



**GROUP PROCEDURES
REGULATING THE CONDUCT OF RELATED PARTY TRANSACTIONS**

***PURSUANT TO CONSOB REGULATION ADOPTED BY RESOLUTION NO. 17221 ISSUED ON 12
MARCH 2010 AS SUBSEQUENTLY AMENDED***

Regulations concerning sensitive areas pursuant to Legislative Decree 231/01
Area of risk: Corporate crimes
Protocols: Management of reporting, Management of relations with the Supervisory
Board and the Independent Auditors

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PREMISE AND SCOPE OF APPLICATION

The purpose of regulating transactions with related parties of a corporate group is to monitor the risk deriving from potential conflicts of interest, connected with the particular closeness of certain entities to the company decision-making centres.

The control system deriving from these procedures aims at ensuring objectivity and impartiality in decisions of corporate groups, in the interest of their sound, prudent management. To this end, specific risk management procedures must be applied to decisions and contractual relationships concerning transactions with key managers, main shareholders, subsidiaries and associates and other related entities.

Intesa Sanpaolo S.p.A. (hereinafter, also “Intesa Sanpaolo”, the “Parent Company” or the “Bank”) and its Italian and international subsidiaries apply and maintain a policy for management of transactions with related parties in line with the applicable procedures, as an integral part of the rules for preventing conflicts of interest applied by the Group.

These Procedures (hereinafter, also “Procedures”) establish the following for the entire *Intesa Sanpaolo Group* (hereinafter, also “*Group*”, to be understood as inclusive of the Parent Company and all the Italian and international subsidiaries) with regard to transactions with related parties of Intesa Sanpaolo:

- the criteria for identifying related parties (see sections 3 and 4);
- the rules for identifying transactions with related parties (see section 5);
- the exemptions from application of these procedures (see section 6);
- the procedures for assessment, proposal of and resolution on transactions with related parties (see sections 8 and 9);
- the subsequent requirements for reporting on said transactions to the corporate bodies of the Parent Company (see section 10);
- the controls required to ensure disclosure of said transactions to the market, also in compliance with the financial reporting (see section 11).

All companies controlled directly or indirectly by Intesa Sanpaolo, in Italy or abroad, are required to implement these Procedures, which are adopted by the Parent Company as Group procedures, by resolution of the respective competent bodies, also pursuant to art. 114 of Legislative Decree no. 58/1998 (Consolidated Law on Finance or TUF).

In particular, these Procedures are fully applicable to the subsidiaries, with the exception of the decision-making rules indicated specifically for the Parent Company (section 9.1).

The Italian subsidiaries of Intesa Sanpaolo with listed shares or with a significant amount of shares held by the general public are also required to adopt internal procedures to regulate the operations of these companies with *their* related parties, in line with the criteria set forth in art. 2391 *bis* of the Italian Civil Code and in compliance with the related directly applicable implementing regulations.

As regards significant related parties for the purposes of financial reporting in accordance with the international accounting standards (IAS 24), the provisions in these Procedures, where applicable to such parties, must be applied in addition to

the specific rules for such parties envisaged in the procedures for accounting financial reporting.

These Procedures and any related amendments are published on the Bank's website, as well as in the annual report on operations, by referring to said site, and by way of other methods envisaged by the provisions of Consob for regulated information.

1. Applicable regulations

1.1 The regulation of transactions with related parties applicable to the Intesa Sanpaolo Group takes the form of rules concerning proposals and decision-making on transactions, reporting requirements towards corporate bodies and to the market, and internal controls.

By virtue of the provisions of art. 2391 *bis* of the Italian Civil Code, the management boards of open joint stock companies must adopt, according to general principles indicated by Consob, rules which ensure “transparency and substantial and procedural fairness of all transactions with related parties” carried out directly or through subsidiaries.

The control body is required to monitor compliance with the rules adopted and reports on such monitoring at the shareholders’ meeting.

For the purpose of regulating the above mentioned subject, Consob adopted the Regulations containing provisions relating to transactions with related parties, approved on 12 March 2010, with resolution no. 17221, later amended by resolution no. 17389 of 23 June 2010 (hereinafter, also “Consob Regulation”). The Consob Regulation also contains provisions implementing articles 114 and 154 *ter* of the Consolidated Law on Finance on immediate and periodic disclosure. In a subsequent communication, Consob also provided indications on the approach it intends to take in supervising the implementation of the regulations⁽¹⁾ and also made specific requests pursuant to art. 114, paragraph 5 of the Consolidated Law on Finance, in a specific subsequent communication ⁽²⁾.

1.2 It is noted that in the Intesa Sanpaolo Group, the matter has been regulated since 2007, also through self-governance, in implementation of the Borsa Italiana Code, supplementing the existing rules on market and financial statement disclosure, pursuant to art. 150 of the Consolidated Law on Finance, the Regulations adopted by Consob with resolution no. 11971 of 14 May 1999 (hereinafter, the Issuers’ Regulation) and the international accounting standards (IAS 24).

The purpose of the new regulations is to reform the system governing potential conflicts of interest in transactions with related parties, by:

- (i) enhancing the role of Independent Board Members in non-negligible transactions and, specifically, in most significant transactions,
- (ii) strengthening of the protection of minority interests,
- (iii) expanding the regime of transparency to the market.

1.3 It is important to note that, for an extensive group such as the Intesa Sanpaolo Group, said regulations must be coordinated and applied in parallel with other sector provisions governing similar matters dealing with controls that are not fully equivalent to the ones described here.

It remains understood, firstly, that for financial reporting, legal regulations and the international accounting standards shall apply for the purpose of drawing up the

¹ Consob Communication no. DEM/10078683 of 24 September 2010. Consob also amended the Regulation on the governance of the markets in relation to the rules for listing companies controlled by other listed companies.

