance (hereinafter the "First Agreement"). The agreement concerned Company shares and contemplated the possibility of extending the agreement to Fondazione Cariparma. The contents of the First Agreement were disclosed on 1 May 2009. The main terms and conditions of the agreement are summarised below:

- shares subject to the First Agreement: 1,291,270,428 ordinary Company shares, representing 10.897% of Intesa Sanpaolo's ordinary share capital and distributed as follows:

Contracting shareholder	Ordinary shares contributed under the Agreement	% of shareholding contributed under the Agreement	% of ordinary share capital
Crédit Agricole	690,000,000	53.436%	5.823%
Assicurazioni Generali	601,270,428	46.564%	5.074%
TOTAL	1,291,270,428	100.000%	10.897%

- the purpose of the Agreement was to coordinate the exercise of certain shareholder rights and commitments of prior consultation, with a view to preserving and raising over time the book value of the Intesa Sanpaolo shares held. Specifically, the Agreement provided for:
 - prior consultation to establish a common position on agenda items at Intesa Sanpaolo Shareholders' Meeting and Supervisory Board and/or Management Board Meetings, and of strategic interest to the contracting parties;
 - the nomination of a list of candidates for election to the Supervisory Board of Intesa Sanpaolo;
 - consultation on the opportunity of nominating candidates for election to the Management Board of Intesa Sanpaolo;
 - the obligation, binding on each contracting party, not to acquire and/or hold additional Intesa Sanpaolo shares that would raise their respective shareholdings to over 10% of outstanding ordinary Intesa Sanpaolo shares;
- duration of the Agreement: three years, with tacit renewal upon lapse unless either party terminated the agreement with three months' prior notice; withdrawal and cancellation provisions contemplated.

Following the making of the First Agreement, on 14 May 2009 the Italian Competition Authority charged Intesa Sanpaolo under Article 19, paragraph 1 of Law 287/1990, for non-compliance – as to the contents of said Agreement - with the terms set forth in Italian Competition Authority Resolution 16249 dated 20 December 2006, authorising the merger of Banca Intesa and Sanpaolo Imi.

The Bank reserved to adopt every convenient caution with regard to the charges. Crédit Agricole S.A. and Assicurazioni Generali S.p.A., however, on 6 June 2009 announced that on 29 May 2009 they had formally suspended the provisions of the First Agreement until 30 June 2009.

On 25 June 2009, the two shareholders signed a new agreement (herein after the "Second Agreement"), replacing the First Agreement. Although not constituting, in the view of the parties, a shareholders' agreement as per Article 122 of the Consolidated Law on Finance, in the interests of transparency the contents of the new agreement were disclosed on 30 June 2009.

The Second Agreement provided for a prior consultation process between the parties, with the objective of preserving and raising over time the value of their respective Intesa Sanpaolo shareholdings.

Specifically, the Second Agreement:

- excluded matters regarding or in any way impacting competition in the Italian market between Intesa Sanpaolo and the Crédit Agricole Group, and competition in the Italian insurance market between Intesa Sanpaolo and Generali Group, from the scope of prior consultation;
- set forth no provisions for the coordination of the exercise of voting rights;
- set forth no obligation on the parties to jointly nominate and vote for a list of candidates for election to the Supervisory Board or to consult on the appointment of the Management Board.

The duration of the Second Agreement was set at three years, with withdrawal and cancellation

provisions contemplated.

The non-compliance proceeding against Intesa Sanpaolo by the Italian Competition Authority was subsequently extended on 1 July 2009 and again on 7 January 2010.

Further to the foregoing, we report that on 18 February 2010, the Italian Competition Authority postponed the deadline for the non-compliance proceeding to 15 July 2011.

The postponement of the proceeding took account of the signing of an agreement on 17 February 2010, under which Crédit Agricole undertook a series of commitments towards Intesa Sanpaolo (hereinafter the "Commitments") concerning ordinary Intesa Sanpaolo shares held by Crédit Agricole.

While taking no stand as to whether the Commitments, which concern the exercise of voting rights by Crédit Agricole, constitute a "shareholders' agreement", in the exclusive interests of providing complete information, the Commitments were disclosed on 22 February 2010.

Art. 123-
bis (1),
(f) CLF

Below we report an abridged form of the Commitments.

I. ORDINARY INTESA SANPAOLO ("ISP") SHARES HELD BY CREDIT AGRICOLE ("CA") EXCEEDING 5.00% OF THE ORDINARY SHARE CAPITAL ("Restricted Shares")

CA undertakes, commencing from the date of the Commitments:

- (i) not to represent the Restricted Shares in any ISP Shareholders' Meeting;
- (ii) not to exercise the voting rights attaching to the Restricted Shares.

II. PROVISIONS WITH RESPECT TO THE SURPLUS SHAREHOLDING

CA undertakes the following commitments with respect to the "Surplus Shareholding", designating all ordinary ISP shares, excluding the Restricted Shares, held at any time by CA and/or its Affiliates and representing more than [xxx]*% of the ordinary share capital of ISP, with the exception of ISP shares held by CA and/or its Affiliates on behalf of their customers.

Suspension of the Surplus Shareholding voting rights

- (a) CA shall refrain from exercising the voting rights attaching to the Surplus Shareholding after [xx/yy] *2011 (the "Term"), if at said date the Surplus Shareholding has not been sold in full.
- (b) In relation to the provisions of point (a) above, CA shall deposit all shares constituting the Surplus Shareholding held at that time by it or its Affiliates in a securities escrow account opened with a premier Italian or European bank (not representing an Affiliate) by and no later than thirty days from the Term; at the same time CA shall give binding, irrevocable instructions, to be approved in advance by the Italian Competition Authority before the Term, to the depositary bank not to release the shares constituting the Surplus Shareholding for participation at ISP shareholders' meetings and not to exercise the voting rights attaching to said shares.

Exercise of rights attaching to the Surplus Shareholding pending the Term

- (a) Within thirty days, CA shall grant an irrevocable mandate to a monitoring trustee, approved by the Italian Competition Authority, for the nomination of candidates for election to the Supervisory Board, to be exercised solely and exclusively at the ISP ordinary shareholders' meeting to be held at the end of April 2010, and for the exercise until the end of the Term of the voting rights attaching to the Surplus Shareholding, with the sole objective of raising the value of the shares.
- (b) The mandate granted to the monitoring trustee shall comply with the specimen agreed upon by the parties.
- (c) The monitoring trustee shall refrain from exercising the voting rights attaching to the Surplus Shareholding on sensitive matters concerning antitrust matters, as identified in the mandate.
- (d) Solely and exclusively in relation to the ISP ordinary shareholders' meeting to be called for the end of April 2010 for the election of a new Supervisory Board, CA shall, by way of the monitoring trustee, nominate a list of candidates for the office consisting exclusively of one "effective" nominee for the office and one "alternate" nominee, both of whom shall be distinguished, independent of CA, not members of any management and control body of a company engaged in the Italian

banking/finance sector, eligible for independent status, with respect to both ISP and Crédit Agricole, under the “Corporate Governance Code for listed companies”, and approved by the Italian Competition Authority.

- (e) At the ISP shareholders’ meeting called to elect the new Supervisory Board, CA shall vote in favour of the list of candidates nominated as per point (d) above with all the votes attaching to the ordinary shares it holds that are not Restricted Shares.

III. REMAINING SHARES

With regard to any remaining ordinary ISP shares held that are not Restricted Shares or part of the Surplus Shareholding, CA shall:

- (a) not nominate lists of candidates for election to the ISP Supervisory Board, without prejudice to the provisions indicated for the ISP ordinary shareholders’ meeting to be called at the end of April 2010 for the election of a new Supervisory Board;
- (b) not participate in voting for the election of a Supervisory Board.

CA shall undertake all the Commitments on behalf of itself and its Affiliates, designating any company directly or indirectly controlled by, or with control over, or subject to the joint control of CA, in accordance with Article 7 of Law 287 dated 10 October 1990.

The Commitments shall take effect commencing as of their signing (i.e. 17 February 2010) and shall be binding until their complete performance.

* omitted as required by the Italian Competition Authority

Further to the foregoing, we report that, on 21 February 2010, Assicurazioni Generali and Crédit Agricole announced that the Second Agreement would lapse and be terminated on 19 March 2010.

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

“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.

Allocated Assets

As at the reporting date, Intesa Sanpaolo has not allocated assets for specific dealings in accordance with the Italian Civil Code.

Art. 123-bis, (1)
(h) CLF

Part III – Information on the adoption of the Corporate Governance Code and other information on corporate governance

The dual management and control system: developments in governance

Intesa Sanpaolo has adopted the dual management and control model, consisting of a supervisory board and a management board, in line with the provisions of articles 2409-octies et seq of the Italian Civil Code and articles 147-ter et seq of the Consolidated Law on Finance.

12.P.2.
12.P.3.

The choice of the dual model – operational as of 2007 – 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 distinctive characteristics considered useful to further improving its effectiveness.

In general terms, the Supervisory Board, in addition to performing the control duties typical of the board of statutory auditors, is also charged, pursuant to law, with certain duties traditionally attributed to the shareholders' meeting and, on the basis of a provision of the Articles of Association adopted in accordance with Article 2409-terdecies, f-bis) of the Italian Civil Code, with strategic supervision, 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.

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

The model adopted ensures that both bodies liaise in the implementation of strategic supervision in a framework of duties that – by also complying with New Supervisory Provisions – turns increasingly transparent and well-defined so as to provide for the Management Board preparing proposals to be submitted for approval to the Supervisory Board.

Without prejudice to the above, with regard to the Bank of Italy and based on the New Supervisory Provisions, the role of strategic supervision is focused on the Supervisory Board.

The effectiveness of institutional relations between the two Corporate bodies is strengthened by the powers of the respective Chairmen, who guarantee the correct interaction and timely involvement of the two Corporate bodies.

Intesa Sanpaolo lays particular importance on the balance of duties and powers achieved by definition of the various roles of its Corporate bodies, also with a view to their respective responsibility, as to both general law and supervisory provisions concerning business activities in the sensitive sector of intermediation.

In 2009, Intesa Sanpaolo introduced changes to its dual management and control system to comply with New Supervisory Provisions. The new provisions, while recognising a plurality of governance models for banks, required the latter to assess their organisational arrangements on the basis of the general principles and guidelines provided.

An in-depth analysis of the Bank's organisational features, with specific reference to the structure and operation of its Corporate bodies, showed that, in general, the dual management and control system adopted represents in practice the corporate governance system best-suited to ensuring the efficient management of the Bank, in line with the long-term corporate strategies, effective controls and well-articulated strategic supervision. The analysis also found the dual system adopted to be substantially compliant with the New Supervisory Provisions and, more generally, with the broader framework of laws and regulations in force.

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.

In order to comply fully with Supervisory Authority regulations, the shareholders' meeting held in April 2009 approved a series of amendments to the Articles of Association, compliant with supervisory rules and in keeping with the findings of the analysis conducted, which are also designed to ensure that the corporate governance model adopted is correctly reflected in the organisational and operational rules of the Bank.

A more detailed description of the amendments to the Articles of Association adopted will be provided further on in this Report.

Some of the more significant changes include:

- a broadening of the matters to be resolved upon by the Shareholders' Meeting;
- greater precision in specifying the powers and responsibilities of the Supervisory Board;
- an increase in the number of independent members of the Supervisory Board;
- the introduction of provisions governing the interests of Supervisory Board members;
- greater importance given to the Control Committee, whose stability has been strengthened, and to the presence of independent board members on other Committees;
- a more precise designation of the matters reserved to the Management Board;
- the appointment and duties of executive members of the Management Board, also through the establishment of specialised commissions.

All amendments to the Articles of Association were implemented immediately, except for the provision concerning members of commission within the Management Board, which will become effective once the new Management Board takes office, after the Shareholders' Meeting of 30 April 2010.

In this context, the Company has taken into account Supervisory Provisions and the 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.

12.C.1. As already indicated in past Corporate Governance Reports, certain provisions of the Code concerning the board of directors and individual directors under the traditional system are considered applicable to the Management Board and Supervisory Board each as a whole as well as to their individual members, given that the Articles of Association assign significant powers of strategic supervision to the latter, while provisions concerning control bodies have been distinctively applied to the Supervisory Board, as well as provisions concerning the management of operations have been applied as characteristic to the Management Board.

The Supervisory Board

Duties of the Supervisory Board

Under the dual management and control system adopted by Intesa Sanpaolo, the Supervisory Board holds some of the responsibilities that under the traditional governance system are held by the shareholders' meeting, such as the appointment, removal and remuneration of Management Board members. These specific tasks are performed by the Supervisory Board with the support of the Nomination Committee and the Remuneration Committee.

Art. 123-bis (2),
d) CLF

The Supervisory Board is also responsible for approving the Parent Company's and consolidated financial statements. This significant duty involves an in-depth examination of the draft financial statements, as approved by the Management Board, with the support of the Financial Statements Committee. When examining the Parent Company's financial statements, the Supervisory Board also examines the proposed allocation of profit formulated by the Management Board and expresses its opinion to the Shareholders' Meeting in its report, as per Article 153 of the Consolidated Law on Finance.

As specifically provided for by the Articles of Association, where amendments to the latter are needed for compliance with regulatory provisions, the Supervisory Board, pursuant to law, can resolve upon related changes.

The Supervisory Board is also tasked with what might be called strategic steering and supervisory duties, alongside its standard control duties. For the implementation of its duties, the Supervisory Board receives support from Committees, appointed by the Board within its members, and described in a specific section of this Report.

As to strategic supervision, pursuant to Article 2409-terdecies, paragraph 1, letter f-bis) of the Italian Civil Code, the Supervisory Board has been entrusted with duties which strengthen its steering powers and permit the collegial involvement of its members in the main governance decisions of the Bank and the Group.

1.C.1.
a) and f)

Accordingly, the Supervisory Board, pursuant to the Articles of Association and at the proposal of the Management Board:

- decides upon general planning and the strategic steering of the Company and the Group;
 - approves the business and/or financial plans and budgets of the Company and the Group;
 - authorises strategic transactions, as identified in the Articles of Association;
 - approves strategic guidelines and policies regarding risk management;
- without prejudice to the Management Board's responsibility for action taken.

Furthermore, the Supervisory Board can represent to the Management Board its opinion, with a view to relevant proposals being drafted, with reference to significant strategic transactions.

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 amendments to the Articles of Association, without prejudice to the shareholders' powers to submit proposals as envisaged by law;
- (ii) the acquisition and disposal by the Company and its subsidiaries of controlling equity stakes in companies of particular strategic value or unit value exceeding 6% of consolidated regulatory capital;
- (iii) investments or disinvestments entailing commitments for the Company totalling, for each transaction, more than 6% of consolidated regulatory capital;
- (iv) other transactions as expressly identified by the Articles of Association.

1.C.1. f)

In 2009, the Supervisory Board amended its Regulations, which, in accordance with applicable laws in force, outline, among other things, the role and responsibilities of the Board as provided by Articles of Association. The Regulations govern the organisation, operation and responsibilities of the Supervisory Board in accordance with the principles and rules set forth by the Corporate Governance Code and

supervisory regulations in force. The Regulations apply both to the Supervisory Board as a whole and to the Chairman and several members, who as such contribute to forming the decisions of the Board.

The Supervisory Board is also tasked with approving, on the recommendation of the Management Board:

- risk management policies, including non-compliance risk and internal controls, and in accordance with provisions on prudential supervision, the methods by which risks are detected and assessed, including the adoption of internal risk measurement systems to determine equity capital requirements and specific guidelines; in relation to risk management, on 20 January 2010 the Bank of Italy authorised the Intesa Sanpaolo Group to use internal AMA methods for determining regulatory capital requirements for operational risks at both the consolidated and separate levels;
- policies on the remuneration of employees and other staff not bound to the Company by an employment agreement.

With regard to the internal capital adequacy assessment process, the Supervisory Board, on the recommendation of the Management Board, approves the Group's "risk appetite", the ICAAP Report - prepared annually and when exceptional circumstances require a review of the process - the total internal capital and the formulation of the final opinion on adequacy of the current and prospective regulatory capital to be submitted to the Bank of Italy using the procedures required.

In 2009, a complete ICAAP Report was prepared using current data as at the end of 2008 and prospective data for the end of 2009, and was submitted to the Supervisory Authority by the scheduled deadline (30 April 2009). The Supervisory Board's resolution to approve the report was based on an in-depth look at the process itself, the related assessment outcomes and the final report, with the support of the Control Committee.

As stated, the Supervisory Board is responsible for the control of the Bank and therefore performs the duties envisaged in Article 149, paragraph 1, of the Consolidated Law on Finance, as indicated in the Articles of Association. These duties mainly involve the supervision of compliance with legal and regulatory provisions and the Articles of Association, correct governance, and the adequacy of the organisational and accounting structures.

8.P.3.
1.C.1. b) The Supervisory Board is also responsible for control as envisaged in supervisory provisions. Among these, in accordance with Bank of Italy provisions, is the task of assessing the effectiveness and 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, the Supervisory Board, supported by the Control Committee, 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 control duties, including audits, are performed by the Supervisory Board, with specific support from the Control Committee.

Under Article 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, as well as, in accordance with the Articles of Association, as amended in compliance with New Supervisory Provisions and Joint Bank of Italy/Consob Regulations, of internal control managers.

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 the management of the Allowance for charitable, social and cultural contributions, set up by the Shareholders' Meeting from the allocation of a part of net income. In this respect the Supervisory Board has adopted a specific regulation that identifies the principles and application criteria for the management of the aforementioned Allowance, specifying tasks which for this purpose are attributed by the Articles of Association to the Supervisory Board and its Chairman.

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, and taking into account the provisions Article 151-bis, paragraph 3, of the Consolidated Law on Finance, the Board receives support from a specific structure it does appoint.

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 the preventive analysis and study of relevant matters.

In addition, this office provides support to the Supervisory Board Secretary in the performance of his/her 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 some of the members to be independent pursuant to the Code. With the introduction of amendments to the Bank's corporate governance system to comply with New Supervisory Provisions, the number of independent Board members was raised from six to ten.

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

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 - with the exception of Giuseppe Mazzarello, Marco Ciabattoni and Riccardo Varaldo, who were co-opted to replace three resigning Board Members - were appointed by the Bank's Ordinary Shareholders' Meeting (formerly Banca Intesa), held on 1 December 2006, pursuant to the transitional rule contained in Article 34 of the Articles of Association.

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.

With reference to the appointment of Supervisory Board Members, the current Articles of Association provides that candidates may be nominated in lists by a number of shareholders representing at least 0.5% of the ordinary share capital, unless otherwise required by laws in force. In determining the minimum percentage of share capital required for the nomination of candidate lists for election to management and control bodies, Consob, in its resolution 17148 dated 27 January 2010, set the minimum for Intesa Sanpaolo at 0.5%, which coincides with the provisions of the Articles of Association.

In a communication released in 2009, Consob provided a series of recommendations for the appointment of management and control board members.

Lists containing the names of two or more candidates are to be filed at the registered office at least 15 days prior to the date of the Shareholders' Meeting called for the appointment of Board members, together with the identification data of the shareholders nominating the lists, the percentage of share capital they hold jointly, and the share certificates attesting their ownership of the shares, along with comprehensive information on the personal and professional background of the candidates and a declaration by the candidates stating that they meet the statutory, regulatory and corporate criteria required for all the Board members and, where applicable, the independence criteria required by the Corporate Governance Code, and their acceptance of the nomination.

Shareholders nominating candidates, with the exception of those that jointly represent a controlling or relative majority interest, are also required to file, pursuant to Article 144-sexies, paragraph 4, letter b) of the Issuers' Regulation, a declaration stating that they're not affiliated in any way (as per Article 144-quinquies of the Issuers' Regulation) with said shareholders.

When appointing Board Members, candidates are selected proportionally from the lists which have obtained votes; for this purpose, the votes obtained by each of the lists are divided by one, two, three, four and so on according to the number of members to be appointed. The resulting ratios are progressively attributed to the candidates of each list according to the order in which they appear. The ratios so attributed are altogether listed in decreasing order: the candidates with the highest ratios are elected members of the Supervisory Board.

Special cases are contemplated by the Articles of Association. Should more than one candidate obtain the same ratio, the preferred candidate shall be the candidate belonging to the list from which no Supervisory Board members, or the lowest number of Supervisory Board members has been appointed. If no Supervisory Board member has been appointed from those lists, or the same number of Supervisory Board members has been appointed from those lists, the preferred candidate shall be drawn from the list which has obtained the highest number of votes. Where the number of votes and the ratio are equal, the appointment shall take place by means of a ballot by the whole Shareholders' Meeting, and the candidate shall be appointed by a simple majority of votes cast.

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 Articles of Association also contemplate a supplementary mechanism in the event that an insufficient number of Board Members have been elected that do meet the independence criteria of the Code and/or the registration and professional practice requirements for auditors, as well as specific provisions in the event that only one list or no lists are filed.

Where the number of members of the Supervisory Board is set at a lower number than the maximum provided, the Shareholders' Meeting may increase their number during the term of office of the Supervisory Board elected. New members may be elected at ordinary shareholders' meetings in accordance with Article 23 of the Articles of Association, using list voting procedures.

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

Term of office, replacement and removal

Members of the Supervisory Board remain in office for three financial years, with their term of office expiring at the date of the subsequent Shareholders' Meeting provided for by Article 2364, paragraph 2, of the Italian Civil Code.

Board members may be re-elected.

The current Supervisory Board Members were appointed for 2007/2008/2009; their term of office will expire at the date of the forthcoming Shareholders' Meeting, called for 30 April 2010.

Where during the year a member of the Supervisory Board leaves service for whatever reason, he/she is to be substituted by the first non-appointed candidate belonging to the list on which the outgoing Supervisory Board member was nominated, or the second non-appointed candidate if the first does not meet the requirements, set forth by law, regulation or the Articles of Association, of the member leaving service. If for whatever reason this is not possible, the member of the Supervisory Board who leaves service will be substituted without delay by the Ordinary Shareholders' Meeting with resolution passed by a simple majority of votes cast upon the proposal of the shareholders attending the meeting.

The substitution of the Supervisory Board Member must in any case ensure that at least one Board member nominated by minority interests is appointed, applying the procedures contemplated by regulations in force where necessary.