² Consob Communication no. DEM/10094530 of 15 November 2010.

annual and half-yearly reports (in compliance with IAS 24), which sets forth specific disclosure requirements for transactions with related parties, as defined by the IAS⁽³⁾. This accounting regulation must be applied by all Group companies which report in compliance with the IAS, and subsequently, for this purpose, they must disclose also transactions carried out by each of these companies also with their own related parties.

From this point of view, the illustration of transactions with related parties of Intesa Sanpaolo to the market falls under the administrative and accounting procedures which must be overseen by the Manager responsible for preparing the Company's financial reports, pursuant to the third paragraph of art. 154 *bis* of the Consolidated Law on Finance. To this end, these Procedures are coordinated with the Guidelines for Administrative Financial Governance adopted by the Group.

It is also important to note that the banking supervisory regulations set forth special rules for companies in the Intesa Sanpaolo Banking Group.

Specifically, it is important to consider the concurrent regulations on transactions with Board Members and General Managers of the Banking Group, pursuant to art. 136 of Legislative Decree no. 385/93 (also, TUB or Consolidated Banking Law). Coordination of the two regulations is specifically governed in section 9.4 hereto.

Similarly, for Group insurance companies, it is necessary to consider the application of the special rules for intragroup transactions envisaged by ISVAP⁽⁴⁾.

Clearly, general corporate law provisions governing conflicts of interest in relation to transactions with specific related parties, such as members of the corporate bodies (art. 2391 of the Italian Civil Code and the related extensions provided by banking supervisory regulations), companies exercising management and coordination (art. 2497 of the Italian Civil Code), and shareholders in conflict of interest (art. 2373 of the Italian Civil Code) remain valid.

Moreover, Group companies with offices outside of Italy are required to coordinate the provisions of these Procedures with local law provisions in force, which may also cover the same matters. In this regard, these companies shall report to the Parent Company on any provisions which are incompatible with the full application of these Procedures and coordinate with the competent functions of the Parent Company in order to assess the differences and apply the resulting remedial measures.

2. Adoption of decision-making rules and information procedures

2.1 In line with the provisions of the Consob Regulation and the organisational structure of the Intesa Sanpaolo Group, the Management Board defines the rules which ensure the transparency and substantial and procedural correctness of all transactions with related parties of Intesa Sanpaolo carried out by the Group.

³ In this regard, it is important to note that the definition of related party set forth in IAS 24 – as recently amended by EU Regulation no. 632 of 19 July 2010 and applied to financial year 2011 – does not fully match the definition included in the Consob regulation, as it deviates on several aspects.

⁴ Regulation no. 25 of 27 May 2008 adopted by ISVAP in implementation of articles 215 and 216 of Legislative Decree no. 209/2005 (Private Insurance Code).

The rules defined in these Procedures by the Management Board are subject to the approval of the Supervisory Board. Resolutions are made after obtaining the favourable opinion of the Control Committee established within the Supervisory Board. This Committee is entirely composed of Independent Members of the Board pursuant to the Corporate Governance Code of listed companies, and pursuant to art. 148, paragraph 3 of the Consolidated Law on Finance.

2.2 Using the same process set forth for their adoption, the Procedures are generally reviewed every three years or upon the occurrence of relevant circumstances which require amendments and/or integrations, to ensure that the measures identified are closely monitored and consistency is ensured with the overall framework of compliance risk management rules within the Group⁵). The Control Committee shall also express its opinion on decisions not to implement any amendments, on the outcome of the assessment of the existing procedures.

Any amendments which do not regard essential elements of the Procedures may be adopted, on proposal of the Corporate Affairs Department, by the Managing Director and CEO, having heard the opinion of the Chairman of the Management Board and receiving a favourable opinion from the Control Committee.

2.3 The Corporate Affairs Department, performing the compliance function on this matter, ensures the adoption and coordination within the Group of the most suitable provisions implementing the Procedures, to guarantee the effectiveness of the process of managing transactions with related parties of Intesa Sanpaolo. To this end, it coordinates with the Compliance Department and the Administration and Tax Department to ensure consistency between the overall system of controls in the respective areas of reference.

Moreover, in order to implement a general system for the correct management of transactions with related parties, the Corporate Affairs Department also provides guidance and instructions to Group companies – in compliance with the specific applicable provisions – on the management of transactions with entities which may be classified as related parties of each subsidiary, even if different from the related parties of Intesa Sanpaolo.

3. Related parties of Intesa Sanpaolo

3.1 Based on the definitions in the Consob Regulations, transactions with related parties of Intesa Sanpaolo are those carried out by the Parent Company or by another company of the Group with a party which:

- a) *controls* the Bank, directly or indirectly, also through subsidiaries, trustees or through a third party, even jointly or *is controlled by* or *is under common control*

⁵ Taking account of the expected issue by the Bank of Italy of supervisory regulations on risky activities and other conflicts of interest of banks and banking groups with respect to “associated entities” (in implementation of the Interministerial Committee for Credit and Savings (CICR) resolution no. 277 of 29 July 2008), an early review of the Regulations will be planned, for the required coordination with the new sector regulations and for any suitable adjustments, also to be implemented – where required – through possible changes to the articles of association.

with the Bank or possesses a holding in the Bank which enables it to exercise a *significant influence* over the Bank;

- b) is an *associate* of the Bank;
- c) is a joint venture in which the Bank is a participant;
- d) is one of the Key Managers of the Bank or its parent, where existing;
- e) is a close relative of a natural person included in the letters a) or d) above;
- f) is an entity in which a party referred to in letters d) or e) exercises control, joint control or significant influence or owns, directly or indirectly, a significant portion, but not less than 20%, of voting rights;
- g) is a collective or individual supplementary pension fund, Italian or foreign, established for the employees of the Bank or of any other entity related with it.

Additional functional definitions to classifying a person or entity as a related party, deriving from the regulations issued by Consob, to which reference is made, are attached hereto (Attachment 1).

3.2 With specific regard to *Key Managers*, the Consob Regulation identifies key managers as those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities of the company, including directors (whether executive or otherwise) of the company.

In this regard, the following are considered related parties of Intesa Sanpaolo:

- members of the Supervisory Board,
- members of the Management Board,
- General Managers
- other Key Managers.

In the current organisational structure of the Parent Company, in addition to the members of the Supervisory Board and the Management Board and the General Managers, the following are also considered *Key Managers*:

- Manager responsible for preparing the Company's financial reports,
- Heads of Divisions and Business Units,
- Chief Operating Officer, Chief Financial Officer, Chief Risk Officer, and Chief Lending Officer,
- Managers in charge of Head Office Departments that report directly to the Managing Director, the Chairman of the Management Board and the Chairman of the Supervisory Board,
- Head of the General Secretariat of the Supervisory Board,
- Head of Strategic Operations and Special Projects.

An updated assessment to identify key managers of the Parent Company is periodically conducted by the Human Resources Department on the basis of the actual organisational structure of the Bank and the Group.

Any changes in the first level organisational structure approved by the Management Board will be incorporated into these Procedures (according to the methods set forth in section 2).

3.3 As regards *shareholders*, taking into account the Bank's current ownership structure, Intesa Sanpaolo intends to continue with the experience acquired by way of self-regulation since April 2008. In the case in point, regulations on transactions with related parties are applied to a wider range of parties than those considered by the reference regulations, for the purpose of applying internal control procedures reserved for this type of transaction also to transactions between the Group and the most significant shareholders of the Parent Company.

In this view, these Procedures apply to shareholders of Intesa Sanpaolo S.p.A. and their groups (legal entities which are parent companies, subsidiaries, or under common control) which have an equity investment with voting rights in the Bank of over 2% calculated on registered or shares under management ⁽⁶⁾. This level of investment is determined with reference to the provisions of art. 120 of the Consolidated Law on Finance and the implementing regulations, which identify the required disclosure to Consob, to the market and to the issuer.

The rules relating to the proposal, assessment, decision-making and the subsequent reporting to corporate bodies, to the market and financial reporting rules set forth in these Procedures are applied to the shareholders indicated above.

3.4 As indicated by Consob, entities controlled by associates and joint ventures are excluded. Such entities are significant for the purposes of financial statement disclosure according to IAS 24, applicable starting from 1 January 2011.

Related parties of a Group company, which are not also related parties of Intesa Sanpaolo, as defined above, are not considered relevant for the purposes of the control system set forth in these Procedures.

Nonetheless, taking into account the requirements applicable to each Group company also as regards accounting regulations, the Parent Company sets out guidance and coordination measures to ensure that suitable recording procedures are in place within the Group, also for transactions with related parties.

4. Procedure for identifying related parties of Intesa Sanpaolo

In managing its ordinary and extraordinary operations, each organisational unit of the Group is required to promptly verify in advance whether the counterparties of proposed transaction can be classified as related parties of Intesa Sanpaolo.

The Parent Company and Group companies shall implement suitable operational procedures and information systems which shall facilitate detecting, during the preliminary phase, whether the counterparties of a transaction can be identified as related parties of Intesa Sanpaolo. To this end, the Bank departments structures concerned shall request from the Key Managers and, where necessary, from the other related parties, all elements useful to keeping the internal control procedures updated and, specifically, the information regarding close relatives and equity investments, on which suitable confidentiality measures shall be adopted.

⁶ In line with Consob regulations, this excludes corporate groups in which take part intermediaries carrying out asset management, where the conditions of independence required by the Issuers' Regulation are in place.

With support from the compliance functions of the Corporate Affairs Department, the competent structures under the Chief Operating Officer shall draw up effective IT management tools.

These procedures must also separately include the entities which can be classified as related parties only according to IAS 24 (which are not considered significant per law or by way of self-regulation also for the Consob Regulation), to which only the provisions on accounting disclosures shall apply.

5. Transactions with related parties

5.1 A transaction with related parties shall be understood as any transfer of resources, services or obligations between related parties, regardless of whether there is an agreed countervalue or not.

The following are also included:

- merger transactions, spin-off by incorporation or strictly non-proportional spin-off, if carried out with related parties;
- any decision on the allocation of remuneration and economic benefits, in any form, to supervisory and management board members and to key managers, except for the specific express derogations.

These definitions must be applied considering the interpretation guidance issued by Consob.

5.2 The Consob Regulation sets forth special rules for managing transactions with related parties, requiring different procedures based on the importance and characteristics of said transactions.

In implementation of these criteria, for the Intesa Sanpaolo Group, the various categories of transactions with related parties of the Parent Company are defined as follows:

- “exempt transactions”: the transactions identified in section 6 and in Attachment 2;
- “transactions of negligible amounts”: transactions with amounts of *less* than the significance thresholds set forth in Attachment 3;
- “transactions of lesser significance”: transactions with amounts equal to or more than the significant thresholds set forth in Attachment 3, but lower than the most significant thresholds calculated based on the criteria set forth in Attachment 4;
- “transactions of greater significance”: the transactions identified according to the significance criteria established by Consob, set forth in Attachment 4;
- “strategic transactions”: the transactions identified according to the criteria established in art. 25.1.2 of the Articles of Association;
- “transactions falling under the competence of the shareholders’ meeting”.

6. Exemptions

The new regulations on transactions with related parties comprise a regime of full and partial exemptions from the application of the regulations, which concern specific types of transactions.

6.1 Exemptions from application of the Procedures

Without prejudice to the obligations of accounting disclosure to the market, the following transactions are expressly **exempt from application of these Procedures**:

- A. transactions of negligible amounts** (transactions with amounts of less than the significance thresholds set forth in Attachment 3);
- B. shareholders' meeting resolutions regarding remuneration** of members of the Supervisory Board;
- C. share-based remuneration plans** and resolutions on remuneration of Members of the Management Board and other Key Managers, if the conditions set forth in art. 13, paragraph 3 of the Consob Regulation apply, whose existence must be duly identified.