Where, for whatever reason, the majority of the members of the Supervisory Board resign, the entire Supervisory Board will forfeit office as of the date on which the new appointed members take office. A Shareholders' Meeting for the appointment of a new Supervisory Board is to be called without delay, in accordance with the provisions of the Articles of Association.

The members of the Supervisory Board may be revoked by the Shareholders' Meeting at any time, by a resolution passed with the favourable vote of at least one fifth of the share capital, without prejudice to the right of such Member to be indemnified if the revocation occurs without just cause.

Following the introduction of amendments to the Bank's corporate governance system to comply with New Supervisory Provisions, just cause is required to be shown for the removal of Board Members appointed to the Control Committee.

Chairman and Deputy Chairmen

The Chairman is appointed by the Shareholders' Meeting by resolution approved by a relative majority of votes.

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, enhanced by distinguished authority and experience as well as time dedicated to duties.

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 functional 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, the Chairman: supervises and implements such operations, thereby contributing to the productive interaction with management functions and the balance of powers pursuant to the corporate governance system adopted by Intesa Sanpaolo; relates with the Management Board through its Chairman and the Managing Director; supervises relations with shareholders, verifying that such relations are managed correctly, in agreement with the Chairman of the Management Board and with 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 Management Board meetings in order to avoid influencing its work. This decision, implemented since the introduction of the current dual management and control model, is consistent with the prerogatives of the role of Chairman and upholds 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.

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

In relation to Supervisory Board control activities, the Chairman is responsible for relations with the Supervisory Authorities and reports to the Board on the activities conducted by Authorities, including any inspections on the Bank or Group companies.

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, in the case of the absence or unavailability of the Chairman, is also regulated by the Articles of Association and Supervisory Board Regulations.

Requirements of integrity and professionalism

As expressly required by the Articles of Association, Supervisory Board members are required to meet the integrity requirements set forth for bank board members and general managers by the Regulation adopted with Ministerial Decree 161 of 18 March 1998, as well as those of integrity and professionalism set forth for the statutory auditors of listed companies by the Regulation adopted with Ministerial Decree 162 of 30 March 2000. The strategic steering and supervision role attributed to the Supervisory Board also affects the qualifications of its members, who are also required to meet, as explicitly provided for by the Articles of Association, the requirements of professionalism for members of bank boards of directors by the Regulation adopted with Ministerial Decree 161 of 18 March 1998. The Chairman of the Supervisory Board is also required to meet the professional criteria set forth by the aforementioned Ministerial Decree for chairmen of boards of directors.

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 also expected to have, amongst other things, a valid experience of at least three years through practice of qualified activities relevant to the office covered.

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

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 offices by Supervisory Board Members, the Board has not set a maximum number of offices that can be held since Board Members are subject to the accumulation of office limits envisaged in current pro tempore legal and regulatory provisions or in the Articles of Association.

1.C.3.

Intesa Sanpaolo has adopted in its Articles of Association rules on the accumulation of offices for members of control bodies, pursuant to Article 148-bis of the Consolidated Law on Finance, applying to Supervisory Board Members "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".

Based on regulatory provisions issued by Consob in enactment of the aforementioned Article 148-bis of the Consolidated Law on Finance, members of the Supervisory Board all timely complied with the annual obligation to inform Consob of their respective offices held as at 30 June 2009, without prejudice to the commitment of individual Board Members to report any change in office, by the means and deadlines prescribed and in observance of the maximum limit envisaged for accumulation. The list of offices held is also attached to the Report pursuant to art. 153 of the Consolidated Law on Finance.

In accordance with Supervisory Board Regulations and in line with the New Supervisory Provisions, Supervisory Board Members cannot accept office in any corporate body other than control boards with other Group companies or within the financial conglomerate, or with companies with which the Bank holds direct or indirect strategic investments, i.e. equal to 10% of the share capital or the voting rights at the ordinary shareholders' meetings of the company and 5% of the banking group's consolidated regulatory capital.

Compliance checks were conducted on each Supervisory Board Member. All Supervisory Board Members are compliant with regard to the aforementioned supervisory regulation and others indicated above.

Board Members are required to inform the Bank of any office accepted in other companies and entities. As an attachment to this Report, summary Table 1 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 2 contains a list of such offices.

1.C.2.

Independent members

All Members of the Supervisory Board are required to satisfy the independence criteria of Article 148, paragraph 3, of the Consolidated Law on Finance.

The law requires, inter alia, the absence of any self-employment or established employment, or any other relations of an economic or professional nature with the Bank or its subsidiaries, parent companies, sister companies (or companies subject to joint control), which could otherwise compromise independence.

In this respect, in 2008 Consob 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 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.

Before approving this Report, all the Members of the Supervisory Board confirmed that they continue to satisfy all the independence criteria mentioned above.

3.P.1. The Articles of Association also require that at least ten members of the Supervisory Board must meet the independence requirements envisaged in the Corporate Governance 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, under their own responsibility, if they are independent 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.

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

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

3.C.5. The Supervisory Board incorporated the abovementioned operational method into its own Regulations, considering it adequate also in 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.4. 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. In this regard, the composition of the Committees, in particular the Control Committee and the Remuneration Committee, complies with the provisions of the Articles of Association, as amended to comply with the New Supervisory Provisions.

The Bank's website has a constantly updated list of Members which points out for each one whether or not the status of independence according to the Code applies.

1.C.1. g) In accordance with its Regulations, as amended to comply with the New Supervisory Provisions, the Supervisory Board conducted an adequacy assessment of its powers, operations and composition, involving an analysis of the Board's activities in 2009, along with the activities of its Committees, and taking into account the size, complexity and business of the Bank; the assessment activities required by the Corporate Governance Code were also covered by the adequacy assessment.

3.C.6. 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 independent 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.

Composition and duties of the Supervisory Board's internal committees

As already illustrated in previous Corporate Governance Reports, the Supervisory Board has established five Committees, three of which 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 pursuant to the Code;
- Remuneration Committee, composed of 3 Members, all independent pursuant 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 pursuant 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 pursuant 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.

The duties of each Committee are specified in special regulations, approved by the Supervisory Board, which govern the operation and organisation of the Committees.

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.

Also with regard to their specific specialist duties, the Committees play an important role in the analysis and in-depth study of matters put forth before the Supervisory Board. Such activities – also 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.

The regulations of each Committee require that minutes specific to each meeting are prepared by an appointed secretary, who may also be a non-Board Member, in which case the secretary should be selected from the General Secretariat of the Supervisory Board.

5.C.1. d)

5.C.1. e)

Each Committee can ask the Bank structures and, where permitted in their regulations, 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 dialogue among the respective members, encouraging personal contributions, open discussion and criticism not only among Board Members but also with Managers of the various Control Departments, Business Units, Governance Areas and of the various organisational Structures 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 that he is not a member of, without voting rights. This right, however, has not been exercised, with a view to preserving the Chairman's role of maintaining a fair balance among all the many duties and responsibilities of the Supervisory Board. 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 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			/
Giuseppe Mazzarello		X	/
Angelo Ferro	X	X	/
Riccardo Varaldo		X	/
Rodolfo Zich		X	/

* In 2009, the Committee did not hold any meetings as the Supervisory Board was not required to make any decisions on Management Board appointments.

Following the introduction of amendments to the Articles of Association to adjust the Bank's corporate governance system in compliance with the New Supervisory Provisions, the majority of the members of the Nomination Committee are required to satisfy the independence criteria set forth in the Code.

The current Nomination Committee already consists of a majority of Board Members satisfying the independence criteria.

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.

6.C.2.

As regards its functions, the Nomination Committee:

- a) supports the Supervisory Board in appointing the Management Board, so as to ensure that the Members of the latter are qualified and sufficient in number to perform the Board's duties. To this end, the Committee:
 - submits proposals to the Supervisory Board concerning, inter alia, the composition of the Management Board and the professional skills considered appropriate to the Management Board;
 - based on the aforementioned criteria and in compliance with the 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 and the replacement of Members who for any reason whatsoever leave office;
 - 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 to the Management Board of the candidate for appointment as Managing Director;
 - submits proposals to the Supervisory Board regarding the appointment of executive Management Board Members, for the purposes of establishing the Management Board committee contemplated in Article 17.2, letter s, of the Articles of Association;
- b) in accordance with the provisions of the Articles of Association, expresses advance opinion, which must be unanimous to be positive, 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 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) the appointment of Management Board Members to the aforementioned offices in competitor groups or other banks or their parent or subsidiary companies, excluding industrial associations or companies belonging to the Group or in which the Bank owns shares.

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%

Following the introduction of amendments to the Articles of Association to adjust the Bank's corporate governance system in compliance with the New Supervisory Provisions, a majority of the members of the Remuneration Committee are required to satisfy the independence criteria set forth in the Code.

All members of the Remuneration Committee satisfy the independence criteria.

The Remuneration Committee is responsible for proposing and advising to support the Supervisory Board on matters of remuneration, in accordance with law, the Articles of Association, and supervisory regulations.

Its duties include:

- submitting proposals to the Supervisory Board on the identification of criteria for the remuneration of the Management Board, to be submitted to the shareholders' meeting for approval, taking into consideration risk management policies, corporate strategies, and the possibility of awarding a variable part of remuneration by mechanisms aimed at ensuring a connection with effective, long-term performance;
- submitting proposals to the Supervisory Board regarding fees payable to the Members, Chairman and Deputy Chairmen of the Management Board, as well as to the Managing Director, executive Management Board Members, as being Committee members, and Management Board Members vested with special capacities, duties or powers, on the basis of remuneration criteria and any financial instrument-based plans approved by the Shareholders' Meeting;
- assisting the Supervisory Board in the examination, for the purpose of their approval, of policies on the remuneration of employees and other staff not bound to the Company by an employment agreement, on the recommendation of the Management Board;
- supporting the Supervisory Board in the examination of Management Board proposals that are to be submitted to the Shareholders' Meeting;
- supporting the Supervisory Board in advising the Management Board on the remuneration of General Managers;
- supporting the Supervisory Board in advising the Management Board on the remuneration of the Manager responsible for preparing the Company's financial reports;
- periodically assessing the criteria adopted for the remuneration of key senior managers in the Bank's organisational and operational structure and control department managers, 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;
- checking the application of decisions taken by the Supervisory Board based on proposals submitted.

7.C.3.

7.C.3.

The Remuneration Committee held nine meetings in 2009, submitting to the Supervisory Board opinions on the approval of remuneration policies for employees and other staff not bound to the Company by an employment agreement and on variable remuneration payments to bank managers, and assisting the Supervisory Board in complying with Supervisory Authority requirements.

In doing so, the Committee also carried out an examination of methods used by the Bank to define and implement the management incentive system, involving the Heads of relevant Departments, with the aim of safeguarding the professional wealth of the Bank, while respecting internal equity and the enhancement of merit.

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	98.11%
Gianluca Ponzellini	X	X	92.45%
Rosalba Casiraghi	X	X	94.34%
Pietro Garibaldi		X	100%
Livio Torio	X	X	96.23%

With the introduction of amendments to the Articles of Association to adjust the Bank's corporate governance system in compliance with the New Supervisory Provisions, the role of the Control Committee has been strengthened to become a permanent reference point for the Company's organisational structures in charge of control functions, as it is from these structures that the Committee receives periodic reports or briefings on specific situations or company trends.

For the purposes of its stability, members of the Control Committee may only be removed by the Shareholders' Meeting or replaced by the Supervisory Board with just cause.

Within the scope of the Supervisory Board, the Control Committee proposes, advises and investigates on matters regarding the internal control system, risk management and the IT accounting system, submitting opinions where required by laws in force.

With reference to risk management, the Committee, among other things, supports the Supervisory Board:

- for the purposes of approving Management Board proposals (such as the periodic review of risk management policies, the adoption of internal systems for calculating regulatory capital requirements, and the ICAAP);
- with the contribution of the relevant internal control departments, in monitoring the actual use of internal management systems ("use test") and their compliance with regulatory requirements;
- in guaranteeing the periodic auditing of the operations, efficiency and effectiveness of the risk management and control system and related procedures, promptly reporting audit results to the Supervisory Board; where shortcomings or anomalies are found, the Committee proposes appropriate corrective measures to the Supervisory Board;
- in auditing the internal capital adequacy assessment process, in both current and prospective terms, for the Bank's total consolidated capital with respect to the significant risks to which the Bank and the Group are exposed;
- assessing the functioning and adequacy of the internal risk measurement systems in order to determine capital requirements.

With reference to the IT accounting system, the Committee supports the Supervisory Board by, among other tasks:

- examining the half-yearly reports prepared by the Manager responsible for preparing the Company's financial reports, for the attestations required by law;
- evaluating proposals submitted by the independent auditors with regard to their assignment and relative fees, as well as the audit plan and the results described in the report and letter of recommendations;
- monitoring the effectiveness of the auditing process, exchanging data and information with the independent auditors, also pursuant to Article 150, paragraph 3, of the Consolidated Law on Finance, for the performance of their respective tasks.

With reference to the internal control system, the Committee supports the Supervisory Board by, among other tasks:

- verifying that (i) structures for performing risk management duties defined by the relevant departments are consistent with the strategic guidelines approved by the Supervisory Board and (ii) that said departments (in particular the Risk Management, Internal Auditing and Compliance Departments) are guaranteed an appropriate level of independence along with the funding and resources adequate, as to quality and quantity, for the exercise of their duties;

-
- examining periodic reports from the Risk Management, Internal Auditing and Compliance Departments, together with briefings on specific situations or company trends, and making related observations and proposing resolutions for approval by the Supervisory Board, when required;
 - assessing the degree of efficiency and adequacy of the internal audit system, with particular reference to risk control, the functioning of internal auditing and the IT accounting system.

The Committee also:

- promptly informs the Supervisory Board of any action or fact that may be regarded as significant under Article 52 of the Consolidated Law on Banking;
- supports the Supervisory Board in performing the supervisory activities required by law;
- 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 2009, the Committee continued meeting the heads of the Bank's main organisational structures and encountered representatives of the independent auditors, also for the purposes of Article 150 of the Consolidated Law on Finance, with a view to improving and consolidating quarterly and half-yearly the existing information flows, in particular from the Internal Auditing Department, the Compliance Department and the Risk Management Department. The Committee also looked into projects and/or activities for the organisational development of the Group, including progress made in the Group's business continuity project in the event of disaster and the monitoring of the implementation of the Action Plan for the Depository Bank segment. In addition to this, the Committee conducted an analysis on the lending process to assess its consistency, effectiveness and suitability in managing credit risk, and monitored a number of compliance actions, including the updating of the corporate governance project and the anti-money laundering project.

With regard to risk management, the Committee was updated on the internal credit risk measurement system (the Bank received authorisation to use the FIRB – Corporate Regulatory system), on the status of the Bank's application to adopt an advanced measurement approach (AMA), and on the use of the standardised approach (TSA) for operational risks. In addition to this, the Committee examined a series of amendments to the Market Risk Charter, which identifies the principles, purposes, methods and tools to be used for measuring and controlling market risk.

The Committee constantly monitored correspondence with the Supervisory Authorities, with specific reference to the Bank of Italy, Consob and the Italian Competition Authority, also as regards activities conducted by these authorities at the Bank and Group companies. Specifically, the Committee oversaw inspections and audits, carrying out the necessary analyses and assessments and requesting regular updates on matters and, with specific reference to the Parent Company, lent its support to the Supervisory Board for connected decisions.

The Committee also met with the chairmen of the boards of statutory auditors of the Bank's main Italian subsidiaries, with the aim of encouraging co-operation between the Parent Company's control body (the Control Committee on behalf of the Supervisory Board) and the control bodies of subsidiaries on supervisory matters, while respecting the independence of each control body.

Special Committee attention was paid to the internal capital adequacy assessment process of the Group (ICAAP), conducting in-depth analyses on decisions adopted and process outcomes, and providing the Supervisory Board with specific considerations assented by the latter when approving the final report submitted to the Bank of Italy by the deadline set by the Authority (30 April 2009).

9.C.1. 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 2009 the Control Committee held 53 meetings, including some joint meetings held with the Financial Statements Committee, providing detailed information at every Supervisory Board meeting, also by means of specific reports, on the activities and main findings of the Committee, and, on a half-yearly basis, reporting summarily on the effectiveness of the internal control system.

A copy of the Control Committee's half-yearly report to the Supervisory Board is issued by the Chairman of the Supervisory Board to 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. Towards the end of the year, the Committee held a series of regular meetings with the Managing Director for the systematic reporting of activities.

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.

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			50%*
Rodolfo Zich – Deputy Chairman		X	100%
Carlo Barel di Sant'Albano			75%
Giovanni Costa		X	100%

*The limited participation of Mr Bernheim in the Strategy Committee's meetings was motivated by the cautionary measures adopted in relation to the non-compliance proceeding against the Bank by the Italian Competition Authority, regarding the shareholders' agreement made between Crédit Agricole and Assicurazioni Generali.

The Strategy Committee assists and advises the Supervisory Board in the performance of its duties as the designated body, pursuant to Article 25.1.2 of the Articles of Association, and on the recommendation of the Management Board, in charge of: (i) decisions concerning general programmes and strategic guidelines, and (ii) the approval of business and/or financial plans and the budgets of the Bank and the Group; (iii) the authorisation of strategic transactions.

Among its various duties, the Strategy Committee:

- may submit suggestions to the Supervisory Board for guidelines to be presented to the Management Board, where it is responsible for making the related proposal, upon strategic transactions as identified under the Articles of Association;
- supports the Supervisory Board in examining the Bank and Group's risk appetite, and in measuring current and prospective total internal capital and total capital, in accordance with multi-year plans and annual budgets, so as to determine capital adequacy at the Group level.

In 2009 the Committee held four meetings. Its activities in 2009 included the examination of the 2009 budget, the reorganisation of the Group's insurance business and the Bank's capital adequacy, within the scope of the Supervisory Board's decision first to make and then to abandon the application procedure for the issue of so-called "Tremonti Bonds".

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	100%
Marco Ciabattoni	X	X	100%
Gianluca Ferrero	X	X	100%
Gianguido Sacchi Morsiani		X	100%
Ferdinando Targetti		X	80%

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; (ii) in measuring regulatory capital; and (iii) in examining information on the development of Bank and Group operations, received periodically from the Management Board, in compliance with the Articles of Association; as part of these duties with reference to financial statements, 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 the preparation of the financial reports of the Bank and the Group (including quarterly and half-yearly reports);
- examines, together with the Control Committee, the documentation and reports supporting the statutory attestation of the Manager responsible for preparing the Company's financial reports, and proposes related resolutions for approval by the Supervisory Board;
- examines the drafts of the Parent Company's and the consolidated financial statements approved by the Management Board and submits recommendations to the Supervisory Board;
- examines the quarterly and half-yearly reports prepared by the Management Board and reports to the Supervisory Board.

In addition to this, the Committee co-operates, 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 Article 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 Committee's Chairman duly reported to the Supervisory Board on the Committee's activities in 2009, which saw the participation of officers from the Administration and Tax and Risk Management Departments, the Administrative and Financial Governance Unit, the Audit Coordination and Development Unit, and the AVM and Strategies Unit. Meetings were also held with the independent auditors, also for the purposes of Article 150 of the Consolidated Law on Finance.

In particular, the Committee (i) received a progress report on the Guidelines for Administrative and Financial Governance and their implementation; (ii) analysed the preparation procedures for the Parent Company's and the consolidated financial statements, involving an examination of the relative guidelines and connected analyses; (iii) examined and reported on the draft Parent Company's financial statements and the consolidated financial statements for the Group for 2008, which were both then approved by the Supervisory Board; (iv) heard reports on the Consob requests received with respect to the Parent Company's and the consolidated financial statements as at 31 December 2008 and the Half-yearly Report as at 30 June 2009, pursuant to Article 115, paragraph 1, letter a) of the Consolidated Law on Finance, and took note of the replies sent to the Authority; (v) received reports on capital ratios; and (vi) oversaw the project for the adoption of an Accounting Manual.

Finally, through its specific report, the Committee supported the Supervisory Board in examining the Half-yearly Report and the Quarterly Reports as at 31 March 2009 and 30 September 2009, in order for relative assessments to be made.

In 2009 the Financial Statements Committee met 15 times, including joint meetings with the Control Committee.

Supervisory Board operations

Duties and responsibilities of Supervisory Board Members

2.C.2. 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.

1.P.2. 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 and capital adequacy of the Bank.

2.C.2. Board Members' growing knowledge of Bank and Group business and developments is also through their constant participation in Committee meetings, where the main legal and regulatory changes that may impact the Bank's operations are outlined.

4.P.1. Board Members are bound to secrecy on any documents, data or information of a confidential or privileged nature that they may learn through the performance of their duties, and to uphold the confidentiality of the information beyond their term of office. Board Members are also required to comply with the communication procedures adopted for such documents and information.

Calling and Conduct of Supervisory Board Meetings

1.P.1.
10.P.3. The Regulations adopted by the Supervisory Board govern the organisation, operations and responsibilities of the corporate body, in accordance with laws and regulations in force and the Articles of Association.

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 he deems necessary, or upon request 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 can 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.

Reports to Board Members

When Board meetings are called, the Members of the Supervisory Board are provided, to all extents possible, with information and documents relevant to the agenda items to be discussed for informed decisions to be made.

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.

2.C.2.

For every Supervisory Board meeting, the agenda is required to include reports on the activities of the Committees.

Decision-making process

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

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

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. The participation in such Committees, together with the technical competence acquired outside the Bank, during studies, in the exercise of professions or other corporate offices, fosters the Members' contribution of their specific skills to the Board's work.

Board meetings 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 structure and operation of the corporate body, in which specific individual competences contribute to discussions in a cohesive, co-operative context in order to make reasoned, informed and, usually, unanimous decisions.

2.P.2.

In 2009, as previously, 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 were presented, or when a general and/or strategic issue was addressed, as well as other Heads of Business Units, Governance Areas and Head Office Departments of the Bank to provide information and figures as appropriate on matters submitted for examination by the Board.

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

Frequency of meetings and Board Member attendance

In 2009 the Supervisory Board met on 11 occasions, with the following attendance percentage for each Member:

Giovanni Bazoli – Chairman	100%	Pietro Garibaldi	100%
Antoine Bernheim – Deputy Chairman	27%*	Giulio Stefano Lubatti	100%
Rodolfo Zich – Deputy Chairman	100%	Giuseppe Mazzarello	91%
Franco Dalla Sega – Secretary	100%	Eugenio Pavarani	100%
Carlo Barel di Sant’Albano	45%	Gianluca Ponzellini	100%
Rosalba Casiraghi	100%	Gianguido Sacchi Morsiani	82%
Marco Ciabattoni	100%	Ferdinando Targetti	91%
Giovanni Costa	100%	Livio Torio	100%
Gianluca Ferrero	100%	Riccardo Varaldo	100%
Angelo Ferro	100%		

*The limited participation of Mr Bernheim in the Supervisory Board’s meetings was motivated by the cautionary measures adopted in relation to the non-compliance proceeding against the Bank by the Italian Competition Authority, regarding the shareholders’ agreement made between Crédit Agricole and Assicurazioni Generali.

The Supervisory Board has scheduled 11 meetings for 2010; at the date of approval of this Report, three had already been held.

The Company’s 2010 financial calendar indicates 12 April as the date of the Supervisory Board meeting for approval of the Parent Company’s and consolidated financial statements.

Contestation of resolutions

Resolutions adopted by the Supervisory Board in breach of law or the Articles of Association may only be contested by Board Members who were absent from the relative meeting or who voted against or abstained, by and no later than 90 days from the date the resolution was adopted.

Shareholders may also contest the resolutions of the Supervisory Board where a resolution is prejudicial to their rights. In this case, as to terms and procedures for contesting resolutions, provisions governing the contestation of shareholder resolutions shall apply, as per Articles 2377-2378 of the Italian Civil Code, where compatible.

Special rules are in place for contesting resolutions approving the financial statements, in accordance with Article 157 of the Consolidated Law on Finance and Article 2409-quaterdecies, paragraph 2, of the Italian Civil Code.

The Management Board

The Management Board is governed by, in addition to legal and regulatory provisions, the Articles of Association and its own Regulations adopted in 2008, which were amended in 2009 also to comply with amendments to the Articles of Association approved by the extraordinary Shareholders' Meeting held in April 2009. Specifically, the aforementioned Regulations were designed to provide the Board with precise organisational and operating rules and to identify its duties in detail, all in accordance with applicable law. The Regulations are applicable to the Management Board jointly as a whole and severally to the Chairman and members of the Management Board, who contribute to forming the decisions of the Board.

Art. 123-bis (2),
d) CLF

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, with which however it cooperates, to the extent of its own duties, in performing the strategic supervisory role.

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

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

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 2009, the responsibilities of the Management Board pursuant to the Articles of Association were amended by resolution of an extraordinary shareholders' meeting to comply with, inter alia, the requirements of the New Supervisory Provisions and the Joint Bank of Italy/Consob Regulation. In particular, the amendments introduced changes to the appointment of internal control function managers, including the heads of internal auditing, legal compliance and risk management, as well as changes to duties on remuneration of so-called "Top Managers" and managers of internal control functions.

More specifically, in addition to the duties that according to law may 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; 1.C.1. a)
- 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;
- the appointment of specialised Committees with preparatory and advisory duties, made up of executive board members, in accordance with the Articles of Association; 5.P.1.
- the definition of guidelines and policies related to risk management (including the policy relative to the risk of non-compliance) and to internal audit, to be submitted to the Supervisory Board's approval; 8.C.1. a)
- the purchase and sale of equity investments leading to changes in the Banking Group;
- 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; 1.C.1. b)
- the determination of criteria for the coordination and management of Group companies and for the implementation of Bank of Italy provisions;
- the appointment, on the recommendation of the Supervisory Board, and removal of the Managing Director and the delegation, amendment and withdrawal of the relevant powers; 1.C.1. c)
- the appointment to particular offices or the assignment of particular powers to one or more Board Members and the determination of the relevant powers;

- the appointment and removal of one or more General Managers, the determination of the relevant powers and the setting of remuneration, on the recommendation of the Managing Director and the previous opinion of the Supervisory Board;
- subject to the mandatory opinion of the Supervisory Board, the appointment and revocation of the Manager responsible for preparing the Company's financial reports and the determination of related powers, funding and remuneration;
- 8.C.1. – the appointment and revocation, further to the favourable opinion of the Supervisory Board, of the Managers of internal control functions (including internal audit, compliance to regulations and risk management), pursuant to applicable laws or regulations;
- supervision to ensure that the Manager Responsible for Preparing the Company' Financial Reports and the managers of internal control functions have the powers and resources they need to fulfil the duties assigned to them;
- preparation of the draft Parent Company's and consolidated financial statements and of documentation on merger and spin-off projects;
- 1.C.1. f) – the arrangement of transactions to be submitted for Supervisory Board authorisation or approval pursuant to the Articles of Association, and resolutions on transactions with a unit value exceeding 3% of the consolidated regulatory capital;
- 9.C.1. 1.C.1. f) – the determination of criteria to identify related party transactions for which the Management Board has sole decision-making responsibility;
- the designation of members of corporate bodies of subsidiaries, including executive board members;
- the approval of major internal regulations and the amendment thereof;
- the definition of remuneration policy for employees and other staff, to be submitted to the approval of the Supervisory Board;
- the determination, upon previous opinion of the Supervisory Board, of incentive and remuneration schemes for top managers in the Company's organisational and operational structure, as well as of remuneration paid to managers of internal control functions.

Without prejudice to regulatory provisions, the Management Board resolves on all other matters reserved to the Board under its own Regulations and on those it decided not to delegate.

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

- 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) Shareholders' Meetings and relations with Bank shareholders.

With specific regard to control and prudent supervision policies, the Board implements the ICAAP, 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 formalised and documented; identifies the roles and responsibilities assigned to Departments and corporate structures; is entrusted to resources qualitatively and quantitatively adequate and granted the authority necessary to ensure the observance of plans; forms an integral part of management activities.

- 1.C.1. e) The Management Board periodically assesses the general development of operations, also on presentation of the financial data of the Bank and Group, taking into account, in particular, the information received from the Managing Director, profiting of the in-depth analyses of the Work Groups established within the Board itself, and periodically comparing results achieved with those previously forecast.

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 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 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 Management 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.

Board Members act and pass resolutions independently and on an informed basis, pursuing the corporate interest and the priority of creating value for shareholders, in accordance with the principle of sound and prudent management and the principles and values of reference adopted by the Bank.

1.P.2.

Board Members are required to uphold the confidentiality, also beyond their term of office, of all documents, information and data concerning the Bank or the Group or anyhow learnt through the performance of their duties, and to comply with Bank procedures for the internal management and disclosure of such information. Board Members are further required to refrain from using information or knowledge about business opportunities learnt during their term of office to their own advantage or to the advantage of third parties.

4.P.1.

Board Members are jointly liable to the Bank for any damage caused by a breach of their duties, unless the duties were assigned specifically to one or more Board Members. In any case, however, Board Members will remain jointly liable if, despite being aware of detrimental facts, they take no action to prevent or eliminate or lessen any consequential damage.

Composition of the Management Board

Composition and appointment

In accordance with the Articles of Association, 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. In doing so, the Supervisory Board is required to ensure that the Board has a sufficient number of members and the professional competence to fulfil its duties effectively.

6.P.1.

The Management Board in office at the date of publication of this Report consists of:

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 was unanimously appointed by the Supervisory Board on 2 January 2007, which set the number of its members at 11, appointing Enrico Salza as Chairman and Orazio Rossi as Deputy Chairman. On the same date the Management Board, on recommendation from the Supervisory Board, appointed Corrado Passera as Managing Director with Chief Executive Officer duties.

The Board Member Aureliano Benedetti was appointed by the Supervisory Board, with the support of the Nomination Committee, on 20 May 2008, to replace a resigning Board Member.

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

As concerns the composition of the Management Board, Intesa Sanpaolo has already outlined, through specific provisions of the Management Board Regulations (effective as of the next term of office of the Board), a concrete reorganising action to fully comply with the New Supervisory Provisions which, with reference to the dual governance model, require the Management Board to be a “corporate body characterised by a limited number of members”.

Accordingly, for the forthcoming three-year term of the Board, on the basis of criteria the Management Board and the Supervisory Board shared in compliance with the New Supervisory Provisions, the Management Board Regulations require that the Board consists of nine members appointed by the Supervisory Board, including a Chairman, a Deputy Chairman and a Managing Director.

Term of office, replacement and removal

The members of the Management Board remain in office for a maximum period of three financial years, as determined by the Supervisory Board, with their term of office expiring as of the date of the Supervisory Board meeting called to approve the financial statements relating to the last year of their office, but effective as of the actual appointment of a new Board by the Supervisory Board.

Board members may be re-elected.

The current 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.

Where one or more Management Board Members leave service, for any reason whatsoever, the Supervisory Board is to substitute them without delay. The term of office of the newly appointed Board Members expires simultaneously with the term of the members in office at the time of their appointment.

Where, for whatever reason, the majority of the members of the Management Board, as appointed by the Supervisory Board, leave service, the entire Management Board will come to an end as of the date on which the newly appointed members take office. The term of office of the newly appointed members expires on the date on which the office of the replaced Management Board would have expired.

Members of the Management Board may be removed by the Supervisory Board at any time, without prejudice to the right of the removed Member to be indemnified for removal without just cause.

Management Board Members may also be removed as a result of shareholder derivative actions as per Article 2393 of the Italian Civil Code, by resolution approved by a number of shareholders representing at least one-fifth of the share capital, or by decision of the Supervisory Board pursuant to Article 2409-decies of the Italian Civil Code, approved by at least two-thirds of its members. In the latter case, the Supervisory Board is required to appoint replacements for the removed Management Board Members at the same meeting.

Executive and non-executive Members

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 outline that the Articles of Association, as previously mentioned, envisage a system of duties not to be delegated, 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

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

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.

In this regard, we report that within the scope of the restructuring provisions for the Management Board mentioned above, the Shareholders' Meeting held on 30 April 2009 approved amendments to the Articles of Association to comply with New Supervisory Provisions that require the Management Board to be a "corporate body characterised... by a predominance of executives", meaning Board Members that are members of the executive committee, that hold delegated powers, and that perform, also solely in practice, duties connected with company operations.

In order to ensure full compliance with the aforementioned Provisions, organisational arrangements have been adopted to build on and further develop the experience acquired by the Board's current Work Groups, while safeguarding the cardinal principle of unity in company management.

Specifically, the Articles of Association and the Management Board Regulations provide, commencing with the forthcoming three-year term, for the creation of specialised Commissions (a Strategies Commission, a Capital Adequacy and Financial Reporting Commission, and a Risk and Resources Commission), responsible for preparatory and advisory duties and the task of providing an active and systematic contribution to the exercise of management functions. The Commissions will be comprised of executive Board Members appointed by the Supervisory Board.

In this way, a predominance of "executive" members on the Management Board will be assured, meaning Board Members – besides the Managing Director – who are responsible, through their appointment to the aforementioned Commissions, for duties connected with company operations.

Chairman and Deputy Chairman

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.

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

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 co-ordinating the activity of the Board and is furthermore called upon to manage relations among Management Board Members and with the Supervisory Board and its Chairman, ensuring efficient co-ordination of the activities of the two corporate Bodies.

One specific duty of the Chairman is to ensure that Management Board Members participate in initiatives aimed at increasing their business and corporate awareness, also with regard to the relevant regulatory framework.

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 fulfils duties 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 adopt resolutions in urgent cases on any matter relevant to the Management Board, with the exception of matters that the latter may not delegate.

The same rules apply to the approval of urgent resolutions that may not be delegated under the Articles of Association, concerning:

- transactions having a unit value greater than 3% of the consolidated regulatory capital, and equal to or lower than 6% of said capital, provided that such transactions are unrelated to matters for which a resolution, approval or authorisation by the Supervisory Board is required under the Articles of Association;
- the nomination of members of the corporate bodies of subsidiaries.

The Management Board must be informed of such decisions at the next meeting.

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

Managing Director

1.C.1. c)

The Management Board, upon the indication of the Supervisory Board, is required to appoint a Managing Director from among its members, by resolution adopted by favourable vote of the majority of the Board members in office. The Management Board also determines the powers to be delegated, along with their limitations and how they may be exercised.

The Managing Director appointed for the period 2007/2009 has the role of Chief Executive Officer of the Bank and the Group and also that of General Manager.

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 of those reserved to the Management Board under the Articles of Association.

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

- drafting and 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 guidelines, plans, budgets and detailed organisation of the Group's main 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 has been delegated specific responsibility for risk management and internal control policies by the Management Board; for further information see the following chapter on control systems.

8.C.1. b)

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 or sister companies – 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.

The Management Board verifies that each Board Member satisfies the independence criteria upon their appointment and subsequently on an annual basis, 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
Giuseppe Fontana
Virgilio Marrone
Giovanni Perissinotto

Each of the aforementioned Members has declared his independence under applicable law and 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 within the Supervisory Board the Committees provided for in 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 latter – as representatives of a quoted bank – must meet the specific requirements of integrity and professionalism in compliance with current pro tempore laws and regulations.

2.P.3.

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 acquired proficient experience through practice for at least three years of qualified professional activities relevant to the office covered. Loss of the aforementioned requirements leads to lapse of the post.

More specifically, in accordance with laws in force, the Chairman of the Management Board is required to have a total of at least five years' experience in the aforementioned professional activities, while the Managing Director is required to have specific management experience in a position of high responsibility, given the fundamental role the Managing Director has in managing the company.

The appointment of Members of the Management Board, along with the choice of Chairman and Managing Director, 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 to dedicate the effective time necessary for the performance of the duties and responsibilities assigned to them with the diligence required by the nature of their office, taking into account other offices held and any commitments to any other professional activities they may pursue.

1.C.3. 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.

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, compliance with the aforementioned provisions is checked periodically.

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.

The Management Board checks and assesses the suitability of each Board Member to fulfil their respective duties upon their appointment and on an ongoing basis, as well as the number of offices held by each Member, with focus placed on those demanding the greatest involvement in ordinary company operations.

1.C.2. Summary Table No. 3, 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. 4 provides the list of such offices.

Management Board internal work groups

1.P.2.
5.P.1. Until the effective implementation of the specialised Commissions envisaged in the Articles of Association, as part of its independent organisation and for the performance of its duties, the Management Board makes use of internally established Work Groups with consulting duties.

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 they 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 dividing tasks between Board Members, 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 co-ordinate the Work Group.

Currently – without prejudice to the option of setting up other 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
Orazio Rossi
Marcello Sala

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 Bank's most significant transactions, before their submission to the Management Board.

In 2009 the Work Group held 19 meetings to look at matters strictly connected with its area of responsibility, such as the budget and any budget variance in divisions, along with other matters of significance requiring specific analysis, such as the assessment of the equity investment portfolio and the implementation of the "Banca dei Territori" organisational model.

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.

In the 7 meetings held in 2009, the Work Group analysed, within the scope of the matters strictly connected with its area of responsibility, the Bank's quarterly reports on operations, the half-yearly report and the draft financial statements, and looked into specific matters such as the disclosure envisaged by the Pillar 3 of Basel II Accord, the periodic analysis of Group loans, and management and assessment processes for problem loans.

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

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 Office and the Chief Risk Officer.

In 2009, the Work Group held two meetings in which it closely examined the disclosure requirements envisaged by the Third Pillar of the Basel II Accord and related guidelines, and the ICAAP Report, with reference to capital adequacy assessment and the quantitative outcomes of the ICAAP process. In addition to this, Mr Garrino, as Coordinator of the Bank Equity Profile Work Group, took part in two meetings of

the Business Plan/Budget Work Group to examine specific issues, such as the assessment of initiatives to shore up bank capital (issue of so-called “Tremonti Bonds”).

The attendance level of members at their respective Work Group meetings was very high and such as 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 the Management Board need to be informed on the various subjects.

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

Management Board operations

Calling of Meetings

1.P.1. 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

The Chairman is specifically responsible for ensuring that all Board Members receive adequate information on agenda items.

1.P.2. The call notice to Board Members is followed by the issue of documentation – by the Corporate Secretariat and normally two working days prior to the meeting – necessary to allow each Board Member to perform his/her duties with awareness and make informed decisions on the agenda items.

In the event that the documentation provided is particularly lengthy or complex, an executive summary is provided, recapping the most significant points of relevance for 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.

Documentation is sent in hardcopy and/or electronic format, as instructed by each of the Board Members, to the specific addresses for service provided.

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 any case, the documentation provided at meetings of the Board is filed in company records and remains available for consultation at the Corporate Secretariat.

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

The Bank departments involved from time to time ensure that the utmost attention is focused on the information provided to Board Members on the business to be discussed at meetings, in the awareness that such information is fundamental for Board Members to make suitable decisions and dedicate more time to in-depth analysis and discussion at meetings.

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 space is given to the discussion of each topic along with the time necessary for constructive debate, with particular attention placed on 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.

Management Board meetings are attended by the Secretary of the Supervisory Board and, in accordance with the Articles of Association, also by the members of the Control Committee, though without the right to vote.

At the invitation of 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 the top management of subsidiaries, in order to provide information and data regarding matters examined by the Board. Moreover, representatives of the independent auditors and external consultants may also attend where their specific technical expertise is pertinent to items on the agenda.

Management Board resolutions are normally carried by absolute majority vote 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 removal of the Managing Director and General Managers and the delegation of their powers, as well as the appointment and removal of the Manager responsible for preparing the Company's financial reports are carried by majority vote of all members in office.

The Secretary of the Management Board prepares minutes of the meeting, illustrating the method adopted for decision-making and 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

1.C.1. h)

In 2009 the Management Board met 15 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 development and discussion of matters on the agenda by the Board Members.

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	94%	Virgilio Marrone	94%
Corrado Passera	100%	Emilio Ottolenghi	94%
Aureliano Benedetti	100%	Giovanni Perissinotto	27%*
Elio Catania	94%	Marcello Sala	94%
Giuseppe Fontana	94%		

*The limited participation of Giovanni Perissinotto in Management Board meetings in 2009 was motivated by the cautionary measures adopted in relation to the non-compliance proceeding against the Bank by the Italian Competition Authority, regarding the shareholders' agreement made between Crédit Agricole and Assicurazioni Generali.

A similar number of meetings are planned for this year, 4 of which have already been held. In compliance with Borsa Italiana Regulations, in January Intesa Sanpaolo disclosed the 2010 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.

As already mentioned, in 2009 Intesa Sanpaolo conducted a comprehensive review of its corporate governance system and, in particular, the Management Board, as part of the compliance process with New Supervisory Provisions. Conducted for the purposes of preparing the Corporate Governance Project, the review identified the amendments to the Articles of Association approved at the Shareholders' Meeting held in April 2009, along with the amendments to the Management Board Regulations, in particular as regards the size and organisation of the Board.

1.C.1. g)

On the basis of the analyses conducted and the considerations made within the context of the review, the Management Board was requested to provide, and duly provided, a self-assessment. Specifically, the Board conducted an assessment of its adequacy in terms of size and composition, its internal organisation and operations, and, in accordance with its Regulations, an assessment of the suitability of its Members to effectively fulfil their duties, taking into consideration the size, complexity and operations of the Bank.

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.

In this regard, as mentioned above, one of the specific duties of the Chairman of the Management Board is to ensure that Management Board Members participate in initiatives aimed at increasing their business and corporate awareness, also with regard to the relevant regulatory framework.

Contestation of resolutions

Resolutions adopted by the Management Board in breach of law or the Articles of Association may only be contested by the Supervisory Board and Management Board Members who were absent or who voted against the resolution, by and no later than ninety days from the date the resolution was adopted.

Shareholders may also contest the resolutions of the Management Board where a resolution is prejudicial to their rights. In this case, the term and procedures for contesting resolutions are determined in application of the provisions governing the contestation of shareholder resolutions in the Italian Civil Code, where compatible, which are addressed in this Report in the chapter on Shareholders' Meetings.

Powers

In accordance with the Articles of Association, and within the scope of its powers, as mentioned above, for the ordinary and extraordinary administration of the Bank, the Management Board may appoint, by resolution adopted by majority vote, a Managing Director, delegating relevant powers and determining their scope, limitations and how they may be exercised, and may delegate special capacities or tasks to one or more Board Members, together with their relative powers.

1.C.1. c)

In addition to this, without prejudice to the powers of the Managing Director, for certain categories of action and business activities, specific powers can also be delegated to Bank personnel, provided the limits and methods for the exercise of powers are defined, and establishing whether the appointed individuals may act individually or jointly in Committees.

In implementation of the provisions of the Articles of Association, the Management Board, as mentioned, elected a Managing Director from among its own members, upon whom powers were delegated, without prejudice to its power of issuing directives and calling back decisions on matters delegated.

The Board also defined and approved the decision-making powers and expenditure limits of Bank Department Managers, in accordance with the organisational and management responsibilities assigned to them respectively, and set limits and rules for the subdelegation of those powers.

The power to subdelegate is exercised through a transparent process that is constantly monitored and graded on the basis of the role and responsibilities of the subdelegate, who has the obligation to report back to the delegating function.

It should be noted that all Bank Departments operate on the basis of specific Regulations that define the scope of their powers and responsibilities; these Regulations are available throughout the Company, as are the operating procedures that determine how all the Company's various processes are to be performed. All the Bank's main decision-making and implementing processes concerning Bank operations are encoded and can be monitored and traced by the entire Department.

Finally, the Management Board decides the methods for reporting to the Board on decisions made under delegated powers. In this regard it should be noted that the Board assesses the general performance of operations on a periodic basis, taking into consideration information received from delegates.

1.C.1. e)

Information flows to Corporate Bodies and 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 and Management Board and between the Management and Supervisory Boards, in addition to effective coordination and full liaison between the Management and Supervisory Boards.