6.2 Partial exemptions

The following are **exempt from the application of specific provisions of these Procedures**:

- D. all intragroup transactions** carried out with and between subsidiaries, provided that **other related parties do not hold significant interests** in the subsidiary participating in the transaction:

These transactions are exempt from: the decision-making procedures (section 9); the disclosure requirements for transactions of greater significance (section 11.2) and requirements of disclosure to Consob (section 11.1).

The following provisions are applied: cautionary preliminary assessment procedures (section 8); rules on subsequent reporting to corporate bodies (section 10); the provisions regarding price sensitive press releases (section 11.4) and on financial reporting (section 11.5).

For the purpose of applying this exemption, the following are considered to be significant interests of other related parties:

- equity investments (other than those owned by the Group) which result in the exercise of significant influence;
- the presence of remuneration systems for key managers with a significant percentage (more than 25% of total remuneration) dependent on the results for the period achieved by the subsidiaries or associates that are party to the transaction;
- the mere sharing between different companies of one or more directors or key managers is not considered as significant interests.

E. transactions of lesser significance which are “ordinary” and at “market-equivalent or standard conditions” (Attachment 5):

These transactions are exempt from: the decision-making procedures (section 9);

The following provisions are applied: cautionary preliminary assessment procedures (section 8); rules on subsequent reporting to corporate bodies (section 10); the provisions regarding price sensitive press releases (section 11.4) and on financial reporting (section 11.5).

To this end, it is specified that:

- **lending** in any form, including the issue of commitments and guarantees and bond subscription, **is exempt only if** carried out as part of credit lines granted to related parties, approved according to the Procedures set forth herein.
- **trading and placement of financial instruments**, including transactions in derivatives (including hedging or trading derivatives), **are exempt only if** free of credit or counterparty risk, or backed by collateral and/or within the limits of credit lines granted to related parties, approved according to the Procedures set forth herein.

F. transactions of greater significance which are “ordinary” and at “market-equivalent or standard conditions” (Attachment 5):

These transactions are exempt from: the disclosure requirements for transactions of greater significance (section 11.2);

The following provisions are applied: cautionary preliminary assessment procedures (section 8); the decision-making procedures (section 9); rules on subsequent reporting to corporate bodies (section 10); the obligations of disclosure to Consob (section 11.1); the provisions regarding price sensitive press releases (section 11.4) and on financial reporting (section 11.5).

G. all transactions to be carried out on the basis of instructions issued by the Supervisory Authorities:

These transactions are exempt from: the cautionary preliminary assessment procedures (section 8) and the decision-making procedures (section 9);

The following provisions are applied: the rules on subsequent reporting to corporate bodies (section 10); the disclosure requirements for transactions of greater significance (section 11.2); the provisions regarding price sensitive press releases (section 11.4) and on financial reporting (section 11.5).

H. transactions subject to regulations governing the obligations of Board Members and General Managers of banking groups pursuant to art. 136 of the Consolidated Banking Law:

These are exempt: within the limits and according to the methods set forth in section 9.4.

6.3 Controls

In order to apply the exemptions indicated, during the preliminary assessment phase, the Managers in charge of Departments which propose transactions are required to apply specific preventive controls on the conditions applied, verifying that suitable elements of proof are acquired and that the preliminary analysis of all requisites giving rise to the exemptions are accurately conducted.

As part of its ordinary checks on the correct application of preliminary assessment, decision-making and reporting rules on transactions with related parties, the Internal Auditing Department needs to assess also the effectiveness of the existing controls of the process, including the elements of proof used to declare certain transactions as exempt.

7. Related Party Transactions Committee

7.1 According to the Consob Regulation, in the process for approving transactions with related parties (of lesser significance, of greater significance and strategic transactions) the Independent Members of a Board who are not related parties shall play a highly important role.

In Intesa Sanpaolo, this role has been assigned to the Related Party Transactions Committee, established within the Supervisory Board. The members of this Committee meet the independence requirements pursuant to art. 148, paragraph 3 of the Consolidated Law on Finance and the Corporate Governance Code for listed companies adopted by Borsa Italiana S.p.A., with which the Bank has declared its compliance.

The Related Party Transactions Committee is always required to issue a justified opinion:

- on the Bank's interests in carrying out the transaction;
- on the convenience and material correctness of the related terms and conditions.

For resolutions on the matter of remuneration, should they fall within the scope of application of these Procedures, the opinion from a Committee made up of Independent Members is provided by the **Remuneration Committee**, established within the Supervisory Board.

7.2 The opinion described above is not binding for the corporate bodies approving the transaction with related parties.

The opinion may be favourable or unfavourable. The opinion is favourable when:

- it declares its complete agreement with the transaction;
- though containing several elements of dissent, indicates the reasons why it is deemed that such elements do not jeopardise the validity of the overall opinion on the interest of the company in carrying out the transaction, as well as on the material correctness of the related terms and conditions;
- the conditions to the conclusion or execution of the transaction are effectively complied with. In this case, proof of compliance with the conditions need to be provided in the disclosure on the execution of the transaction to be provided to the corporate bodies pursuant to section 10.

7.3 The Related Party Transactions Committee – or one or more of its delegated members – shall participate in the negotiations and preliminary assessments of transactions of greater significance and strategic transactions with related parties by receiving of a complete, prompt flow of information and with the right to request information and issue comments to the corporate bodies and parties appointed to conduct the negotiations and preliminary assessments.

7.4 The Board members on the Committee are “unrelated” when they are different from the counterparty to a specific transaction and its related parties.

The operational and organisational rules of the Committee ensure that only independent, unrelated Members of the Supervisory Board shall be part of the Committee.

Members of the Related Party Transactions Committee who hold a personal interest or interest on behalf of third parties in a transaction are required to disclose the interest to the other Members, specifying its nature, terms, origin and extent.

8. Preliminary assessment and proposal of Group transactions

8.1 The preliminary assessment of transactions with related parties must meet the requirements of formal and material correctness set forth in the premises, at whatever level these transactions are handled, be it the responsibility of the corporate boards or resolved by the Business Units or other organisational units of the Bank or its subsidiaries.

Specifically, after verifying that the transaction being analysed can be defined as a transaction with related parties, the characteristics and conditions of each transaction must be examined in depth, as well as *the effect* of the transaction on *the balance sheet, the income statement and financial situation*. The *motivations* for and the *interests* in the transaction, its convenience for the contracting Group company and the material correctness of its terms and conditions must be assessed.

As part of the preliminary assessment process, the following must be distinctly verified, based on the definitions set forth in Attachment 5 hereto:

- whether the transaction can be classified as an “ordinary transaction” and
- whether the conditions applied are “market-equivalent or standard”.

8.2 This verification is of crucial importance for the purpose of applying the procedural and reporting exemptions indicated in section 6 above, and is subject to

specific controls (by the Head of the Department dealing with the preliminary assessment and the proposal of the transaction) and subsequent monitoring procedures (by the Parent Company's Internal Auditing Department).

8.3 If, according to the preliminary assessment, the transaction is not only ordinary, but has terms and conditions that are *market-equivalent or standard*, applied to *unrelated* parties with the same nature, size and risk, the documentation acquired must contain *objective elements of suitable proof*, in application of the Consob Regulation and IAS 24.

When it is not easy to verify market-equivalent or standard conditions for unrelated parties, it is necessary to adopt the cautionary preliminary assessment, decision-making, control and reporting procedures established for transactions different from market transactions. In this case, though operating under conditions of mutual economic convenience for the contracting parties, grounds must be provided for the conditions applied and the reasons for their convenience and correctness, taking into account all circumstances, specific characteristics of the transaction and the *interests* of the company.

8.4 If the transaction is of **greater significance** or if, though of lesser significance, it is **strategic**, it is necessary to promptly involve the Related Party Transactions Committee (or one or more of its delegated members) in the preliminary assessment and negotiations, by means of a complete, prompt flow of information and with the Committee (or one or more of its delegated members) having the right to request information and issue comments to the company bodies and the parties appointed to conduct the negotiations and preliminary assessments. The flow of information to the Related Party Transactions Committee shall be implemented in compliance with sections 9.1.2 and 9.1.3 and that set forth for subsidiaries in section 9.2.

The proposed resolutions for transactions with related parties must clearly highlight in its heading that it is a proposal regarding transaction(s) with related parties, and must include the conclusions of the preliminary assessment on the content indicated above, also regarding the convenience of the transaction.

Also for transactions with related parties, including intragroup transactions, to which the special decision-making procedures set forth herein are not applied, as said transactions are deemed exempt based on the criteria identified in section 6, the Heads of the Departments in charge of executing the transaction shall, in any event, ensure that the documentation regarding the transaction is accurately filed with company documents, also for the purpose of the aforementioned subsequent control of the correct application of the preliminary assessment, decision-making and reporting procedures illustrated herein.

For transactions of negligible amounts, the preliminary assessment may follow the usual company rules.

In this regard, it is noted that as part of the supervision conducted by the control bodies and the responsible company departments, specific attention shall be paid to assessing transactions with related parties which may constitute evasion of controls envisaged by these Procedures.

9. Decision-making rules

9.1 Decision-making rules for transactions carried out by the Parent Company

The decision-making rules which must be followed for transactions carried out directly by the Parent Company with one of its related parties are illustrated below, split into transactions of negligible significance, of greater significance, and strategic transactions based on the articles of association. The decision-making procedures are not applied to the cases where one of the specific exemptions indicated in section 6 apply.

Clearly, the additional duties of the Management Board, assigned by law or by the articles of association, or by virtue of general internal provisions on delegated powers remain valid.

9.1.1 Transactions of lesser significance

Transactions that the Parent Company intends to carry out with its related parties which fall under the category of transactions of lesser significance as identified in Attachment 3 must be subject to:

- **prior, non-binding justified opinion of the Related Party Transactions Committee** on the interests of the Bank in carrying out the transaction, as well as on the convenience and material correctness of the related terms and conditions;
- **resolution by the Management Board.**

In exercising the consulting functions indicated, the Related Party Transactions Committee may make use of independent experts chosen at its own discretion, at the Bank's expense. The independent experts selected by the Related Party Transactions Committee may be the same experts appointed by the Bank to carry out the transaction. In this case, the assignment must expressly require that the expert also assist the Independent Members in carrying out their assigned duties pursuant to these Procedures.

The expert's conditions of independence must be consistent with the indications provided by Consob for disclosure to the market of the transactions (⁷).

For the services requested from independent experts by the Related Party Transactions Committee a maximum expenditure limit is set for each transaction, equal to 0.5% - 0.05% of the value of the transaction, based on the complexity and size of the transaction.

The Department proposing the transaction is required to provide the Related Party Transactions Committee and the Management Board with complete, adequate information on the transactions, which provides proof of the preliminary assessment conducted, in line with the criteria set forth in this section 8.

To this end, the proposal illustrating the transaction, accompanied by supporting documents, must be sent to both bodies, through their Secretariats, at least 5

⁷ Specifically, also based on declarations provided by the experts, any economic, equity and financial relations between the experts and the Intesa Sanpaolo Group and the members of the management boards of Group Companies must be assessed.

business days before the meeting of the Related Party Transactions Committee which shall examine the transaction.

If the economic terms of the transaction are defined as market-equivalent or standard, the documentation drawn up shall contain objective elements of proof thereof.