In accordance with the Articles of Association:

- the Managing Director reports to the Management Board, at least once a month, on key performance data for the period compared with system data. The same information is reported by the Management Board to the Supervisory Board also on a monthly basis;
- the Managing Director reports to the Management Board, at least once every three months, on the general business performance and outlook, and on the most significant transactions carried out by the Company and its subsidiaries;
- the Management Board provides the Supervisory Board with up-to-date reports, or reports at least once every three months, on the general business performance and on key transactions for the Bank and its subsidiaries' financials; in particular the Board reports on transactions in which Management Board Members have personal or third-party interests, or which are influenced by the entity responsible for management and coordination activities;
- all members of the Control Committee are required to attend meetings of the Management Board, and for this purpose any documentation prepared by 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 request and receive information, and be 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 reports and may submit his/her own observations and proposals to the Board for resolution as appropriate.

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 relevant to assessment activities to be fulfilled 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. The Chairman 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 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.

Operating Structure

Business Units, Governance Areas and Head Office Departments

In terms of organisational logic and to ensure that Group governance has thoroughly the necessary coherence, the Parent Company is divided into six Business Units – comprising business line aggregations with similar characteristics 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 Governance Areas under the direct responsibility of the Managing Director and CEO and reporting to the Chief Operating Officer, Chief Financial Officer, Chief Lending Officer and Chief Risk Officer.

The Chief Operating Officer, within the scope of his duties, works with Intesa Sanpaolo Group Services, which are responsible for providing services and support to the Group meeting effectiveness, efficiency and quality standards.

The Internal Auditing Department holds a special position in the organisation, in order to enjoy the necessary autonomy and independence, reporting directly to the Chairmen of the Management and Supervisory Boards.

The managers in charge of Business Units, Governance Areas, Head Office Departments, Staff Units and Group companies, 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.

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

In particular, Intesa Sanpaolo is made up of the following 6 Business Units which report directly to the Managing Director and CEO. 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;
- Corporate and 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 target 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, healthcare structures and general contractors 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.

General Managers

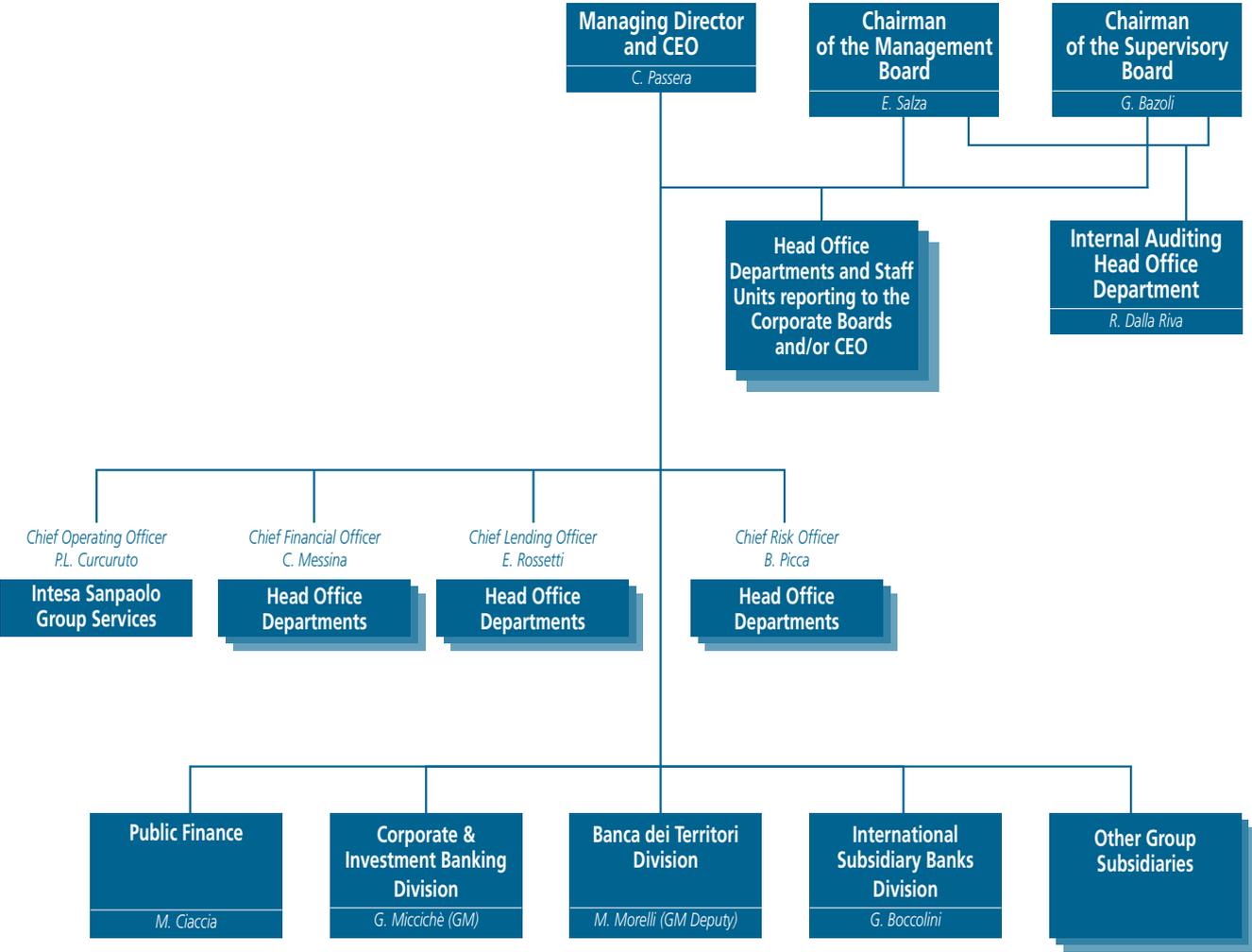
The Management Board, upon proposal by the Managing Director and after consultation with the Supervisory Board, is responsible for the appointment, removal and the determination of the powers and remuneration of one or more General Managers, one of whom acts as deputy to the Managing Director, excluding functions which must be performed by the latter.

The General Managers report to the Managing Director within the scope of their roles and responsibilities, and assist the Managing Director in the management of the company to the extent of the powers delegated to them upon their appointment.

On 9 February 2010, the Management Board appointed Marco Morelli as General Manager Deputy to the Managing Director and Head of the Banca dei Territori Division (as of 15 March 2010) and Gaetano Miccichè as General Manager and Head of the Corporate and Investment Banking Division. Until 9 February 2010, the office of General Manager and Head of the Banca dei Territori Division was held by Francesco Micheli.

The Management Board has therefore appointed the two heads of the Bank's two main business areas as General Managers, without prejudice to the general responsibility of the Managing Director, in accordance with the principle of the unified management of the Bank, for the general management of all Bank and Group operations.

Operating Structure: simplified chart



Operating Structure: detailed chart

Reporting to the Supervisory Board:

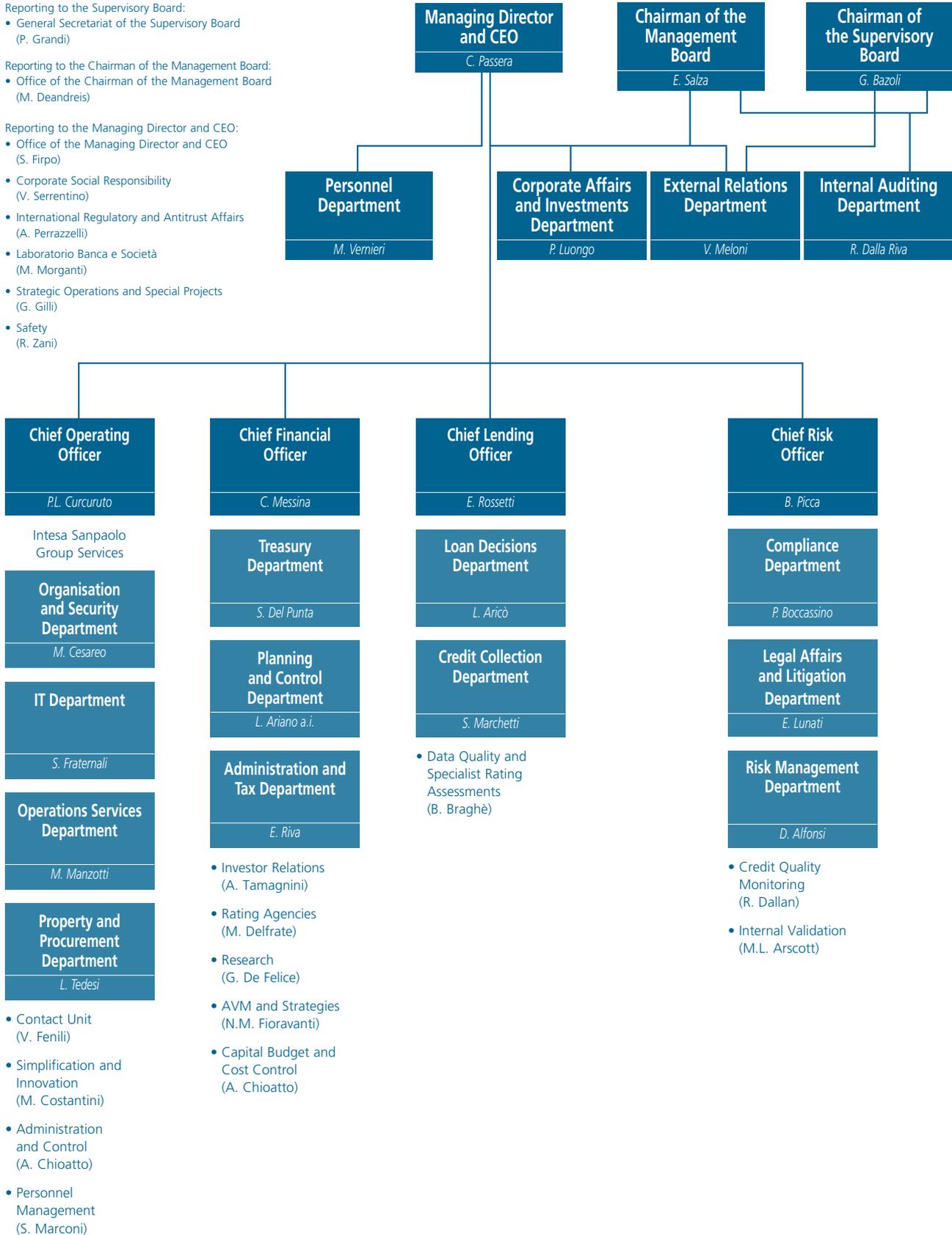
- General Secretariat of the Supervisory Board (P. Grandi)

Reporting to the Chairman of the Management Board:

- Office of the Chairman of the Management Board (M. Deandreis)

Reporting to the Managing Director and CEO:

- Office of the Managing Director and CEO (S. Firpo)
- Corporate Social Responsibility (V. Serrentino)
- International Regulatory and Antitrust Affairs (A. Perrazzelli)
- Laboratorio Banca e Società (M. Morganti)
- Strategic Operations and Special Projects (G. Gilli)
- Safety (R. Zani)



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, with decision-making, consultative and reporting powers, formed to ensure the monitoring and management of risks and the safeguarding of corporate value at Group level. The Committee also co-ordinates the activity of specific Technical Committees to monitor financial and operational risks, and the Group Compliance and Operational Risk Committee;
- Group Financial Risk Committee, a body with a decision-making and reporting role, focusing on proprietary financial risks of the banking and trading book and Active Value Management, which operates on the basis of operating powers and duties assigned by the Parent Company statutory bodies and of co-ordination activities performed by the Group Risk Governance Committee;
- Group Compliance and Operational Risk Committee, body with a decision-making, consultative and reporting role with the aim of stepping up co-ordination and interdepartmental co-operation mechanisms, and facilitating the effective management of operational and compliance risks, which operates within the scope of the guidelines set by the corporate bodies, on the basis of the operational and functional powers delegated by the Parent Company's Management Board, and under the co-ordination of 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 and incentive systems

Trends in remuneration systems in application of FSB principles

The financial crisis has brought the issue of the remuneration of financial intermediaries to the attention of international organisms, in the conviction that distortions in remuneration structures can contribute to excessive risk being taken on by individual intermediaries and the financial system as a whole.

The aim of supervisory measures introduced in accordance with the implementation standards issued by the Financial Stability Board is to correct the excesses identified, above all in Anglo-Saxon financial institutions, in staff bonuses, both in their form and application, while upholding the autonomy of financial intermediaries in their business practices.

The new principles introduced are designed to encourage the right balance between fixed and variable components of remuneration, while linking management salaries to effective long-term results through a deferred payment system and the linking of variable components to multi-year performance measures that reflect the profitability of the Bank over time, and which can be suitably adjusted to take into account current and prospective risks, capital costs and the liquidity needed to cover the activities undertaken.

Within the scope of the aforementioned measures, on 28 October 2009 the Bank of Italy notified the entities that it supervises of the introduction of a series of guidelines applicable to variable components of remuneration. At the same time, the Bank of Italy invited entities of systemic importance (including Intesa Sanpaolo) to comply with the implementation standards issued by the Financial Stability Board on 25 September 2009 for the "persons (representatives and employees)" concerned and identified in advance, and to conduct, by and no later than 31 December 2009, an "audit of the entity's remuneration policies and practices on the basis of the criteria and standards" introduced, identifying "any measures to be adopted and a schedule for their adoption."

Accordingly, the Bank audited the remuneration policies and practices adopted by the Intesa Sanpaolo Group. On the basis of the audit findings, and the in-depth analyses conducted by the compliance function, the Corporate Boards have attested the Group's compliance with the supervisory guidelines introduced and the standards applicable to larger financial intermediaries.

Notwithstanding the foregoing, and in relation to the new Business Plan and connected incentive system, the Group:

- generally, with reference to performance indicators, will continue to step up the attention focused on risk parameters and the introduction of an independent review of remuneration policies;
- specifically, with reference to people whose decisions have a significant impact on the Group's risk profile, will be introducing equity-related instruments, reviewing the amount of variable remuneration deferred over time, and disclosing greater information on the matter on an annual basis.

With regard to the identification of persons concerned, while confirming the specific relevance of internal control function managers, the Corporate Boards identified the members of the Coordination Committee, top and senior management (Department Heads, Managing Directors and General Managers of the Group's main companies, etc.) and any members of the Management Board identified by the Supervisory Board, for a current total of approximately 150 people.

Remuneration and incentive systems for Board Members

The New Supervisory Provisions require that shareholders be provided with adequate information 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, and the Managing Director in office for 2007-2008-2009 and, in the next chapter, to the General Managers 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

Remuneration due to Supervisory Board Members for all three years of their term of office, now scheduled to expire, was set as a fixed amount, in part by the Shareholders' Meeting upon the appointment of the Board Members, and in part by the Supervisory Board where special duties were assigned to Board Members.

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

7.P.1. Subsequently, on the basis of the Articles of Association in force at the time and the proposals put forth
7.C.1. by the Remuneration Committee, the Supervisory Board set the remuneration due to the Chairman, the
7.C.4. Deputy Chairmen and Board Members assigned special duties or functions, also within the scope of the Board's Committees, as a fixed sum, not tied to the Company's performance.

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.

Such capacities under the Articles of Association have since been amended to comply with the New Supervisory Provisions. The capacity to pass resolutions regarding the remuneration of the Supervisory Board is now assigned exclusively to the Shareholders' Meeting, also as concerns specific roles within the Board.

Remuneration policy for the Management Board and the Managing Director

1.C.1. d) In accordance with law and the Articles of Association, the Supervisory Board - after consulting the Remuneration Committee - established the remuneration for the Management Board Members, the Managing Director and Members of the Management Board assigned special offices, duties or powers, in office for 2007-2008-2009.

7.P.1. As affirmed by the Supervisory Authority (in its 2009 Report to the Parliament and Government),
7.P.2. "remuneration and incentive mechanisms constitute an important competitive factor in attracting qualified personnel, aligning the interests of managers to the interests of shareholders and stakeholders, and driving efficiency and profit creation," without prejudice to the objective of "guaranteeing incentives adjusted to the risk assumed and aligning remuneration to effective long-term results."

On the basis of the provisions of the Code, the remuneration of directors "is to be established in a sufficient amount to attract, maintain and motivate directors endowed with the professional skills necessary for managing the issuer successfully." The Commission Recommendation of 14 December 2004 (2004/913/EC), as complemented by Commission Recommendation of 30 April 2009 (2009/385/CE) providing supplementary provisions regarding the regime for the remuneration of directors of listed companies, and concerning, inter alia, the variable component of such remuneration, states that the essential elements of remuneration (namely the form, structure and level of remuneration) should facilitate the recruitment and retention of directors having the qualities required to run 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 remuneration of Management Board Members, whose term of office is scheduled to expire, is structured as partly fixed and partly 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 adopted by the Supervisory Board for remuneration of the Management Board Members in office for 2007-2008-2009 envisaged:

- 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 annual amount to the Managing Director, also in his capacity as Chief Executive Officer, and awarding of an annual bonus tied to specific budget parameters, plus relative insurance benefits and supplementary pension scheme;
- awarding of a variable component of remuneration to all Management Board Members at the end of their term on the basis of a series of mid-term performance targets, as identified in the three-year Business Plan.

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

The application of the criteria and parameters identified by the Supervisory Board has resulted in:

- as concerns fees paid to the Managing Director and the General Manager, a 50% decrease in the variable component of remuneration compared to 2008;
- as concerns fees paid to all Management Board Members and management executives, the forfeiting of the variable component tied to mid-term results under the 2007-2009 Business Plan, as a result of the significant shift in the economic and financial context and the effects of this trend on the performance and financial situation of Intesa Sanpaolo.

The variable annual amount for the Managing Director for 2009 is tied to the achievement, as shown in the consolidated financial statements for 2009, of a positive EVA® for the Group, and other performance targets concerning profitability, credit quality and operating efficiency, closely tied to budget forecasts. The lump sum variable component envisaged on achievement of the aforementioned Budget results is equal to one year of fixed remuneration.

No stock option plan is in place for the Managing Director or other Management Board Members.

7.C.2.

Following the introduction of amendments to the Articles of Association to comply with New Supervisory Provisions, the remuneration of the next Management Board to be appointed will be determined on the basis of specific remuneration policies to be submitted for the approval of the forthcoming Shareholders' Meeting, without prejudice to the Supervisory Board's capacity to set the amount of remuneration to be paid to the Management Board on the basis of the policies approved by the Shareholders' Meeting.

Employee termination indemnities

The Members of the Supervisory Board and the Management Board, with the exception of the Managing Director who is also General Manager, are not in the regular employ of the Bank.

No agreements exist obliging the Bank to pay Board Members an indemnity in event of their resignation, dismissal without just cause, or removal following a public takeover bid.

Art. 123-bis, (1) i), CLF

Remuneration and incentives policy for employees and other staff

Introduction

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 and 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 the distinctive organisational features, trust and a sense of belonging.

Working with a leading international consultancy, the Company has introduced a series of initiatives, projects, tools and systems, all integrated into a specific “development platform”, with a view to supporting management and promoting the professional growth of people in the Group. Of these measures, particular importance is placed on remuneration policy, the criteria, guidelines and purposes of which are described below.

Intents and purposes of the Bank’s remuneration policy

The general objectives and guidelines pursued through the Bank’s remuneration policy, in full accordance with the New Supervisory Provisions, satisfy the criteria of:

- equality, to reduce remuneration inconsistencies and standardise treatment, via:
 - the correlation of a person’s fixed salary to the “weight” of the role held;
 - the differentiation of salary brackets and the proportion of variable pay components on global remuneration, on the basis of professional categories;
- merit, to guarantee better matching of pay to actual performance and the management potential identified, via:
 - the use of variable pay components linked to the effectiveness and stability of results;
 - a focus on key staff members and high potential employees, to whom the most competitive salary brackets, aligned to the market of reference, are reserved;
- sustainability, to limit expense deriving from application of the policy to values compatible with the Business Plan cost objectives, via:
 - selective reviews of fixed pay;
 - the use of objective parameters when reviewing pay;
 - the identification of suitable caps on reviews;
 - the correlation of the length of the policy term to the term of the Business Plan.

Criteria for setting remuneration policies

As mentioned in the Introduction, the Bank’s remuneration policies are based on reports provided by the “development platform”, which consists of three suitably integrated systems:

- 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 position consistent with the need to attract and retain key professionals to achieve growth strategies);
- assessment and identification of potential, through the definition of a special system available to each Manager and through the implementation of special assessments to verify alignment of managerial skills with those identified 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;

- assessment of performance, aimed at, for Managers, guaranteeing effective supervision of Business Plan objectives, so facilitating alignment of economic terms of relevance to the Group, on the specific objectives of each business unit and, in reference to remaining personnel, at effectively identifying merit and enhancing skills through the definition of individual development plans.

General Managers and other Management

The information obtained via the abovementioned systems is an objective element on which Group remuneration policy is based, and which with regard to Management – including the General Managers and “Top Managers” – 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.

7.C.1.

In keeping with its standing as a continental group, the Intesa Sanpaolo Group adopts company remuneration policies that are consistent with industry practices in Europe. The identification of such policies also responds to the need to standardise pay structures and redress the gaps resulting from the mobility experienced in key management roles following the merger, and from the different remuneration policies previously in place in the two groups.

The situation has led to the adoption of the Group’s current merit-based remuneration policy, in accordance with the Business Plan’s strategies for achieving sustainability, which has enabled salaries to be linked to the effectiveness and stability of results. Specifically, the general criteria of equality, merit and sustainability are assured through:

- the closing of pay gaps that may arise from time to time via periodic realignments with levels identified from specific comparisons with market indicators;
- the correlation of pay to the weight of the role held;
- selective pay reviews linked to individual performance assessments and potential shown.

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. Accordingly, the use of share-based remuneration plans (e.g. stock options, performance shares, etc.) is not envisaged.¹ The variable component linked to the 2007-2009 Business Plan was forfeited as a result of the significant shift in the economic and financial context and the effects of this trend on the performance and financial situation of Intesa Sanpaolo.

Bonuses to be paid are proportionate to fixed pay. In the event that both short-term and mid-term Plan objectives are fully met, total bonuses may reach, within the overall cost limits of the Business Plan, the thresholds identified below:

¹ On this point, please note that a stock option plan launched on 14 November 2005 by the Board of Directors of the then Sanpaolo IMI is still in force. The plan was favour of 48 executives who held key positions in the Group with a strong influence on the strategic decisions aimed at achieving Business Plan objectives and increasing the Group’s value. This plan provides for the assignment, redefined after the merger following the resolution of the Shareholders’ Meeting of 1 December 2006, of a total of 30,059,750 options, exercisable after approval of the 2008 draft financial statements and not later than 30 April 2012 at a strike price of 3.9511 euro.

- a bonus of up to 1 GAP (Gross Annual Pay) for Top and Senior Management, and a bonus between 0.33 and 0.67 GAP, depending on the professional category, for other employees, with specific reference to their annual incentive plans;
- a bonus of up to 2 GAPs for Top and Senior Management, and a bonus of up to 1 GAP for other employees, to be paid as a lump sum, at the end of the three-year Business Plan.

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 guarantees observance of the internal equality principle, given the use of common benchmarks for each statistical population.

The expected annual pay mix,² in the event that all short-term and mid-term Business Plan objectives are fully met, is on average equal to:

	Fixed pay	Annual bonus	LTI Bonus
Top and Senior Management	37.5%	37.5%	25%
Other Managers (annual bonus = 67% GAP)	50%	30%	20%
Other Managers (annual bonus = 33% GAP)	60%	20%	20%

The pay mix and instruments used for awarding LTI bonuses will be subject to a forthcoming review, in order to comply with Bank of Italy instructions on the adoption of the Financial Stability Board standards.

In fact a new long-term incentive plan for 2010-2012 will be submitted to the Shareholders' Meeting for approval, which envisages the use of equity-related instruments for Top and Senior Management and an increase in the weight of deferred variable components for the Managing Director, the General Managers and members of the Coordination Committee (together forming the Group's Top Management).

As a result, the new annual pay mix for Top Management will consist of 33% fixed pay, 33% annual bonus, and 33% LTI bonus. The introduction of deferment mechanisms for a part of the annual bonus will ensure compliance with Financial Stability Board instructions, with regard to the ratios of short-term and long-term variable pay components.

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

Within the above remuneration framework, the variable pay components for the Manager responsible for preparing the Company's financial reports and for internal control managers are set, in accordance with the New Supervisory Provisions, with reference to performance indicators specific to each function.

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.

With regard to internal control function managers (the CRO, the Heads of the Risk Management, Compliance and Internal Auditing Departments), performance indicators enable an assessment of the managers' performance in accomplishing their respective measurement and control objectives with regard to the Group's exposure to various types of risk (market, credit, interest rate, liquidity, operational and country risk), including risk of non-compliance through the definition of guidelines, policies and methodological rules for managing non-compliance risk, and guaranteeing the ongoing and independent surveillance of the Group's operations and processes for the purpose of preventing or identifying any anomalous or risky behaviour or situation.

² For the purposes of this Report, "pay mix" means the breakdown of managers' salary packages, with fixed pay, the annual bonus and the LTI bonus each expressed as a percentage of total pay received.

Other staff categories

The remuneration policies in place for other staff categories make reference to two different objectives:

- ensuring the standardisation of pay structures in order to close any pre-existing gaps between the two groups that combined form the present Group, and guaranteeing all Intesa Sanpaolo employees fair and equal treatment;
- rewarding individual merit.

The first objective was reached through several agreements with the trade unions, and through the identification of a specific framework to complete the integration process pursued over the past two years, which supplements the profiles for department staff and middle-managers working in the various business units.

For each job profile, identifying elements, indispensable requirements and organisational features have been identified and considered in connection with the current organisational structure, which together form the exclusive framework of reference for the application of the conditions and benefits of each job profile.

The second objective was reached through periodic reviews and promotions and/or pay rises based on reports provided by the “development platform”, for staff members showing the greatest potential or who excel in the performance of their duties.

Employees are offered a variable pay component through:

- specific incentive systems, as described further on, that provide for bonuses in line with market standards, as reported by specialist studies such as the Italian Banking Association’s annual salary survey;
- the payment of a contractually determined “company bonus”, designed to reward employees for productivity increases, on the basis of their respective job profiles.

Financial advisors (staff not bound to the Company by an employment relationship)

The Intesa Sanpaolo Group is a leader in the Italian financial advisory sector, with a market share of over 30% thanks to the networks of Banca Fideuram and Sanpaolo Invest.

Financial advisors are self-employed professionals, not bound to the Company by an employment relationship, authorised by Banca Fideuram or by Sanpaolo Invest for the door-to-door selling of banking, financial and insurance products and services to customers, through agency agreements falling under the Collective Employment Agreement for commercial agents and representatives in the commercial sector.

In line with industry practices and regulations, the agency agreements are not sole agency agreements, but give financial advisors exclusive rights to the placement of financial and insurance products and services.

Each financial advisor manages commercial relations with a portfolio of clients assigned by the company, offering each client consultancy services in accordance with MiFID rules, and ongoing assistance over time.

Given that the advisors are not bound to the Company by an employment relationship but are self-employed professionals acting as agents, as described above, they are paid commissions, consisting of a deduction withheld by the financial advisor of a part of the principal’s proceeds from the contracts made with clients in the portfolio assigned to the advisor.

Commissions are set as percentages of gross revenues (including one-off and recurring proceeds) earned by the company through the costs borne by clients on various products. The percentages differ on the basis of the type of product or service contracted, and are governed by the terms and conditions of the agency agreement. Commissions enable:

- financial advisors to be rewarded for placements and for the management and assistance of customers;
- financial advisors to be compensated for the costs they incur independently through their activities, including costs incurred in fulfilling social security obligations binding under law.

The gross revenues earned by the company from assistance services/management of its customers are identified as PayINs, while the part withheld by financial advisors is identified as a PayOUT. PayOUTs vary from product/service to product/service and are set by the Managing Director and General Manager of Banca Fideuram on the basis of proposals made jointly by commercial departments and the Planning and Control department, in accordance with law and company guidelines, following a structured compliance clearing process falling under the “product development” procedure. On average, PayOUTs are set at around 28%-30% of PayINs.

Managers (agents responsible for the coordination and supervision of groups of financial advisors operating in the one area) receive over commissions set at a specific PayOUT rate on individual products/services, applied to the PayINs received on all contracts made with clients assigned to the financial advisors under their supervision.

The PayOUT mechanism for calculating sales commissions and over commissions as a percentage of Banca Fideuram’s gross revenues means that the remuneration of the distribution channel is totally variable, and always set as a reasonably stable percentage of company revenues earned directly from placement and assistance activities. The percentage stands at around 33%-35% of total PayINs.

Parameters used for calculating variable pay components, essential components and their sources

Specific incentive systems are in place for all Group employees. Bonuses envisaged under the systems are paid providing that Group EVA[®] is positive and that risk, profit and organisational efficiency objectives are met, as measured using a composite index based on Group/Division/Business Unit results, compared to budget targets, in terms of Adjustments to Loans, Net Operating Income, the cost-income ratio and other specific parameters for each Division/Business Unit.

In an effort to build fair and motivating incentive systems, studies were conducted on internal practices and their alignment with specific market benchmarks.

The incentive systems adopted envisage a range of rewards, diversified on the basis of the business unit, so to offer incentives that reflect the professional skills present in the company, reward individual merit and team work and, in certain cases, promote the mid/long-term sustainability of results through the deferral of a part of any bonuses earned.

The amount of bonuses paid is correlated to the performance of both the Division/Business Unit and the Group as whole (as a form of “solidarity mechanism”).

The rationale underlying the incentive systems introduced and applied by the company can be summarised as follows:

- Retail & Private Business (Banca dei Territori Division): bonuses are awarded to reward team work, while differentiated rewards can still be used to reward outstanding individual performance. The objective parameters used for determining incentives refer to the typical revenues of the business area (second level gross income) and aspects of a business nature (taking into consideration the risk profile, in accordance with compliance guidelines), combined with service quality and customer satisfaction indicators;
- Corporate & Finance Business (Corporate and Investment Banking Division, Public Finance Business Unit): bonuses are awarded primarily to reward individual merit, within the limits of team spirit, and outstanding performance, and are calculated at a rate comparable to the target levels of markets of reference. The objective parameters used for determining incentives are largely financial in nature (Operating Income), combined with efficiency indicators (cost/income ratio) and risk indicators (Adjustments to Loans), calculated at the Division level;
- Asset Management Business (Eurizon Capital, some Banca Fideuram subsidiaries): bonuses are awarded primarily to reward individual merit, within the limits of team spirit, and outstanding performance, and are calculated at a rate comparable to the target levels of markets of reference; mechanisms deferring a part of bonuses earned for three years have already been introduced in this sector in recent years. The objective parameters used for determining incentives are largely financial

in nature (Operating Income), combined with efficiency indicators (cost/income ratio), calculated at the Company level and the managed fund level (performance achieved vs. benchmark);

- Governance Functions (Head Office Departments and Division Staff): bonuses are awarded on the basis of overall Group/Division results in terms of a composite indicator. The system also uses, in a manner consistent with merit management guidelines and sustainability objectives, a series of selectivity criteria (in terms of a maximum number of staff members that may be rewarded) so as to ensure that bonuses are awarded exclusively for outstanding service and excellent conduct in the interests of integration.

Financial advisors benefit from specific annual incentive schemes over and above the commissions they earn under their agency agreements, which are connected with set business objectives designed to support the company's growth, sustainability and profit targets (normally tied to Total Net Deposits and Net Deposits Managed). The incentive schemes are built so as to reward, on a statistical basis, around one-third of all private bankers with bonuses between 10% and 20% of their total annual remuneration (30% for managers).

Remuneration policy-making procedures

The remuneration policy guidelines and relative operating mechanisms originally set forth following the merger of the Gruppo Intesa and Sanpaolo IMI Group were presented and discussed with all competent corporate officers.

The guidelines were submitted for approval to the Remuneration Committee and the Management Board's Business Plan and Budget Work Group, and were then subsequently approved by the Supervisory Board, at the proposal of the Management Board, on 23 June 2009.

The Group's remuneration policies and practices were reviewed for compliance with new instructions issued by the Bank of Italy in October 2009 by the Management Board and the Supervisory Board, in meetings held on 15 December 2009.

Potential amendments to approved policies and their impact

In the light of the foregoing, the Intesa Sanpaolo Group's remuneration system can be firmly said to be based on merit, inspired by the principles of equality and sustainability, and clearly defined on the basis of shared rules approved by the competent corporate bodies.

Audits conducted by the Compliance Department confirm that the remuneration policies comply with the principles and values expressed in the Code of Ethics and the corporate mission of providing customers with banking and financial services of excellence and promoting a growth model based on the sustainability of effective and stable results over time and on the creation of a virtuous circle based on trust, underpinned by the satisfaction of customers, shareholders and, more generally, all stakeholders, made possible also by the focus and attention placed on controlling various risk factors (market, credit, interest rate, liquidity, operational and country risks). The mechanisms ensuring that remuneration policies comply with laws and regulations in force are reviewed annually by the Internal Auditing Department.

That said, with a view to ensuring that the remuneration system fully complies with recent Bank of Italy instructions, and on occasion of the definition of a new Business Plan and connected incentive system, the Group:

- generally, with reference to performance indicators, will continue to step up the attention focused on risk parameters and the introduction of an independent review of remuneration policies;
- specifically, with reference to people whose decisions have a significant impact on the Group's risk profile, will be introducing equity-related instruments, reviewing the amount of variable remuneration deferred over time, and disclosing greater information on the matter on an annual basis.

Employee termination indemnities

The termination of employment contracts, especially when at the initiative of the Company, generally involves consensual retrenchment agreements providing termination indemnities, with the aim of minimising the cost to the Company that may result from litigation. These agreements generally provide

leaving incentives and conditions in line with the provisions of current employment agreements in force (arbitration and additional indemnities).

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.

The control system

The internal 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 aimed at the ongoing monitoring of risks of the Bank and the Group, involving the corporate bodies, special internal control functions, the Surveillance Body pursuant to Legislative Decree 231/2001, and the Manager responsible for preparing the Company's financial reports. The independent auditors also contribute to the internal control system.

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

Art .123-
bis (2),
(b) CLF

In the implementation of the guidelines set forth by the corporate bodies, the internal control system of the Bank and the Group is designed to constantly monitor, identify and manage business-related risks. The primary reference in this respect are supervisory provisions on the prudential control of companies and banking groups, regulations on organisation and corporate governance of Banks, of financial, service and investment conglomerates and developments in international best practices.

8.C.1. a)

The internal control system consists of three levels of controls:

- the first level consists of line controls that are conducted by operational structures (by the person performing the relevant activity plus hierarchical controls), or are incorporated into procedures or back-office activities;
- the second level falls under the responsibility of the Chief Risk Officer and includes, alongside the activities of the Legal and Credit Quality Monitoring units:
 - risk management controls run by the relative function, which are aimed at contributing to the definition of risk management methodologies, at verifying the respect of limits assigned to the various operating functions and at controlling the consistency of operations of individual productive areas with assigned risk-return targets;
 - compliance controls run by the relative function, which are aimed at preventing the risk of incurring legal and administrative penalties, significant financial loss or damage to reputation as a consequence of infringements of laws and regulations or voluntary codes;
- the third level consists of internal auditing activities run by the Internal Auditing Department, a separate, independent structure from operational structures, whose aim is to identify anomalous operations and breaches of procedures and regulations, and to assess the overall functioning of the internal control system.

In this context, the adequacy of essential system elements is assessed on an ongoing basis by the corporate bodies, and is taken into consideration in the Report on Operations attached to the Parent Company's financial statements as prepared by the Management Board, and in this Report and in the Report of the Supervisory Board pursuant to Article 153 of the Consolidated Law on Finance.

8.C.1. c)
8.C.1. d)

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 role of 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 management and control activities, in particular:

- the Management Board defines the Bank's risk appetite and the related risk management policies to be submitted to the approval of the Supervisory Board and 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 the recommendation of the Managing Director, the Management Board adopts appropriate resolutions for submission to the Supervisory Board of guidelines to ensure the adequacy of the organisational, administrative and accounting structure; appoints and removes, with the approval of

the Supervisory Board, the heads of internal control functions; defines guidelines for the approval and control of transactions with related parties; and is responsible for the management and coordination of the Group, with strategic-management control and technical-operational control over Group activities;

- 8.P.3.
- the Supervisory Board is responsible for approving the Bank's risk appetite and general risk management policies and their periodic review in order to ensure their effectiveness over time, for checking, at the proposal of the Management Board, that risk control functions are organised in line with strategic objectives, and for assessing and supervising the 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 is assisted in its task of establishing and maintaining an effective internal control system and assessing its overall operation by the Work Groups it sets up. In particular:

- the Bank Equity Profile Work Group focuses its attention on the internal capital adequacy assessment process (ICAAP), on the Pillar III Disclosures document, and on the internal credit risk measurement system (use of the FIRB-Corporate Regulatory system);
- the Business Plan and Budget Work Group focuses its attention on the organisational structure, on the capital adequacy of the Group, and on credit risk control.

8.C.1. b)
8.C.5.

As already mentioned, the Management Board has 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 the recommendation and proposal of the Managing Director, who in general is responsible for the measures necessary for ensuring that an effective and efficient control system is established and maintained. In addition the Managing Director steers the implementation of guidelines resolved by the Management and Supervisory 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;
- nominating candidates to head internal control functions to the Management Board.

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

As already mentioned, the Supervisory Board, with the support of the Control Committee, also 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. In accordance with the New Supervisory Provisions and within the scope of the general strengthening of the control functions performed by the Supervisory Board, the Articles of Association now define the role of the Control Committee as a permanent reference point for all internal control functions, from which it is to receive specific information. Accordingly, the Control Committee reports to the Supervisory Board on any management irregularities or breaches of banking regulations found through the exercise of its duties and responsibilities.

Under the Articles of Association and its own Regulations, as amended in 2009, the Control Committee plays a supporting role to the Supervisory Board and is responsible for:

- 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 the letter of recommendations;

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- monitoring the effectiveness of the auditing process, exchanging data and information with the independent auditors, also pursuant to Article 150, paragraph 3, of the Consolidated Law on Finance, for the performance of their respective tasks;
 - advising on the appointment and removal of the heads of internal control functions, including the managers of the Internal Auditing, Compliance and Risk Management Departments;
 - verifying (i) that 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 functions (in particular the Risk Management, Internal Auditing and Compliance Departments) are guaranteed an appropriate level of independence with the funding and resources necessary for the exercise of their duties;
 - 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 on its activities at the time of the approval of the half-yearly report and annual financial statements, on the adequacy of the internal control system, and on the administrative and accounting systems.

Finally, the Control Committee, in its capacity as a Surveillance Body, is responsible for 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.

In 2009, the Control Committee focused its attention on the organisational structure, with particular regard to the internal control system, on risk management policies, with particular regard to the lending process and internal capital adequacy assessment process (ICAAP), and on relations with other Bank functions and Group companies.

Verification of the adequacy and effective operation of the internal control system involved a number of meetings, centred on specific topics, between the Control Committee and the Internal Auditing, Compliance and Risk Management Departments, which continued to support Committee activities through the systematic provision of information. The Control Committee also met with the Independent Auditors, the Manager responsible for preparing the Company's financial reports, business functions and the heads of the Bank's various governance areas.

With regard to the Internal Auditing Department, the Committee reviewed the function's operations and sizing with respect to the corporate bodies.

With regard to risk control, the overall risk position of the Group was reviewed periodically by the Committee through an examination of the "Risk Tableau de Bord" and the progress made by the relative Work Group was inspected, also as concerns risk measurement and compliance with prudential supervisory regulations.

With regard to the IT accounting system, the Committee examined and assessed the "Report on the Internal Control System in relation to Accounting and Financial Reporting" and received the related periodic reports from the departments concerned.

With regard to the activities of the Compliance Department and the prevention of compliance risk, progress reports were received by the Committee on the implementation of the model adopted, together with periodic information. Specifically, the Committee checked that any problems that had emerged were duly being monitored by the Compliance Department for their eventual resolution.

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, including those found by Supervisory Authority inspections.

The Manager responsible for preparing the Company's financial reports

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, pursuant to the provisions of Article 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. In accordance with the aforementioned Article 154-bis, the Manager is required to:

- 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 Parent Company's and consolidated financial statements 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 presentation 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, the Supervisory Board and the Management Board approved the corporate "Guidelines for administrative and financial governance", which govern:

- the corporate governance model enabling the Manager responsible for preparing the Company's financial reports to constantly verify the adequacy and effective application of administrative and accounting procedures at Group level;
- the system of information flows and relations with other Parent Company departments and subsidiaries, enabling the Manager responsible for preparing the Company's financial reports to receive the information required for 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 internal control departments over accounting and financial reporting. To this end, the Manager responsible for preparing the Company's financial reports plans the activities that the Group is required to perform over the year and is responsible for:

- supervising compliance with the instructions given to companies for the correct and uniform implementation of accounting rules and principles and measurement criteria;
- outlining administrative and accounting procedures for producing the financial statements and other financial reports, including the Pillar III Disclosures document;
- verifying the adequacy and effective application of administrative and accounting procedures over the period, also by subsidiaries subject to the laws of countries that are not European Union member states, in accordance with relevant Consob regulations, through a structured assessment process, with findings reported through the internal control system to financial reporting;
- monitoring the data acquisition process for the information required to produce the Group's balance sheet, income statement and cash flow statement, especially with reference to the main risks and uncertainties to which Group companies are exposed;

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- supervising the duties assigned to the independent auditors via the management of the monitoring process governed by specific regulations, and the preparation of the annual reports required under the Issuers' Regulation.

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.

With regard to subsidiaries subject to the laws of non-EU member states, as mentioned above, and in compliance with Consob 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.

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, which reports to the Supervisory Board in order for it to perform its supervisory task of monitoring the accounting system, as required by law and the Articles of Association.

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 level¹. 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 effective implementation; this category of procedures includes administrative and accounting processes in the strictest sense, relevant to documenting the reliability of accounting data through their reporting in the financial statements, along with steering and control processes (planning, management control, risk control), business processes (lending, finance, etc.), and support processes that have a material impact on accounts and financial reporting;
- governance rules for the IT infrastructure and applications relating to administration and accounting procedures, with long-term monitoring of their adequacy and actual application.

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

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- governance rules for the IT infrastructure and applications relating to administration and accounting procedures, with long-term monitoring of their adequacy and actual application.

The model is applied according to a risk-based logic, selecting the companies, the administration and accounting procedures and the governance rules for the 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 carried out 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 Department 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.

Controlling corporate risks

The Chief Risk Officer

The Chief Risk Officer is responsible for the Risk Management, Compliance and Legal Affairs Departments together with the Credit Quality Monitoring and Internal Validation units, representing a "second line of defence" in the management of corporate risks that is separate and independent from the business support functions.

The Chief Risk Officer is responsible for:

- 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;
- 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

Policies concerning the assumption and management of risk are identified by the Supervisory Board and the Management Board. The Management Board, in turn, relies on the support of the specific Group Committees mentioned earlier, which are coordinated by the Group Risk Governance Committee, and on the Chief Risk Officer, who reports directly to the Chief Executive Officer.

The risk management strategy aims at providing the increasingly integrated and consistent management of risks, in consideration of both the macroeconomic scenario and the Group's risk profile, while raising awareness of risk.

In particular, the Group Risk Governance Committee, chaired by the Managing Director and CEO, 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:

- proposing Group risk management strategies and policies to the corporate bodies, so as to ensure the steering and coordination of the main risk management measures;

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- ensuring compliance with Supervisory Authority instructions and 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, by reporting any non-compliance and/or breaches of relevant policy;
 - identifying, analysing and monitoring situations of potentially significant deterioration of risk and managing events of specific impact and relevance, with implications for the Group's reputation;
 - 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;
 - 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, co-ordinating corrective action and strategic guidelines in relation to credit risk and lending policies;
 - allocation of risk limits to the Divisions/Departments and setting country risk limits (by country, duration and type of operations) and credit risk concentration limits, in accordance with the decisions of the Management Board;
 - disseminating awareness of risk, in its various forms, within the Group;
 - defining business continuity strategies for disaster recovery purposes.

The Committee is also responsible for Basel II governance and supervising the projects and measures necessary to guarantee compliance.