The justified opinion of the Related Party Transactions Committee is sent to the Chairman of the Management Board through the Corporate Affairs Department. The transaction is subsequently submitted to the Management Board for resolution. The minutes of the resolution granting approval shall contain suitable justification regarding the interests of the company in carrying out the transaction, as well as the convenience and material correctness of the related terms and conditions.

Where possible pursuant to law (i.e., outside the cases pursuant to art. 136 of the Consolidated Banking Law), in cases of urgency the transaction may be approved, without prejudice to the preventative opinion of the Related Party Transactions Committee, according to the methods set forth in art. 18 of the Articles of Association. To this end, the proposal illustrating the transaction must justify the reasons for said urgency, and shall be promptly sent by the responsible Department of the Bank to the Corporate Affairs Department – Corporate Secretariat.

9.1.2 Transactions of greater significance

Transactions that the Parent Company intends to carry out with its related parties which fall under the category of transactions of greater significance as identified in Attachment 4 must be subject to:

- **prior, non-binding justified opinion of the Related Party Transactions Committee** on the interests of the Bank in carrying out the transaction, as well as on the convenience and material correctness of the related terms and conditions;
- **resolution by the Management Board**

From the beginning of the negotiation and preliminary assessment phase, the Department proposing the transaction is required **to send a complete, prompt flow of information to the Related Party Transactions Committee** (or to one or more of its delegated members). The flow of information shall be initiated upon the indication of the Managing Director and CEO, as soon as the concrete conditions required are in place, concurrently reporting to the Chairman of the Management Board.

The Related Party Transactions Committee (or one or more of its delegated members) also has the right to request information and issue comments to the company bodies and parties appointed to conduct the negotiations and preliminary assessments.

All provisions for the resolution of transactions of lesser significance (section 9.1.1) shall apply, with the exclusion of the provisions on procedures in urgent cases and on the maximum expenditure limit set for the use of independent experts.

Should the Management Board approve the transaction in the presence of a negative opinion of the Related Party Transactions Committee, said transaction,

without prejudice to its effectiveness, shall be subsequently subject to a non-binding resolution of the Ordinary Shareholders' Meeting, to be convened without delay. By the day following the day of the Shareholders' Meeting, the Bank shall make the information on the voting results available to the public, with specific reference to the total number of votes cast by unrelated shareholders.

9.1.3 Strategic transactions

Transactions with related parties that the Parent Company intends to carry out with its related parties which can be classified as strategic transactions pursuant to the Articles of Association (art. 25.1.2 of the Intesa Sanpaolo Articles of Association) and which, therefore, must be adopted by the Supervisory Board, must be subject to:

- prior, **justified, favourable opinion of the Related Party Transactions Committee** on the interests of the Bank in carrying out the transaction, as well as on the convenience and material correctness of the related terms and conditions;
- **approval of the proposal by the Management Board;**
- **authorisation of the transaction by the Supervisory Board;**

From the beginning of the negotiation and preliminary assessment phase, the Department proposing the transaction is required **to send a complete, prompt flow of information to the Related Party Transactions Committee** (or to one or more of its delegated members). The flow of information shall be implemented on indication by the Managing Director and CEO, as soon as the concrete conditions required are in place, concurrently reporting to the Chairman of the Management Board and the Chairman of the Supervisory Board.

The Related Party Transactions Committee (or one or more of its delegated members) also has the right to request information and issue comments to the company bodies and parties appointed to conduct the negotiations and preliminary assessments.

Following the issue of the opinion of the Related Party Transactions Committee, the transaction shall be subject to resolution of the Management Board and to the consequent authorisation by the Supervisory Board.

The minutes of the resolution of the Boards shall contain proper justification regarding the interests of the Bank in carrying out the transaction, as well as the convenience and material correctness of the related terms and conditions.

All provisions for the resolution of transactions of lesser significance (section 9.1.1) shall apply, with the exclusion of the provisions on procedures in urgent cases and on the maximum expenditure limit set for the use of independent experts.

Should the Supervisory Board authorise a transaction in the presence of a negative opinion of the Related Party Transactions Committee, said transaction, without prejudice to its effectiveness, shall be subsequently subject to a non-binding resolution of the Ordinary Shareholders' Meeting, to be convened without delay.

By the day following the day of the Shareholders' Meeting, the Bank shall make the information on the voting results available to the public, with specific reference to the total number of votes cast by unrelated shareholders.

9.1.4 Transactions attributed to the shareholders' meeting

For transactions that the Parent Company intends to carry out with its related parties which are subject to resolution of the Shareholders' Meeting by law or according to the Articles of Association, the rules indicated in the previous sections for strategic transactions or transactions of greater or lesser significance must be followed in the preliminary assessment and proposed resolution, taking account of the various types of transactions.

In the event that the Related Party Transactions Committee expresses a negative opinion on a transaction attributed to the Shareholders' Meeting which can be classified as a "transaction of greater significance", in line with the criteria set forth in Attachment 4, the proposed resolution is subject to the special majority required for resolutions, indicated by the Consob Regulation. Specifically, the transaction cannot be carried out if in passing the Shareholder's Meeting resolution, the majority of voting shareholders classified as unrelated pursuant to the Consob Resolution vote against the transaction, provided that the unrelated shareholders present at the Shareholder's Meeting represent at least 10% of the share capital with voting rights.

9.2 Decision-making rules for transactions carried out by subsidiaries

9.2.1 Transactions carried out by subsidiaries with related parties of the Parent Company which exceed the significance thresholds indicated in Attachment 3 are subject to the non-binding prior approval of the Parent Company and the subsequent resolution of the Board of Directors of the subsidiary (or, for international subsidiaries, the equivalent management body).

To this end, subsidiaries are required to ensure that a preliminary assessment of the proposal is carried out in line with the indications set forth in these Procedures (section 8) and promptly send it to the Parent Company Department in charge of the matter, or to the Corporate Affairs Department for transactions on equity investments and for matters which are the responsibility of several Departments.

The request for prior approval of the Parent Company is submitted to the Managing Director and CEO and, thus, sent to the Management Board and the Related Party Transactions Committee through their related Secretariats.

Requests follow differentiated processes depending on whether the transaction can be classified as of lesser significance, greater significance or strategic, as indicated in section 9.1. In any event, the application of the provisions regarding resolution of the Shareholders' Meeting in cases of negative opinion of the Related Party Transactions Committee are excluded.

i) Transactions of lesser significance:

these must be subject:

- to the prior, justified opinion of the Related Party Transactions Committee on the interests of the company in carrying out the transaction, as well as on the convenience and material correctness of the related terms and conditions;
- to the approval of the Management Board.

In cases of urgency, the approval of the Parent Company is requested through the Corporate Affairs Department – Corporate Secretariat, from the Managing Director

and CEO, who may grant approval after obtaining the opinion of the Related Party Transactions Committee. Resolution on the transaction may be delegated according to the ordinary decision-making rules established by the subsidiary. The proposal illustrating the transaction must justify the reasons for said urgency. Information on the transaction is reported to the next meeting of the Management Board and, where delegated, of the Board of Directors of the subsidiary.

ii) Transactions of greater significance:

these must be subject:

- to the preventative, justified opinion of the Related Party Transactions Committee on the interests of the company in carrying out the transaction, as well as on the convenience and material correctness of the related terms and conditions;
- to the approval of the Management Board.

In this case, from the beginning of the negotiation and preliminary assessment phase, the subsidiary proposing the transaction is required to inform the Parent Company Department in charge of the matter, or the Corporate Affairs Department for transactions on equity investments and for matters which are the responsibility of several Departments, for the purpose of subsequent notification to the Managing Director and CEO. The complete, prompt flow of information to the Related Party Transactions Committee shall be initiated by the indication of the Managing Director and CEO, as soon as the concrete conditions required are in place, concurrently reporting to the Chairman of the Management Board. The Related Party Transactions Committee (or one or more of its delegated members) also has the right to request information and issue comments to the corporate bodies and parties appointed to conduct the negotiations and preliminary assessments.

iii) Strategic transactions:

these must be subject:

- to the prior, justified favourable opinion of the Related Party Transactions Committee on the interests of the company in carrying out the transaction, as well as on the convenience and material correctness of the related terms and conditions;
- to the approval of the Management Board;
- to the authorisation of the Supervisory Board.

Also in this case, from the beginning of the negotiation and preliminary assessment phase, the subsidiary proposing the transaction is required to inform the Parent Company Department in charge of the matter, or the Corporate Affairs Department for transactions on equity investments and for matters which are the responsibility of several Departments, for the purpose of subsequent notification of the Managing Director and CEO. The complete, prompt flow of information to the Related Party Transactions Committee shall be initiated by the indication of the Managing Director and CEO, as soon as the concrete conditions required are in place, concurrently reporting to the Chairman of the Management Board and the Chairman of the Supervisory Board.

The Related Party Transactions Committee (or one or more of its delegated members) also has the right to request information and issue comments to the

company bodies and parties appointed to conduct the negotiations and preliminary assessments.

9.2.2 Following the decision-making process described above, the authorisation is transmitted to the subsidiary through the Corporate Affairs Departments and/ or the Parent Company Department in charge of the matter.

Naturally, if the transactions are carried out by a subsidiary, on one side, and the Parent Company, on the other, the subsidiaries are not required to launch the procedure, it being the responsibility of the Parent Company's internal structures to follow the process defined in section 9.1.

It remains understood that within its own decision-making process each subsidiary may set up additional internal control measures, also in compliance with the special regulations applicable to the subsidiaries (e.g. for companies issuing listed shares or shares held by the general public, for insurance companies or for companies with registered offices abroad).

Where the decisions of Group companies regarding transactions with related parties of Intesa Sanpaolo are subject to the management and coordination of the Parent Company, the subsidiary's resolution must accurately disclose the reasons for and the convenience of the transaction, if necessary also in light of the overall results of the management and coordination in compliance with the provisions of art. 2497 *ter* of the Italian Civil Code.

The Parent Company Departments and Business Units may adopt additional Group procedures for categories of transactions under their responsibility, and may identify (especially for lending and equity investment activities) the cases which require prior opinions, reporting and authorisations from the Parent Company, in line with the provisions in the Intesa Sanpaolo Group Rules. Where these procedures also refer to transactions with related parties – at least non-exempt transactions of lesser significance – the provisions set forth in these Procedures shall apply.

9.3 Framework resolutions

The Bank and its subsidiaries may adopt framework resolutions which govern groups of homogeneous, recurring transactions with specific categories of related parties.

Framework resolutions, whose effectiveness may not exceed one year, shall refer to specifically determined transactions and shall indicate the estimated maximum amount of the transactions to be carried out in the reference period, the reasons for the terms and conditions envisaged, and their effects on the balance sheet and income statements of the company and/or the Group.

Adoption of the framework resolutions must be subject to the assessments, decision-making and reporting rules established by these Procedures for transactions of lesser and greater significance (sections 9.1, 9.2 and 11), based on the expected maximum amount of the transactions subject to the resolution, considered cumulatively.

The Management Board and the Supervisory Board shall be fully informed of framework resolutions executed at least on a quarterly basis, in line with the provisions of section 10.

Individual transactions concluded in execution of the framework resolution which comply with the above conditions are not subject to the special decision-making and reporting rules indicated in sections 9.1 and 9.2, respectively. These are also not calculated as part of cumulative transactions and the resulting disclosure to the market (section 11.2) if they are completed in execution of a framework resolution covered by an information document published pursuant to section 11.2.