The Group Financial Risk Committee is responsible for matters concerning the assumption of financial risks (in both the trading and banking books). The Committee, chaired by the Chief Risk Officer and the Chief Financial Officer, is responsible for setting out the methodological and measurement guidelines for financial risks, establishing the operational limits and assessing the risk profile of the Group and its main operational units. The Committee also sets out the strategies for the management of the banking book to be submitted to the competent bodies and establishes the guidelines on liquidity, interest rate and exchange risk, and periodically assesses the Group's overall financial risk profile and any measures needed to modify it.

The Group Compliance and Operational Risk Committee, chaired by the Chief Risk Officer, has the task of supervising the implementation of compliance and legal risk guidelines and policies and periodically verifying the Group's overall operational risk profile, defining any corrective actions, coordinating and monitoring the effectiveness of the main mitigation activities and approving operational risk transfer strategies.

Within the Chief Risk Officer's governance area, the Risk Management Department is in charge of the operational implementation of management strategies and guidelines along the decision-making chain, down to each of the Bank's operational units. The Risk Management Department is also responsible for the risk management methods and controls implemented in each business unit, reporting on the general situation to the corporate governance bodies, proposing operational limits on financial risks (for both the banking and trading books), promoting the use of risk measurement tools in granting and monitoring loans and risk concentration, overseeing the methodological and organisational framework for operational risks, using capital-at-risk measurements in management reporting and for assessing the Group's internal capital adequacy, and ensuring statutory reports are sent to Supervisory Bodies.

For the purposes described above, Intesa Sanpaolo uses a wide-ranging set of tools and techniques for risk assessment and management which take from best practices, as comprehensively described in the notes to the financial statements and the Pillar III - Basel II Disclosure.

The Compliance Department

In compliance with Bank of Italy supervisory provisions, which require that the compliance department be independent from operating departments and separate from internal auditing, the Compliance Department reports 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.

In 2009 the Management Board and the Supervisory Board approved “Compliance Guidelines” for the implementation of the Group’s Compliance Model, which identify the roles and responsibilities of the corporate bodies and company structures in monitoring 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 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.

Level three controls and the Internal Auditing function

8.C.6. Internal auditing activities are performed by a special department - Internal Auditing - which reports
8.C.7. directly to the Chairman of the Management Board and the Chairman of the Supervisory Board, and also liaises with the Control Committee.

As part of their duties the department also liaises with the Internal Auditing departments of Group companies.

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 organisational processes.

It supports corporate governance and ensures that top management, the 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.

A similar approach is used with regard to administrative liability pursuant to Italian Legislative Decree 231/2001 for the Control Committee in its capacity as a Surveillance Body.

The Surveillance Body of Intesa Sanpaolo and the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001

In Intesa Sanpaolo, the role and responsibilities of the Surveillance Body as per Legislative Decree 231/2001 are, as previously mentioned, assigned to the Control Committee, along with the necessary powers and capacities to fulfil such tasks.

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

Intesa Sanpaolo, by decision of its Management Board and Supervisory Board, has adopted an “Organisational, Management and Control Model” for the prevention of crime, in accordance with Italian Legislative Decree 231/2001 (the “Model”).

8.C.2.

For each category of offences contemplated by Legislative Decree 231/2001, the Model identifies “sensitive” company areas and, for each area, the company activities where there is a risk of the illicit offences being committed (so-called “sensitive activities”). For each sensitive activity, control principles and rules of conduct have been set forth, applicable to the people involved in such activities.

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.

Following changes to the composition of the Surveillance Body introduced by the Model at the end of 2008, in 2009 the Supervisory Board appointed three alternate members to the Surveillance Body, whose eligibility under the integrity, independence and professional criteria required by the Model were confirmed by the Surveillance Body. Alternate members may act in the place of effective members, within the limits of the functions assigned to Surveillance Body members, where more than one effective member is suspended or temporarily unable to act, as in the cases contemplated by the Model. To date, no alternate member has been required to substitute an effective member.

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 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. The Committee reports to the corporate boards on its activities.

In 2009 the Surveillance Body held 16 meetings to verify the efficiency, effectiveness and adequacy of the Model with the Compliance Department, which in accordance with the compliance guidelines adopted a risk-based approach to its activities, and to verify compliance with the Model's requirements with the Internal Auditing Department, via an examination of the Department's audits.

As concerns the adequacy of the Model, it was found that updating is needed following amendments to legislation introduced in 2009, which broadened the number of criminal offences to be contemplated. The updated Model will also take into consideration the consortium Intesa Sanpaolo Group Services, which was set up in 2009.

With reference to the value of the Model, Intesa Sanpaolo pushed ahead with the roll-out of the internal communication and staff training plan to facilitate the dissemination of the 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.

In addition to this, without prejudice to the separate responsibility of each Group company for the adoption and effective implementation of their own models under the Decree, the Bank, in its capacity as Parent Company, has formalised a series of guidelines for its subsidiaries concerning their administrative liability with regard to the appointment of a surveillance body, the preparation of staff training plans, the adoption of suitable controls for sensitive processes, and periodic reports to the Parent Company's compliance function.

The surveillance bodies of subsidiaries are responsible for monitoring the implementation of the model and compliance with the statutory requirements of the Decree, and for reporting to the Parent Company's Surveillance Body on their respective activities.

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

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.

In order to ensure full compliance with laws governing independent auditors engaged for the statutory auditing of the accounts of Group companies, as well as to create conditions to protect the independence of independent auditors and ensure compliance with applicable laws in force, Intesa Sanpaolo has adopted specific Group Regulations for the introduction of a supervisory system aimed at monitoring the appointment of independent auditors at the Group level and other engagements awarded by the Parent Company's departments and Group companies to independent auditors, their business networks and their affiliates, in accordance with the guidelines set forth by the Management Board and Supervisory Board.

10.C.5.

In implementation of the Regulations, the appointment of independent auditors involved the prior analysis and authorisation of the Manager responsible for preparing the Parent Company's financial reports, who is also responsible for reporting to the Control Committee, the Supervisory Board and the Management Board on a periodic basis - as well as to Consob, as required by laws in force - on Group engagements awarded during the period to the independent auditors of the Parent Company and other Group companies and the fees paid to them over the year.

The coordination of the control system

Among its various duties, the Supervisory Board is responsible for ensuring the effectiveness of all the structures and functions involved in internal control and their adequate coordination.

The internal control system, as described, consists of a set of rules, procedures and organisational structures aimed at ensuring compliance with Company strategies and the achievement of the following objectives:

- the effectiveness and efficiency of Company processes;
- the safeguard of asset value and protection from losses;
- reliability and integrity of accounting and management information;
- transaction compliance with the law, supervisory regulations as well as policies, plans, procedures and internal regulations.

The rules and regulations of relevance to the Bank include the corporate governance plan prepared in accordance with the New Supervisory Provisions, the Group Regulations, the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001, the Supervisory Board Regulations and the Management Board Regulations, the Group Committee Regulations and other so-called "governance documents", including the main risk management and control guidelines, the compliance guidelines, the administrative and financial governance guidelines and the Pillar 3 Disclosure guidelines.

These documents outline the main information flows required for the purposes of coordinating internal control functions, including the information provided by control functions to the Bank's corporate bodies and, in particular, the Control Committee, and the information exchanged between internal control functions.

Control Committee meetings are normally attended by the Head of the Internal Auditing Department, while the Manager responsible for preparing the Company's financial reports normally attends Financial Statements Committee meetings. Where required, the independent auditors also attend the meetings of

these Committees, and may liaise at any time with the Manager responsible for preparing the Company's financial reports. Members of the Control Committee attend Management Board meetings. The broad exchange of reports and information through Group Committee meetings and the meetings of the corporate bodies ensures that the internal control system, as described, operates on the basis of rules ensuring the coordination of the structures and functions involved.

Management of conflicts of interest

Introduction

In line with corporate law and banking supervisory regulations, and in accordance with the instructions of the Corporate Governance Code, the Bank has adopted a system of rules designed to ensure that transactions carried out with related parties, and transactions in which a corporate Board member has a personal interest or interest on behalf of third parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.

9.P.1.

Transactions with related parties

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. The Regulations set forth 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. The Regulations were adopted in compliance with Article 2391-bis of the Italian Civil Code, which requires the governance boards of companies listed on equity markets to adopt rules to ensure the transparency and substantial and procedural fairness of all transactions with related parties.

9.C.1.

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 Managers, the Manager responsible for preparing the Company’s financial reports, the heads of Business Units, Head Office Departments and Governance Areas 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.

The Management Board and the Supervisory Board have decided to extend application of the rules governing transactions with related parties beyond the scope of application considered in regulations of reference, so as to include shareholders and their corporate groups (subsidiaries, parent and sister companies) 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.

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. “Significant” transactions are those with a major economic, capital and financial impact, as defined on the basis of specific qualitative and/or quantitative criteria applying to each type of transaction. In particular, they include:

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1.C.1. f)

- 1) if the total value exceeds 3 million euro (or a total exceeding 20 million euro if the transactions are with companies which are part of the Banking Group or 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 stakes in companies, even if they do not lead to changes in the Banking Group;
 - 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 a multi-year duration;

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- 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) the granting of overdrafts to related parties that are not part of the Banking Group, for an amount in excess of 0.50% of the consolidated regulatory capital;
 - 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 have been established for non-performing exposures (substandard, doubtful and restructured loans).

In addition to this, 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 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 Article 71-bis of the Issuers' Regulation).

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

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, according to 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 a decision from the Board of Directors of the companies involved. Each company may also choose to include specific internal control measures in its own decision-making process. It is also expected to adopt a set of rules equivalent to the ones drawn up by the Parent Company to regulate the transactions initiated by the company itself with its "own related parties". The prior opinion of the Parent Company's Control Committee is also required for the most significant transactions between subsidiaries and parties related to the Parent Company.

Moreover, the Regulations define the general criteria for the information to be provided, 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 regarding transactions with related parties completed in the reference period by the Parent Company or by its subsidiaries. Different quantitative thresholds apply to each type of transaction. All of the above is aimed at providing a complete overview of the most significant transactions, as well as the volumes and the main features of all those delegated.

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

Finally, where a related party is a relevant person for the intents and purposes of regulations governing the obligations binding on banks' corporate officers, the special decision-making procedure set forth in Article 136 of the Consolidated Law on Banking also applies.

Obligations binding on the Bank's corporate officers

9.C.2. Article 136 of the Consolidated Law on Banking requires the adoption of a special decision-making procedure before the corporate officers of banks or other companies forming part of a banking group may contract obligations with the bank they belong to or other Group companies, so as to prevent conflicts of interests from arising.

In accordance with the Article 136, anyone with steering, administration or control duties in banks or companies forming part of the Banking Group cannot directly or indirectly enter into contracts binding

upon his/her 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 general managers and board members or companies in which general managers and 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).

In Intesa Sanpaolo, the special decision-making procedure set forth in Article 136 of the aforementioned law requires a prior resolution adopted unanimously by the Management Board, with the unanimous approval of the members of the Supervisory Board. Without the approval of all the members of the control body, it is strictly prohibited for the transaction in question to go ahead.

For the subsidiaries of the Banking Group, on the other hand, such transactions require a prior resolution adopted unanimously by the board of directors, with the unanimous approval of all the members of the board of statutory auditors and the consent of the Parent Company.

Finally, the provisions of the aforementioned law confirm the obligations contemplated in the Italian Civil Code governing the interests of corporate officers and transactions with related parties.

Interests of Management Board Members

In line with the provisions of Article 2391 of the Italian Civil Code, the Management Board Regulations require each Board Member to inform the other Management Board Members and the members of the Supervisory Board of any personal interests held or interests held on behalf of third parties that may in any way have an impact on the performance of their role and responsibilities, with reference to a specific corporate transaction, specifying the nature, terms, origin and extent of the interests.

9.P.1.

In accordance with said provisions, the Management Board is responsible for adopting resolutions on transactions, including transactions with related parties, in which the Managing Director holds a personal interest or interests on behalf of third parties and is therefore subject to the obligation to abstain from acting, as per Article 2391 of the Italian Civil Code. In such cases, any resolution adopted by the Management Board is to suitably explain the reasons and convenience of the transaction for the Company.

Where applicable, the special decision-making procedure set forth in Article 136 of the Consolidated Law on Banking is to be followed.

Interests of Supervisory Board Members

In line with the provisions of the Corporate Governance Code, the Supervisory Board Regulations require each Board Member holding a personal interest or interests on behalf of third parties, whether direct or indirect, in a specific transaction under examination by the Supervisory Board to promptly and fully inform the Supervisory Board of the nature, terms, origin and extent of the interests.

10.C.4.

In addition to this, in implementation of the New Supervisory Provisions, a new article was introduced into the Articles of Association governing the transparency of the interests held by Supervisory Board Members in transactions of strategic importance, as identified by the Articles of Association. Specifically, any Member of the Supervisory Board who holds a personal interest or interest on behalf of third parties, in a transaction deemed strategic under Article 25.1.2 of the Articles of Association, is required to disclose the interest and state its nature, terms, origin and extent. In this case, any resolution adopted by the Supervisory Board is to suitably explain the reasons and convenience of the transaction for the Company.

Where applicable, the provisions of Article 136 of the Consolidated Law on Banking also apply to Supervisory Board Members.

Conflict of interest management policy

In compliance with laws and regulations in force prior to the entry into force of the Markets in Financial Instruments Directive (MiFID), Intesa Sanpaolo had already introduced "Guidelines for the management of

inside information and conflicts of interest” identifying relevant organisational principles and procedural rules.

In 2009, the Bank’s corporate boards approved a “Conflicts of interest management policy” which amended internal regulations to comply with the provisions of the Joint Bank of Italy/Consob Regulations and the Consob Regulation on Intermediaries. Said regulations, issued in implementation of the MiFID, step up obligations regarding the identification and management of conflicts of interest through the introduction of the following requirements:

- the express provision of a conflicts of interest policy that identifies conflict situations and how they are to be managed;
- alongside conflicts of interest that may arise between an intermediary and a client, the inclusion of conflicts that may arise between a relevant person of the intermediary and the client, between an entity with a controlling interest in the intermediary and a client, and between two or more clients of the intermediary;
- the establishment of a register to systematically record each and every situation where a conflict of interest arises and how the situation is dealt with.

In accordance with the regulations, the policy adopted by Intesa Sanpaolo provides for:

- the mapping of conflicts: a list of circumstances that generate or may generate a conflict of interests at the Group level, which may harm the interests of one or more clients;
- the identification of management measures: a list identifying the procedures and organisational measures to be adopted to manage conflicts of interest, including those adopted prior to the entry into force of MiFID.

Personal transactions policy

In 2009, Intesa Sanpaolo’s corporate bodies approved a “Personal transactions policy”, in compliance with the Joint Bank of Italy/Consob Regulations, issued in implementation of MiFID. The regulations require intermediaries to adopt procedures to prevent relevant persons involved in activities that may give rise to conflicts of interest, or that have access to inside or confidential information, from performing personal transactions prohibited under regulations governing market abuse, or that involve the abuse or disclosure of confidential information, or that breach regulations governing conflicts of interest.

Applicable to all Group companies that provide investment services, that are asset management companies, or are open-ended collective investment schemes, the Policy identifies as relevant persons: (i) corporate officers; (ii) managers, employees and other natural persons involved in the provision of investment services under outsourcing agreements; (iii) shareholders that are natural persons and that hold a corporate office in a Group company; (iv) shareholders that are legal entities and that hold equity interests in a listed or unlisted Group company of over 2% or 20% and have officers on the corporate boards of the company, with the exception of shareholders that are legal entities subject to supervision and joint-stock companies that have adopted the models contemplated by Italian Legislative Decree 231/2001.

The Policy introduces a set of specific restrictions on the transactions that relevant persons may perform, in order to prevent conflicts of interests or the abuse of inside or confidential information from arising in areas of greatest risk (e.g. investment banking, treasury services, proprietary trading, trading services, equity investment management, portfolio or UCI management, investment research studies, corporate customer relationship management, financial institutions, public entities and companies or loan arrangements with such customers).

Relevant persons are required to notify their companies of any transactions they order through accounts held in their name or held jointly in their name at companies that do not belong to the Intesa Sanpaolo Group, as well as any transactions they order through accounts held by persons for whom the relevant person has power of attorney, and any transactions ordered on their behalf by any third person.

For situations of greatest risk involving relevant persons subject to specific restrictions, in accordance with regulations in force, the Policy requires notification of the names of all persons with whom the relevant person has kinship ties (spouse or cohabiting partner, children living at home, and any other relative up to the fourth degree of kin that has lived with the relevant person for at least a year at the transaction date) or close links (natural persons or legal entities linked to the relevant person through a controlling interest or equity interests of over 20% of the voting rights or share capital of a company).

In order to identify any non-compliance with the policy, all personal transactions performed by or on behalf of relevant persons are subject to registration and monitoring, together with any transactions ordered through accounts held at Intesa Sanpaolo or other Group companies by persons with kinship ties or close links to relevant persons subject to specific restrictions.

Treatment of corporate information

Inside information

4.P.1.
4.C.1. Intesa Sanpaolo has 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 subsidiaries, with particular reference to price sensitive data pursuant to Article 114, paragraph 1, of the Consolidated Law on Finance.

The recipients of the Regulation – also prepared in the light of Article 18.1 letter f) and Article 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 to and/or management of price sensitive information and/or information that could become price sensitive (i.e. members of the corporate bodies, executives, employees and contractors 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 identified by said Managing Director and Chairmen 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; Investor Relations 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, Rating Agencies is responsible for relations with the rating agencies.

Internal Dealing and Insiders List

In compliance with the provisions contained in the Consolidated Law on Finance and the Issuers’ Regulation, 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 officers and/or strictly 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 interim 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.

Again on the basis of provisions contained in the Consolidated Law on Finance and the implementing provisions issued by Consob, the Bank has created and regularly updates a register of people who, due to their work or professional activities or duties performed, have permanent or occasional access to inside information concerning the Bank or its subsidiaries that issue quoted securities (the “Insiders List”).

The regular and accurate updating of the Insiders List is governed by specific internal rules that, on the one hand, identify the people who by virtue of their role and/or responsibilities have permanent access to inside information, and on the other, set forth the criteria to be used to identify any people who may have occasional access to such information.

All Group companies that issue quoted securities are required to keep and update an Insiders List identifying the people who, by virtue of their work or professional activities or duties performed, have permanent or occasional access to inside information concerning the company.

In compliance with the same law, a Temporary Insiders List – Third-Party Issuers has been created and is regularly updated, identifying all people who, by virtue of the duties they perform on behalf of third-party issuers of quoted securities, have occasional access to inside information on said issuers. The List is kept and updated in accordance with the “Guidelines for the management of inside information and conflicts of interest”, which is currently being updated.

With regard to inside information, general Group Regulations governing the keeping of Insiders Lists by all Group companies required to do so will soon be issued.

Relations with shareholders and the financial community

11.P.2.
4.C.1. Intesa Sanpaolo has a specific interest, as well as an obligation towards the market, in the management of continuous dialogue with shareholders, institutional investors and 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.

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 Savings Shareholders' Representative to be informed of bank operations that could affect the official price of savings shares, particularly proposals that the Management Board has decided to submit to the Shareholders' Meeting with regard to capital transactions, mergers and spin-offs.

11.C.2. Given the size of the Bank and the Group, Intesa Sanpaolo makes use of specialist departments backed by appropriate funding and professional resources.

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, which in this respect is the main contact also for Group companies. As mentioned above, Rating Agencies is instead dedicated to the management of relations with analysts and rating agencies.

11.C.1. 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.

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 www.group.intesasanpaolo.com.

The Company focuses special attention on this particular information channel, taking into consideration developments in international best practices in the sector. The institutional website is constantly developed and expanded, so as to highlight its role in showcasing the Intesa Sanpaolo Group, its values and its characteristics, and comply with statutory obligations and transparency requirements for the institutional information published on-line, while satisfying the highest market communication standards in terms of the timeliness and adequacy of messages.

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.

Also available on the website is the Intesa Sanpaolo "Shareholder's Guide." The Guide is designed to provide useful information on investing in Bank shares, to inform shareholders of the rights attaching to their shareholdings, and to enable shareholders to build a more active relationship with the Company.

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.

Shareholders' Meetings: procedures and shareholders' rights

The Shareholders' Meeting

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

Art. 123-bis (2),
(c) CLF

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.

11.P.1.

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.

11.C.1.

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 by the deadlines established by laws and regulations in the daily newspaper "Il Sole 24 Ore" and in the Official Gazette.

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 savings shareholders' representative, Company executives and employees, as well as directors, auditors, executives and employees of subsidiaries 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.

11.C.4.

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 the 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.

11.C.5.

In any event the shareholders are informed by the Chairman, prior to the start of the Meeting, of voting procedures in order that they may express their opinions in a certain and aware manner.

As concerns the right of each shareholder to speak on the items posted on the meeting agenda, taking into consideration the number of shareholders wishing to speak, and with a view to ensuring the smooth and effective conduct of the meeting, while guaranteeing everyone the opportunity to speak, the Chairman sets the speaking and answer time for each speaker at a maximum, normally, of five minutes.

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 2009, an ordinary and extraordinary Shareholders' Meeting was held on 30 April. The ordinary meeting agenda included the approval of the proposed allocation of 2008 net income, the distribution of dividends and the proposal to raise the fees paid to the independent auditors. The extraordinary Shareholders' Meeting was called upon to approve amendments to the Articles of Association connected with, inter alia, "Supervisory Provisions concerning Banks' organisation and corporate governance," issued by the Bank of Italy on 4 March 2008.

The participation of Shareholders in the Meeting continued to be significant. Specifically, the 2009 Shareholders' Meeting represented 50.5% of ordinary share capital.

On 5 March 2010, Italian Legislative Decree No. 27 dated 27 January 2010 was published in the Official Gazette of the Republic of Italy, implementing Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 regarding the exercise of certain rights of shareholders in listed companies.

The Decree introduces significant changes to how shareholders' meetings are conducted, in an effort to encourage shareholder participation in company life. The changes address, among other things, how shareholders' meetings may be called and the information to be provided prior to meetings, the right to speak at meetings and the exercise of voting rights, and the right of shareholders to add items to the meeting agenda and ask questions.

Provisions concerning the calling of shareholders' meetings and participation are applicable to shareholders' meetings called after 31 October 2010. Accordingly, Intesa Sanpaolo will arrange for the approval of relevant amendments to the Articles of Association in time for their application to shareholders' meetings held following the entry into force of the new regulations.

Notwithstanding the foregoing, and on the basis of the provisions of Italian law, Intesa Sanpaolo has decided to voluntarily adopt some of the provisions of the Directive for the forthcoming Shareholders' Meeting scheduled for April 2010, as far as it is materially possible, in particular the provisions concerning the information to be included in the meeting notice and the term and manner envisaged for providing shareholders with access to the documents for discussion at the Meeting.

Duties of the Shareholders' Meeting

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, removal and remuneration of members of the Supervisory Board, including Board members vested with special duties;
- 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;
- the approval of remuneration policies for Management Board Members and share-based plans, in keeping with the provisions of law and regulations in force;
- transactions reserved by the law to resolution of the Extraordinary Shareholders' Meeting.

The duties of the shareholders' meetings under the Articles of Association were amended by approval of the extraordinary shareholders' meeting held in April 2009, to comply with the New Supervisory Provisions. Specifically, responsibility for determining the remuneration of Supervisory Board members vested with special duties and approving remuneration policies for Management Board members, as well as responsibility for approving share-based plans was given to the Shareholders' Meeting.

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.

The right to participation and representation

11.C.3. In consideration, also, of the needs of shareholders and institutional investors, Intesa Sanpaolo does not require any prior deposit of shares in order to let shareholders attend the Meeting. In fact, in accordance with the Bank's Articles of Association, 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.

11.C.1. Voting by proxy is permitted: shareholders not participating directly have the right to delegate a proxy, with equal rights during voting procedures. The proxy form is enclosed with the aforementioned notice from the authorised intermediary; a facsimile of the proxy form can also be found on the Company's website.

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.

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

In order to facilitate shareholders in exercising their right to participate in Shareholders' Meetings, the Intesa Sanpaolo website also indicates contacts of Shareholder Associations whose the Bank received notice as of the last Shareholders' Meeting, or by previous communications.

Intesa Sanpaolo's Articles of Association do not permit postal voting or the holding of shareholders' meetings using means of telecommunication.

Additions to the Meeting agenda

In accordance with the provisions of law and the Articles of Association, shareholders severally or jointly representing at least one-fortieth of the share capital may, within five days from the publication of the convocation notice, request the addition of items to the agenda of the meeting, specifying the additional items proposed in their request. Additional items are not permitted where they address matters which may only be proposed for the approval of the shareholders' meeting by the Management Board, or which require a report or project prepared by the Management Board.

Notices with respect to the additions to the agenda as a result of such requests shall be given in the forms required for the publication of the convocation notice.

Voting rights

There are no restrictions on voting rights, except with regard to savings shares, which only carry voting rights at Special Savings Shareholders' Meetings, and not 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.

Art. 123-bis,
(1), letter f)
and l) CLF

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

Quorum and voting majorities

The quorum required for shareholders' meetings indicates the proportion of share capital required to be represented in order for the meeting to be declared valid. Voting majorities refer to the proportion of share capital required for shareholder resolutions to be approved.

At Intesa Sanpaolo, the quorum required for the validity of ordinary and extraordinary Shareholders' Meetings, on both first and second calling, and on third calling for extraordinary shareholders' meetings, is determined by law, as are the voting majorities required for the approval of resolutions, except as provided by the Articles of Association for the election of Supervisory Board members.

The table below recaps the quorum and voting majorities required under law and applicable to Intesa Sanpaolo.

Ordinary Shareholders' Meeting		first call	second call	further calls
Quorum	Any number of shareholders representing at least half the share capital	The proportion of the share capital represented by the shareholders present		N/A
Voting majority	Absolute majority of the share capital represented at the Meeting	Absolute majority of the share capital represented at the Meeting		N/A

Extraordinary Shareholders' Meeting			
Quorum	Any number of shareholders representing at least half the share capital	Any number of shareholders representing at least one-third of the share capital	Any number of shareholders representing at least one-fifth of the share capital
Voting majority	Two-thirds majority of the share capital represented at the Meeting	Two-thirds majority of the share capital represented at the Meeting	Two-thirds majority of the share capital represented at the Meeting

Contestation of shareholder resolutions

Shareholder resolutions adopted at Shareholders' Meetings in accordance with law and the Articles of Association are binding on all shareholders, including those who dissent or abstain from voting. Resolutions not approved in accordance with law and the Articles of Association may be contested by assenting, dissenting or abstaining shareholders and by the Supervisory Board.

The terms and procedures for contesting shareholder resolutions are determined by the provisions of law in force, contained in Articles 2377-2378 of the Italian Civil Code.

The Special Savings Shareholders' Meeting

Holders of savings shares have the right to participate and vote at Special Savings Shareholders' Meetings.

In accordance with law, Special Savings Shareholders' Meetings are called, among other things:

- to appoint and remove the Common Representative of Savings Shareholders and act against him;
- to approve shareholder resolutions that compromise the rights of savings shareholders, with approval requiring any number of savings shareholders representing at least twenty per cent of all savings shares.

The current Common Representative is Paolo Sfameni, appointed at the special meeting held on 3 December 2008 for the period 2009-2011.

The Common Representative of Savings Shareholders', who remains in office for 3 financial years, is to be informed without delay by the Chairman of the Management Board of any bank operations that could affect the official price of savings shares, and in particular of any proposals that the Management Board has decided to submit to the Shareholders' Meeting regarding capital transactions, mergers and spin-offs.

Special Savings Shareholders' Meetings may be called by the Common Representative or by members of the Management Board as necessary and at the request of any number of savings shareholders representing at least one per cent of all savings shares. Where the Management Board fails to act or acts with unjustified delay, Special Savings Shareholders' Meetings may be called by the Supervisory Board.

The right of withdrawal

The right of withdrawal may be exercised only in those cases exclusively provided by Article 2347 of the Italian Civil Code. As permitted by Article 2437, paragraph 2, of the Italian Civil Code, the Articles of Association excludes the right of withdrawal for shareholders that vote against resolutions concerning the extension of the duration of the Company and the introduction of restrictions on the trading of shares.

The terms and methods for the exercise of the right of withdrawal and the criteria for determining the value of the shares and related liquidation procedures are governed by law.

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 co-ordinate the various issues related to social responsibility, there is a dedicated Intesa Sanpaolo business unit – the Corporate Social Responsibility Unit, and CSR officers have been appointed in all the Group's main entities and banks. Specific management tools have also 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, prepared on the basis of international reporting standards and published on the Bank's website, also in interactive form, 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 IV – Summary tables and check list against the principles and application criteria of the Code

Table No. 1: 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		2		X		X	
Antoine Bernheim	Deputy Chairman		17				X	
Rodolfo Zich	Deputy Chairman	X	1		X		X	
Carlo Barel di Sant'Albano	Director		3				X	
Rosalba Casiraghi	Director	X	10	X				
Marco Ciabattoni	Director	X						X
Giovanni Costa	Director	X	1				X	
Franco Dalla Sega	Director and Secretary to the Board	X	8					
Gianluca Ferrero	Director	X	12					X
Angelo Ferro	Director	X	3		X			
Pietro Garibaldi	Director	X		X				
Giulio Stefano Lubatti	Director	X	1	X		X		
Giuseppe Mazzarello	Director	X	1		X			
Eugenio Pavarani	Director	X	3			X		X
Gianluca Ponzellini	Director	X	14	X		X		
Gianguido Sacchi Morsiani	Director	X						X
Ferdinando Targetti	Director	X						X
Livio Torio	Director	X	4	X				
Riccardo Varaldo	Director	X	2		X			

Table No. 2: 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 Chairman Member, Supervisory Board	Alleanza Assicurazioni S.p.A. (up to 1/10/2009) Mittel S.p.A. UBI Banca S.p.A.
Antoine Bernheim	Deputy Chairman Deputy Chairman Director Chairman Director Deputy Chairman and Director Director Director Director Director Member, Supervisory Board Director Director Director Director Deputy Chairman and Director Director Director	Alleanza Assicurazioni S.p.A. (up to 1/10/2009) Alleanza Toro S.p.A. (new – from 1/10/2009) Generali Deutschland Holding A.G. Assicurazioni Generali S.p.A. Banco Santander S.A. Bolloré Investissement S.A. B.S.I. – Banca della Svizzera Italiana Christian Dior S.A. Christian Dior Couture S.A. Ciments Francais S.A. Eurazeo S.A. Generali Espana Holding de Entidades de Seguros S.A. Generali France S.A. Generali Holding Vienna A.G. Havas S.A. LVMH Moet Hennessy Louis Vuitton Mediobanca S.p.A. Graafschap Holland AG
Rodolfo Zich	Director	Innogest SGR S.p.A.
Carlo Barel di Sant'Albano	Director Director Managing Director and Director Director Managing Director Director	Alpitour S.p.A. (up to 28/02/2009) FIAT S.p.A. EXOR S.p.A. Juventus F.C. S.p.A. EXOR S.A. (LUX) SGS S.A.
Rosalba Casiraghi	Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor Director Director Director Director Director Director Director	Banca CR Firenze S.p.A. Non Performing Loans S.p.A. Nuovo Trasporto Viaggiatori S.p.A. Industrie De Nora S.p.A. Luisa Spagnoli S.p.A. Spa.Im S.r.l. Spa.Pi. S.r.l. Alto Partners SGR S.p.A. Biancamano S.p.A. (from 29/04/2009) NH Hoteles S.A. (from 16/06/2009) PMS S.p.A.
Marco Ciabattini		
Giovanni Costa	Director	Edizione S.r.l.
Franco Dalla Sega	Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor	Hopa S.p.A. Intesa Previdenza SIM S.p.A. Mittel Investimenti Immobiliari S.r.l. Mittel Private Equity S.p.A. Mittel S.p.A. Progressio SGR S.p.A.

Director	Office	Company
Gianluca Ferrero	General Partner Standing Auditor Director and Member Executive Committee Alternate Auditor Standing Auditor Standing Auditor Sole Director Alternate Auditor Chairman, Board of Auditors Standing Auditor Liquidator Alternate Auditor	Giovanni Agnelli e C. S.a.p.a.z. Alberto Lavazza e C. S.a.p.a. Banca del Piemonte S.p.A. COFINCAF S.p.A. Emilio Lavazza S.a.p.a. Fenera Holding S.p.A. FIBE S.r.l. Gabriel Fiduciaria S.r.l. Luigi Lavazza S.p.A. Pictet Fiduciaria S.r.l. (in liquidation) Tecnodelta S.p.A. (in liquidation) Reale Mutua Assicurazioni
Angelo Ferro	Chairman Chairman Director Director	Pavan Tecnologie S.p.A. Pavan S.r.l. R.C.S. Quotidiani S.p.A. Società Cattolica di Assicurazione Soc. Coop. (up to 26/04/2009)
Pietro Garibaldi		
Giulio Stefano Lubatti	Director Chairman, Board of Auditors	Tokos SGR S.p.A. (up to 20/07/2009) Banco di Napoli S.p.A. (from 8/04/2009)
Giuseppe Mazzarello	Managing Director Director	P. Ferrero & Co. S.p.A. (up to 1/04/2009) Ferrero S.p.A. (from 14/12/2009)
Eugenio Pavarani	Chairman, Board of Auditors Standing Auditor Standing Auditor	Mediofactoring S.p.A. Roche Diagnostic S.p.A. Roche Pharma S.p.A.
Gianluca Ponzellini	Standing Auditor Standing Auditor Chairman, Board of Auditors Standing Auditor Alternate Auditor Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor Alternate Auditor Alternate Auditor Chairman, Board of Auditors Chairman, Board of Auditors Chairman, Board of Auditors Standing Auditor	Autogrill International S.r.l. (up to 21/04/2009) Autogrill S.p.A. (up to 21/04/2009) Banca IMI S.p.A. Casa Editrice Universo S.p.A. CIR S.p.A. – Compagnie Industriali Riunite De'Longhi Appliances S.r.l. De'Longhi Capital Services S.p.A. De'Longhi S.p.A. Finmar S.p.A. G.S. S.p.A. Ital Press Holding S.p.A. Ital Press San Biagio S.p.A. Luisa Spagnoli S.p.A. Spa.Pi. S.r.l. Spa.Im S.r.l. Telecom Italia S.p.A. (from 8/04/2009)
Gianguido Sacchi Morsiani	Director	Equitalia Polis S.p.A. (up to 30/4/2009)
Ferdinando Targetti		
Livio Torio	Standing Auditor Chairman, Board of Auditors Alternate Auditor Chairman, Board of Auditors	Banca di Credito Sardo S.p.A. Mediocredito Italiano S.p.A. Intesa Sec 3 S.r.l. Setefi S.p.A.
Riccardo Varaldo	Director Director	Finmeccanica S.p.A. Piaggio & C. S.p.A.

Table No. 3: 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				
Orazio Rossi	Deputy Chairman		X			X		
Corrado Passera	Managing Director and CEO	X						
Aureliano Benedetti	Director		X				X	
Elio Catania	Director		X	X		X		X
Giuseppe Fontana	Director		X	X		X		
Gian Luigi Garrino	Director		X				X	X
Virgilio Marrone	Director		X	X			X	X
Emilio Ottolenghi	Director		X				X	X
Giovanni Perissinotto	Director		X	X			X	
Marcello Sala	Director		X			X	X	

Table No. 4: 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 Chairman Chairman Director	Italconsult S.r.l. Tecno Holding S.p.A. Tecnoinvestimenti S.r.l. RCS MediaGroup S.p.A.
Orazio Rossi	Chairman Director	Cassa di Risparmio del Veneto S.p.A. Mediocredito Italiano S.p.A.
Corrado Passera		
Aureliano Benedetti	Chairman Chairman Chairman Deputy Chairman Director	Banca CR Firenze S.p.A. Centrovita Assicurazioni S.p.A. Intesa Sanpaolo Group Services S.c.p.a. Agriventure S.p.A. Banca IMI S.p.A.
Elio Catania	Chairman and Managing Director Director	Azienda Trasporti Milanesi S.p.A. Telecom Italia S.p.A.
Giuseppe Fontana	Deputy Chairman Deputy Chairman Managing Director Director	Fontana Finanziaria S.p.A. Villa d'Este S.p.A. Fontana Luigi S.p.A. Banca Popolare di Sondrio S.c.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	Fiat S.p.A. Old Town S.A. - Luxembourg
Emilio Ottolenghi	Chairman Chairman Chairman Chairman Director Chairman, Supervisory Board	Banca IMI S.p.A. La Petrolifera Italo Rumena S.p.A. Pir Finanziaria S.p.A. Vis S.p.A. Sapir S.p.A. La Petrolifera Italo Albanese Sh.A.
Giovanni Perissinotto	Chairman Deputy Chairman Managing Director Director Director Director	Banca Generali S.p.A. BSI S.A. Assicurazioni Generali S.p.A. Ina Assitalia S.p.A. Pirelli & C. S.p.A. Alleanza Toro S.p.A.
Marcello Sala	Director Director Director Director	Banca IMI S.p.A. Imi Fondi Chiusi SGR S.p.A. Bank of Alexandria S.A.E. Banca ITB S.p.A.

Table No. 5: Check List

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
1. ROLE OF THE BOARD OF DIRECTORS				
1.P.1. Listed companies are governed by a Board of Directors that meets at regular intervals, and that adopts an organisation and a modus operandi which enable it to perform its functions in an effective, efficient manner.	✓			page 42 (S.B.) page 45, 54 (M.B.)
1.P.2. The Directors act and pass resolutions with full knowledge of the facts and autonomously, pursue the priority of creating value for the shareholders. Consistent with this goal, they also take into account the directives and policies defined for the group of which the issuer is a member, as well as the benefits deriving from being a member of a group.	✓			page 42, 43 (S.B.) page 47, 52, 54 (M.B.)
1.C.1. The Board of Directors shall:				
a) examine and approve the company's strategic, operational and financial plans and the corporate structure of the group it heads, the management and control system of the issuer and the group structure;	✓			page 27 (S.B.) page 45 (M.B.)
b) evaluate the adequacy of the organisational, administrative and accounting structure of the issuer and its subsidiaries having strategic relevance, as established by the managing directors, in particular with regard to the internal control system and the management of conflicts of interest;	✓			page 28 (S.B.) page 45 (M.B.)
c) delegate powers to the managing directors and to the executive committee and revoke them; it shall specify the limits on these delegated powers, the manner of exercising them and the frequency, as a rule no less than once every three months, with which the bodies in question must report to the board on the activities performed in the exercise of the powers delegated to them;	✓			page 45, 50, 51, 57 (M.B.)
d) determine, after examining the proposal of the special committee and consulting the board of auditors, the remuneration of the managing directors and of those directors who are appointed to particular positions within the company and, if the shareholders' meeting has not already done so, determine the total amount to which the members of the board and of the executive committee are entitled;	✓			page 66 (M.B.)
e) evaluate the general performance of the company, paying particular attention to the information received from the executive committee (when established) and the managing directors, and periodically comparing the results achieved with those planned;	✓			page 46, 51, 57 (M.B.)
f) examine and approve in advance transactions carried out by the issuer and its subsidiaries having a significant impact on the company's profitability, assets and liabilities or financial position, paying particular attention to transactions in which one or more Directors hold an interest on their own behalf or on behalf of third parties and, in more general terms, to transactions involving related parties; to this end, the board establishes general criteria for identifying the transactions which might have a significant impact;	✓			page 27 (S.B.) page 46, 87 (M.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
g) evaluate, at least once a year, the size, composition and performance of the Board of Directors and its committees, eventually characterising new professional figures whose presence on the board would be considered appropriate;	✓			page 34 (S.B.) page 56 (M.B.)
h) provide information, in the report on corporate governance, regarding the application of this article 1 and, in particular, on the number of meetings of the board and of the executive committee, if any, held during the fiscal year, plus the related percentage of attendance of each director.	✓			page 44 (S.B.) page 45, 56 (M.B.)
1.C.2. The directors shall accept the office of director when they deem that they can devote the necessary time to the diligent performance of their duties, also taking into account the number of offices held as director or auditor in other companies listed on regulated markets (including foreign markets) in financial companies, banks, insurance companies or companies of a considerably large size. The board shall record, on the basis of the information received from the directors, on a yearly basis, the offices of director or auditor held by the directors in the above-mentioned companies and include them in the report on corporate governance.	✓			page 33 (S.B.) page 52 (M.B.)
1.C.3. The board shall issue guidelines regarding the maximum number of offices as director or auditor for the types of companies referred to in the above paragraph that may be considered compatible with an effective performance of a director's duties. To this end, the board identifies the general criteria, differentiating them according to the commitment entailed by each role (executive, non-executive or independent director), as well as the nature and size of the companies in which the offices are performed, plus whether or not the companies are members of the issuer's group; it may also take into account the participation of the directors in committees established within the ranks of the board.	✓			page 33 (S.B.) page 52 (M.B.)
1.C.4. If the shareholders' meeting, when dealing with organisational needs, authorises, on a general, preventive basis, derogations from the rule prohibiting competition, as per Article 2390 of the Italian Civil Code, then the Board of Directors shall evaluate each such issue, reporting, at the next shareholders' meeting, the critical ones if any. To this end, each director shall inform the board, upon accepting his/her appointment, of any activities exercised in competition with the issuer and of any effective modifications that ensue.	✓			page 52 (M.B.)

2. COMPOSITION OF THE BOARD OF DIRECTORS

2.P.1. The Board of Directors shall be made up of executive and non-executive directors.	✓			page 48 (M.B.)
2.P.2. Non-executive directors shall bring their specific expertise to board discussions and contribute to the taking of balanced decisions paying particular care to the areas where conflicts of interest may exist.	✓			page 43 (S.B.) page 48, 55 (M.B.)
2.P.3. The number, competence, authority and time availability of non-executive directors shall be such as to ensure that their judgement may have a significant impact on the taking of board's decisions.	✓			page 48, 51 (M.B.)
2.P.4. It is appropriate to avoid the concentration of corporate offices in one single individual.	✓			page 49 (M.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
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 choice.			✓	page 49 (M.B.)
2.C.1. The following are executive directors: <ul style="list-style-type: none"> – the managing directors of the issuer or a subsidiary having strategic importance, including the relevant chairmen when these are granted individual management powers and when they play a specific role in the definition of the business strategies; – the directors vested with management duties in the issuer or in one of its subsidiaries having strategic importance, or in a controlling company when the office concerns also the issuer; – the directors who are members of the executive committee of the issuer, when no managing director is appointed or when participation in the executive committee, taking into account the frequency of meetings and the scope of the relevant resolutions, entails, as a matter of fact, the systematic involvement of its members in the day-to-day management of the issuer. <p>The granting of powers only in cases of urgency to directors who are not provided with management powers is not enough, per se, to cause them to be identified as executive directors, unless such powers are actually exercised with considerable frequency.</p>	✓			page 48 (M.B.)
2.C.2. The directors shall know the duties and responsibilities relating to their office. The chairman of the Board of Directors shall use his best efforts for causing the directors to participate in initiatives aimed at increasing their knowledge of reality and business dynamics, also having regard to the relevant regulatory framework, so that they may carry out their role effectively.	✓			page 42, 43 (S.B.) page 56 (M.B.)
2.C.3. In the event that the chairman of the Board of Directors is the chief executive officer of the company, as well as in the event that the office of chairman is covered by the person controlling the issuer, the board shall designate a lead independent director who represents a reference and coordination point for the requests and contributions of non-executive directors and, in particular, those who are independent pursuant to Article 3 below.			✓	

3. INDEPENDENT DIRECTORS

3.P.1. An adequate number of non-executive directors shall be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to the issuer, of such significance as to influence their autonomous judgement.	✓			page 34 (S.B.) page 51 (M.B.)
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Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
3.P.2. The directors' independence shall be periodically assessed by the Board of Directors. The results of the assessments of the board shall be communicated to the market.	✓			page 34 (S.B.) page 51 (M.B.)
<p>3.C.1. The Board of Directors shall evaluate the independence of its non-executive members having regard more to the contents than to the form and keeping in mind that a director usually does not appear to be independent in the following events, to be considered merely as an example and not limited to:</p> <p>a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or through a third party, or is able to exercise over the issuer dominant influence, or participates in a shareholders' agreement through which one or more persons may exercise control or considerable influence over the issuer;</p> <p>b) if he/she is, or has been in the preceding three fiscal years, a relevant representative of the issuer, of a subsidiary having strategic importance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence also jointly with others through a shareholders' agreement;</p> <p>c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he/she is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:</p> <ul style="list-style-type: none"> - with the issuer, one of its subsidiaries, or any of its significant representatives; - with a subject who, jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with relevant significant representatives; <p>or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;</p> <p>d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the issuer, including the participation in incentive plans linked to the company's performance, including stock option plans;</p> <p>e) if he/she has been a director of the issuer for more than nine years in the last twelve years;</p> <p>f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;</p> <p>g) if he/she is a shareholder or director of a legal entity belonging to the same network as the company appointed for the accounting audit of the issuer;</p> <p>h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.</p>	✓			page 34 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
3.C.2. For the purpose of the above, the legal representative, the president of the entity, the chairman of the Board of Directors, the executive directors and executives with strategic responsibilities of the relevant company or entity, must be considered as "significant representatives".	✓			page 34 (S.B.)
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 29, 34 (S.B.)
3.C.4. The Board of Directors shall evaluate, after the appointment of a director who qualifies as independent, and subsequently at least once a year, on the basis of the information provided by the same director or however available to the issuer, those relations which could be or appear to be such as to jeopardize the autonomy of judgement of such director. The Board of Directors shall notify the result of its evaluations, on the occasion of the appointment, through a press release to the market and, subsequently, within the report on corporate governance, specifying, with adequate reasons, whether any criteria have been adopted other than those indicated herein.	✓			page 32, 34 (S.B.) page 51 (M.B.)
3.C.5. The Board of Auditors shall ascertain, in the framework of the duties attributed to it by the law, the correct application of the assessment criteria and procedures adopted by the board for evaluating the independence of its members. The result of such controls is notified to the market in the report on corporate governance or in the report of the Board of Auditors to the shareholders' meeting.	✓			page 34 (S.B.)
3.C.6. The independent directors shall meet at least once a year without the presence of the other directors.	✓			page 34 (S.B.)

4. TREATMENT OF CORPORATE INFORMATION

4.P.1. Directors and members of the Board of Auditors shall keep confidential the documents and information acquired in the performance of their duties and shall comply with the procedure adopted by the issuer for the internal handling and disclosure to third parties of such documents and information.	✓			page 42 (S.B.) page 47 (M.B.) page 92
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Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
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 92, 94

5. COMPOSITION AND DUTIES OF THE INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

5.P.1. The Board of Directors shall establish among its members one or more committees with proposing and consultative functions according to what set out in the articles below.	✓			page 35 (S.B.) page 45, 52 (M.B.)
5.C.1. The establishment and functioning of committees within the Board of Directors shall meet the following criteria:				
a) committees shall be made up of at least three members. However, in those issuers whose Board of Directors is made up of no more than five members, committees may be made up of two directors only, provided that they are both independent;	✓			page 35 (S.B.)
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 35 (S.B.)
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 the envisaged one, provided that for their composition the rules are complied with those indicated from time to time by the Code and is ensured the achievement of underlying objectives;	✓			page 35 (S.B.)
d) minutes shall be drafted of the meetings of each committee;	✓			page 35 (S.B.)
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 35 (S.B.)
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 36 (S.B.)
g) the issuer shall provide adequate information, in the report on corporate governance, on the establishment and composition of committees, the contents of the mandate entrusted to them and the activity actually performed during the fiscal year, specifying the number of meetings held and the relevant percentage of participation of each member.	✓			page 36 (S.B.)

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

6.P.1.	The appointment of Directors shall occur according to a transparent procedure. The procedure shall ensure, inter alia, timely adequate information on the personal and professional qualifications of the candidates.	✓		page 29 (S.B.) page 47 (M.B.)
6.P.2.	The Board of Directors shall evaluate whether to establish among its members a nomination committee made up, for the majority, of independent directors.	✓		page 35 (S.B.)
6.C.1.	The lists of candidates to the office of director, accompanied by exhaustive information on the personal traits and professional qualifications of the candidates with an indication where appropriate of their eligibility to qualify as independent directors as defined in Article 3, shall be deposited at the company's registered office at least fifteen (15) days before the date fixed for the shareholders' meeting. The lists, complete with information on the characteristics of the candidates, shall be timely published through the Internet site of the issuer.	✓		page 29 (S.B.)
6.C.2.	Where established, the committee to propose candidates for appointment to the position of director may be vested with one or more of the following functions:	✓		page 36 (S.B.)
	a) to propose to the Board of Directors candidates to the position of director in the events provided by Article 2386, first paragraph, of the Italian Civil Code, as it is necessary to replace an independent director;			
	b) to designate candidates to the position of independent director to be submitted to the shareholders' meeting of the issuer, taking into account any recommendation in this regard received from shareholders;			
	c) to express opinions to the Board of Directors regarding the size and composition of the same as well as, possibly, with regard to the professional skills whose presence within the board is considered appropriate.			

7. REMUNERATION OF DIRECTORS

7.P.1.	The remuneration of directors shall be established in a sufficient amount to attract, maintain and motivate directors endowed with the professional skills necessary for managing the issuer successfully.	✓		page 66 (S.B.) page 66, 67 (M.B.)
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 timeframe.	✓		page 66, 67 (M.B.)
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.	✓		page 35 (S.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
7.C.1. A significant part of the remuneration of executive directors and executives with strategic responsibilities is linked to the economic results achieved by the issuer and/or the achievement of specific goals indicated in advance by the Board of Directors or, in the event of the above-mentioned executives, by the managing directors.	✓			page 66 (S.B.) page 67 (M.B.) page 69
7.C.2. The remuneration of non-executive directors shall be proportional to the engagement requested from each of them, taking into account their possible participation in one or more committees. Their remuneration shall not be – other than for an insignificant portion – linked to the economic results achieved by the issuer. Non-executive directors shall not be beneficiaries of stock option or equity based remuneration plans, unless it is so decided by the shareholders' meeting, which shall also give the relevant reasons.	✓			page 67 (M.B.)
7.C.3. The remuneration committee shall: <ul style="list-style-type: none"> - formulate proposals to the board for the remuneration of the managing directors and other directors who cover particular offices, monitoring the application of the decisions adopted by the board; - periodically evaluate the criteria adopted for the remuneration of executives with strategic responsibilities, control their application on the basis of the information provided by the managing directors and submit to the Board of Directors general recommendations on the subject matter thereof. 	✓			page 37 (S.B.)
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 remuneration.	✓			page 66 (S.B.)

8. INTERNAL CONTROL SYSTEM

8.P.1. The internal control system is the set of rules, procedures and organisational structures aimed at making possible a sound and correct management of the company consistent with the established goals, through adequate identification, measurement, management and monitoring of the main risks.	✓			page 75
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 75
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 28 (S.B.) page 76

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
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.	✓			page 76 (S.B.)
8.C.1. The Board of Directors, with the assistance of the internal control committee, shall:				
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 moreover the criteria for establishing whether such risks are compatible with sound, correct management of the company;	✓			page 45 (M.B.) page 75
b) identify an executive director (usually one of the managing directors) for supervising the functionality of the internal control system;	✓			page 51, 76 (M.B.)
c) evaluate, at least on an annual basis, the adequacy, effectiveness and actual functioning of the internal control system;	✓			page 75
d) describe, in the report on corporate governance, the essential elements of the internal control system, expressing its evaluation on the overall adequacy of the same.	✓			page 75
Moreover, the Board of Directors shall, upon proposal of the executive director in charge of supervising the functionality of the internal control system and after consulting with the internal control committee, appoint and revoke one or more persons in charge of internal control and define their remuneration in line with the company's policies.	✓			page 46 (M.B.)
8.C.2. The Board of Directors shall exercise its functions with regard to the internal control system taking into due consideration the reference models and the best practices existing on the national and international fields. Particular attention shall be devoted to the organisation and management models adopted pursuant to Legislative Decree no. 231 of 8 June 2001.	✓			page 75, 83

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
<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"> a) evaluate together with the executive responsible for the preparation of the company's accounting documents and the auditors, the correct utilisation of the accounting principles and, in the event of groups, their consistency for the purpose of preparation of the consolidated financial statements; b) upon request of the executive director, express opinions on specific aspects relating to the identification of the principal risks for the company as well as on the design, implementation and management of the internal control system; c) review the work plan prepared by the officers in charge of internal control as well as the periodic reports prepared by them; d) evaluate the proposals submitted by the auditing firm for obtaining the relevant appointment, as well as the work plan prepared for the audit and the results described in the report and letter of suggestions, if any; e) supervise the efficiency of the auditing process; f) perform any additional duties that are assigned to it by the Board of Directors; g) report to the board, at least on a half-yearly basis, on the occasion of 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. 	✓			page 76 (S.B.)
<p>8.C.4. The chairman of the Board of Auditors or another auditor designated by the chairman of the board shall participate in the works for the internal control.</p>			✓	
<p>8.C.5. The executive director responsible for supervising the functionality of the internal control system, shall:</p> <ul style="list-style-type: none"> a) identify the main business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries, and submit them periodically to review by the Board of Directors; b) implement the guidelines defined by the Board of Directors, through the design, implementation and management of the internal control system, constantly monitoring its overall adequacy, effectiveness and efficiency; moreover, it shall adjust such system to the dynamics of the operating conditions and the legislative and regulatory framework; c) propose to the Board of Directors the appointment, revocation and remuneration of one or more persons in charge of internal control. 	✓			page 76 (M.B.)

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
<p>8.C.6. Each person in charge of internal control shall:</p> <p>a) ensure that the internal control system is always adequate, fully operating and effective;</p> <p>b) not be responsible for any operational divisions and shall not report hierarchically to any manager of operational divisions, including the administration and finance divisions;</p> <p>c) have direct access to all useful information for the performance of his/her duties;</p> <p>d) have the availability of adequate means for the performance of the functions assigned to him/her;</p> <p>e) report on his/her activity to the internal control committee and the board of auditors; moreover, they could be required to report also to the executive director responsible for the supervision of the functionality of the internal control system. In particular, he/she shall report on the procedures according to which the risk management is conducted, as well as about the compliance with the plans defined for their reduction and express his/her evaluation of the internal control system to achieve an acceptable overall risk profile.</p>	✓			page 82
<p>8.C.7. The issuer shall establish an internal audit function. The person responsible for internal control shall usually coincide with the person responsible for the internal audit function.</p>	✓			page 82
<p>8.C.8. The internal audit functions may be entrusted, as a whole or by business segments, to persons external to the issuer, provided, however, that they are endowed with adequate professionalism and independence; these persons may also be responsible for the internal control. The adoption of such 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>			✓	

9. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

<p>9.P.1. The Board of Directors shall adopt measures aimed at ensuring that the transactions in which a director is bearer of an interest, on his/her behalf or on behalf of third parties, and transactions carried out with related parties, are performed in a transparent manner and meet criteria of substantial and procedural fairness.</p>	✓			page 87, 88 page 89 (M.B.)
<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 those transactions), which must be approved after consulting the internal control committee and/or with the assistance of independent experts.</p>	✓			page 39, 40 (S.B.) page 46, 87 (M.B.) page 88

Principles and Criteria of the Corporate Governance Code	Applied with adaptations as appropriate	Not applied	Not applicable	Page of the Report
9.C.2. The Board of Directors shall adopt operating solutions suitable to facilitate the identification and an adequate handling of those situations in which a director is bearer of an interest on his/her behalf or on behalf of third parties.	✓			page 88

10. MEMBERS OF THE BOARD OF AUDITORS

10.P.1. The appointment of auditors shall occur according to a transparent procedure. It shall ensure, inter alia, timely adequate information on the personal and professional characteristics of the candidates.	✓			page 29 (S.B.)
10.P.2. The auditors shall act with autonomy and independence, also vis-à-vis the shareholders, which elected them.	✓			page 43 (S.B.)
10.P.3. The issuer shall adopt suitable measures to ensure an effective performance of the duties typical of the board of auditors.	✓			page 29, 42 (S.B.)
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 the information on the characteristics of the candidates, shall be timely published through the Internet site of the issuer.	✓			page 29 (S.B.)
10.C.2. The auditors shall be chosen from among persons who may be qualified as independent also on the basis of the criteria provided in this Code with reference to directors. The Board of Auditors shall check compliance with said criteria after the appointment and subsequently on an annual basis, including the result of such verification in the report on corporate governance.	✓			page 32, 34 (S.B.)
10.C.3. The auditors shall accept appointment when they believe they can devote the necessary time to the diligent performance of their duties.	✓			page 33 (S.B.)
10.C.4. An auditor who has an interest, either directly or on behalf of third parties, in a certain transaction of the issuer, shall timely and exhaustively inform the other auditors and the chairman of the board of the nature, terms, origin and extent of his/her interest.	✓			page 89 (S.B.)
10.C.5. The board of auditors shall monitor the independence of the auditing firm, verifying both compliance with the provisions of law and regulations governing the subject matter thereof, and the nature and extent of services other than accounting control provided to the issuer and its subsidiaries by the same auditing firm and the entities belonging to the network of the same.	✓			page 28 (S.B.) page 85
10.C.6. In the framework of their activities, the auditors may demand from the internal audit function to make assessments on specific operating areas or transactions of the company.	✓			page 39 (S.B.)
10.C.7. The board of auditors and the internal control committee shall promptly exchange material information for the performance of their respective duties.			✓	

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Applied with
adaptations as
appropriate

Not applied

Not applicable

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11. RELATIONS WITH THE SHAREHOLDERS

11.P.1.	The Board of Directors shall take initiatives aimed at promoting the broadest participation possible of the shareholders in the shareholders' meetings and making easier the exercise of the shareholders' rights.	✓	page 95
11.P.2.	The Board of Directors shall endeavour to develop a continuing dialogue with the shareholders based on the understanding of their reciprocal roles.	✓	page 94
11.C.1.	The Board of Directors shall use its best efforts for ensuring that access to the information concerning the issuer and of significance to its shareholders is timely 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 section on its internet site that may be easily identified and accessed, in which the above-mentioned information is available, with particular reference to the procedures regarding attendance and the exercise of the voting right in the shareholders' meetings, as well as the documentation relating to items on the agenda of the shareholders' meetings, including the lists of candidates for the positions of director and auditor with an indication of the relevant personal traits and professional qualifications.	✓	page 94, 95, 96
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 evaluate from time to time whether it would be advisable to establish a business structure responsible for such function.	✓	page 94
11.C.3.	The Board of Directors shall use its best efforts for reducing the restrictions and fulfilments, which make it difficult and burdensome for shareholders to participate in shareholders' meeting and exercise their voting rights.	✓	page 96
11.C.4.	All the directors usually participate in the shareholders' meetings. The shareholders' meetings are also an opportunity for disclosing to the shareholders information concerning the issuer, in compliance with the rules governing price-sensitive information. In particular, the Board of Directors shall report to the shareholders' meeting with regard to performed and planned activity and shall make every effort to ensure that shareholders receive adequate information on the necessary elements for them to make informed decisions that are the competence of the shareholders' meeting.	✓	page 95
11.C.5.	The Board of Directors shall propose to the approval of the shareholders' meeting rules laying down the procedures to be followed in order to permit an orderly and effective conduct of the ordinary and extraordinary shareholders' meetings of the issuer, without prejudice, however, to the right of each shareholder to express his or her opinion on the matters under discussion.	✓	page 95
11.C.6.	In the event of a significant change in the market capitalisation of the company, the composition and/or the number of the shareholders, the Board of Directors shall assess whether proposals should be submitted to the shareholders' meeting to amend the Articles of Association as regards to the minimum percentage required for exercising actions and rights provided for as a protection of minority interests.	✓	page 95

12. TWO TIER AND ONE TIER MANAGEMENT AND CONTROL SYSTEMS

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 11
12.P.2.	In the event that a new management and control system is proposed, the directors shall inform the shareholders and the market with regard to the reasons for such proposal, as well as on how it is envisaged that the Code will be applied to the new management and control system.	✓	page 25
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 published also in subsequent reports, indicating any amendments to the procedure followed in applying the Code to the selected management and control system.	✓	page 25
12.C.1.	In the event of adoption of the two-tier management and control system, the Code shall be applied according to the following criteria: <ul style="list-style-type: none"> a) except as provided in paragraph (b) below, the articles of the Code that make reference to the Board of Directors and the Board of Auditors, or their members, are applied in principle to the Management Board and Supervisory Board or their members respectively; b) due to the specific options of the 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 them, and of the specific circumstances existing, the issuer may apply the provisions concerning the Board of Directors or directors to the Supervisory Board or its members; c) provisions relating to the appointment of directors provided in Article 6 of this Code shall apply, insofar as compatible, to the appointment of the members of the Supervisory Board and/or the members of the Management Board. 	✓	page 26

Table No. 6: “Art 123-bis - Report on corporate governance and ownership structures”

Art 123-bis - Report on corporate governance and ownership structures	Page of the Report
1. The management report of issuers with securities admitted to trading on regulated markets shall contain a specific section entitled: “Report on corporate governance and ownership structures”, providing detailed information on:	
a) the capital structure, including securities not traded on a regulated market in an EU Member State, with an indication of the different classes of shares and, for each class of shares, the related rights and obligations and the percentage of total share capital represented;	page 19, 20
b) any restriction on the transfer of securities, e.g. limitations in the possession of securities or the need to obtain consent from the company or other securities holders;	page 20
c) significant direct and indirect holdings, for example through pyramid structures and cross-holdings, as stated in reports submitted pursuant to article 120;	page 20
d) if known, the holders of any securities with special control rights and a description of such rights;	page 19
e) the mechanism for the exercise of voting rights in any employee share scheme where voting rights are not exercised directly by the employees;	page 20
f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for the exercise of voting rights, or systems whereby, with the company’s cooperation, the financial rights attached to the securities are separate from the holding of securities;	page 22, 97
g) agreements known to the company pursuant to article 122;	page 21
h) any significant agreements to which the company is party and which take effect, alter or terminate upon a change of control of the company, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;	page 23
i) agreements between companies and directors, members of the control body or supervisory council which envisage indemnities in event of resignation or dismissal without just cause, or if their employment contract should terminate as a result of a takeover bid.	page 67
l) rules applying to the appointment and replacement of directors and members of the control body or supervisory council, and to amendments to the articles of association if different from those applied as a supplementary measure;	page 29, 31 (S.B.) page 97
m) the existence of delegated powers regarding share capital increases pursuant to article 2443 of the Italian Civil Code or powers of the directors or members of the control body to issue security-related financial instruments or to authorise the purchase of own shares.	page 19, 20

2. In the same section of the report referred to in subsection 1, information shall be provided regarding:

- a) adoption of a corporate governance code of conduct issued by regulated market management companies or trade associations, giving reasons for any decision not to adopt one or more provisions, together with the corporate governance practices actually applied by the company over and above any legal or regulatory obligations. The company shall also indicate where the adopted corporate governance code of conduct may be accessed by the public; page 9, 11
- b) the main characteristics of existing risk management and internal audit systems used in relation to the financial reporting process, including consolidated reports, where applicable; page 75 et seq
- c) the operating mechanisms of the shareholders' meeting, its main powers, shareholder rights and their terms of exercise, if different from those envisaged by legal and regulatory provisions applicable as supplementary measures; page 95 et seq
- d) the composition and duties of the administrative and control bodies and their committees. page 27 et seq (S.B.)
page 45 et seq (M.B.)

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Intesa Sanpaolo is the most widespread bank in Italy. Its leadership stems not only from its size but also thanks to its ability to interpret and respond to the needs of the areas in which it is present.

This commitment can be seen in the choice of maintaining and enhancing all the banks in the group, since it is they that allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates. This is the reason the illustrations chosen for this report have been inspired by the rich cultural heritage of Italian cities. They show the steeples of greatest importance to the cities where our registered offices are located and which appear in the names of our local Banche dei Territori. It is a tribute to Italian tradition and history. But it is also emblematic of the willingness to communicate and establish relationships that distinguishes the people at Intesa Sanpaolo and the banks in the Group.



1. Milano
Steeple, Basilica of Sant' Ambrogio



2. Torino
Steeple, San Carlo Church



3. Napoli
Steeple, Santa Chiara Monastery



4. Trento
Steeple, Duomo of Trento



5. Forlì
Steeple, Piazza Vittorio Emanuele



6. Bologna
Steeple, San Francesco Church



7. Venezia
Steeple, Piazza San Marco



8. Padova
Steeple, Basilica of Sant' Antonio



9. Narni
Steeple of San Giovenale



10. Rieti
Steeple, Duomo dell'Assunta



11. Spoleto
Steeple, Palazzo Montevercchio



12. Bolzano
Steeple, San Giovanni in Villa Church



13. Civitavecchia
Steeple, Chiesa dell'Orazione e Morte



14. Foligno
Steeple, Cathedral



15. Pistoia
Steeple, Piazza del Duomo



16. Terni
Steeple, San Francesco Church



17. Firenze
Giotto's Bell Tower, Piazza del Duomo



18. Ascoli Piceno
Steeple, Santi Vincenzo e Anastasio Church



19. Viterbo
Steeple, Ex Chiesa degli Almadiani



20. Pescaia
Steeple, Santa Maria Assunta Cathedral



21. Città di Castello
Steeple, Duomo



22. Pesaro
Steeple, San Giacomo Church



23. Gorizia
Steeple, Sant'Ignazio Church



24. Cagliari
Steeple, Sant'Anna Church



25. La Spezia
Steeple, Chiesa di Nostra Signora della Neve

Credits

1-7-8-17 Raccolte Museali Fratelli Alinari (RMFA), Firenze
 2-4-5-6-10-18 Archivi Alinari - Alinari Archive, Firenze
 3-11-14 Archivi Alinari - Anderson archive, Firenze
 9-16 Photo by Sergio Pagliaricci, Terni
 12 Photo by Michele Bernardinatti - KLR foto - Trento
 13 Photo by Fotoarte Mazzoldi Gabriella, Civitavecchia
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