9.4 Concurrent application of regulations governing the obligations of Board Members and General Managers of banking group pursuant to art. 136 of the Consolidated Banking Law

Should the Parent Company implement a transaction with a counterparty that is a related party and can be classified as a party considered significant pursuant to art. 136 of the Consolidated Banking Law ⁽⁸⁾, the following shall apply:

- as for the decision-making phase, only the procedural rules established by the banking law indicated (resolution unanimously approved by the Management Board and vote in favour by all Supervisory Board Members). In this case, the opinion of the Related Party Transactions Committee is not required;
- as for the assessment and reporting phases, all rules established by these Procedures, both preventative rules regarding the Related Party Transactions Committee and subsequent rules regarding the corporate bodies and the market. Specifically for transactions of greater significance and strategic transactions, involvement of the Related Party Transactions Committee (or one or more of its delegated members) in the assessment and negotiations phase is mandatory, by means of implementation of a complete, prompt flow of information and with the Committee's right to request information and issue comments to the company bodies and parties appointed to conduct the negotiations and preliminary assessments.

As regards subsidiaries' transactions with related parties of Intesa Sanpaolo which are also subject to the application of art. 136 of the Consolidated Banking Law, the required consent of the Parent Company is requested and issued according to the procedures established for the preventative approval of transactions with related parties in section 9.2, unless the reasons for exemption set forth in section 6 exist.

In that case, the resolution of the bodies of the Banking Group company shall be notified to the responsible Head Office Department of the Parent Company to verify compliance of the decision-making process prior to executing the transaction.

⁸ It is important to specify that the scope of application of the two regulations (market and banking regulations) does not coincide, in regard to transaction types and the categories of parties considered.

10. Subsequent reporting to corporate bodies

10.1 Information is provided on transactions with related parties completed in the reference period by the Parent Company or by subsidiaries to the Management Board, and by the latter to the Supervisory Board, at least quarterly, in order to provide a complete overview of the most significant transactions executed, as well as the volumes and the features of the main transactions delegated, in line with the provisions of art. 150 of the Consolidated Law on Finance and the Consob Regulation.

To this end, the Divisions / Head Office Departments of the Parent Company and the subsidiaries must report to the Corporate Affairs Department on a quarterly basis on transactions with related parties completed in the reference period.

10.2 The reporting must include all transactions, even those exempt from the decision-making procedure, with values equal to or greater than the lesser significance thresholds (thresholds indicated in Attachment 3).

These exclude bank funding transactions and intragroup financing, irrespective of the related amount.

For each of the transactions completed, the following must be indicated:

1. the counterparties with which the transaction is carried out, and the nature of the relationship;
2. a brief description of the characteristics, formalities, terms and conditions of the transaction;
3. the reasons for and the interests in the transaction, as well as its effects on equity, the income statement, and cash flows;
4. the methods for determining the terms and conditions applied, reference to market standards and any opinions provided by independent experts;
5. any resolution of approval on the transaction despite the contrary opinion of the Related Party Transactions Committee;
6. proof of effective compliance with any conditions set forth in the favourable opinion, where required, of the Related Party Transactions Committee;
7. for transactions deemed exempt from application of the decision-making rules, an illustration of the elements of proof considered significant for the exemption.

In the event of any anomaly detected on transactions already reported, said reporting must be redone.

10.3 Said reporting must be transmitted at the end of the reference quarter in compliance with the implementing procedures envisaged by company regulations.

The Administration and Tax Department shall also provide the Corporate Affairs Department with information on the balances for the period of transactions with related parties carried out by the Parent Company or by subsidiaries, according to criteria and timelines equal to those for the reporting provided for IAS 24.

Based on the reporting received, the Corporate Affairs Department shall draw up the notification for the Managing Director to be submitted to the Management Board and, consequently, to the Supervisory Board.

Specific detailed procedures ensure the collection, processing and handling of flows of information on the transactions concluded in the period and their illustration to the corporate bodies, according to the indications therein.

The Corporate Affairs Department, coordinating with the Compliance Department, and the Internal Auditing Department, each according to their respective responsibilities, report to the corporate bodies on an annual basis, on the controls performed on the correct application of the assessment, decision-making and reporting rules on transactions with related parties. Specific attention shall be paid to addressing transactions with related parties carried out by the Parent Company and/or Group Companies which – due to their number, type, size or frequency – could indicate evasion of the correctness controls envisaged by these Procedures.

11. Disclosure to Consob and the market

11.1 Disclosure to Consob for ordinary transactions of greater significance

Ordinary transactions of greater significance at market-equivalent or standard conditions which are exempt from the procedures for disclosure to the market (section 6) and which are carried out by the Bank or by the subsidiaries with subsidiaries, joint ventures and associates in which there are significant interests of other related parties, or with Shareholders, Key Managers and pension funds (as identified in section 3) must be notified to Consob – indicating the counterparty, the subject and the consideration – within 7 days:

- from the approval of the transactions by the competent body, or
- from the time the contract (preliminary or otherwise) is concluded, when the competent body resolves to submit a contractual proposal
- from the approval of the proposal to be submitted to the Shareholders' Meeting in cases attributable to or requiring authorisation by the Shareholders' Meeting.

Refer to section 6 for the identification of significant interests.

The Corporate Affairs Department shall send the above notification to Consob.

11.2 Disclosure to the public for transactions of greater significance

When a transaction of greater significance, even a strategic one, is carried out by the Bank or one of its subsidiaries with related parties of the Parent Company, the latter must draw up a detailed document containing the information set forth in the Consob Regulation⁹.

The exemptions provided for this obligation in section 6 remain valid.

⁹ This is the information set forth in Annex 4 to the Consob Regulation, which also includes the opinion of the Related Party Transactions Committee and any experts.

This information document is mandatory in the presence of:

- single transactions of greater significance carried out with related parties;
- framework resolutions, when the expected maximum amount of the transactions subject to the resolution exceeds the significance thresholds indicated in Attachment 4;
- several transactions which are homogeneous or implemented in execution of an overall plan which, though said transactions cannot be individually classified as transactions of greater importance, when considered cumulatively exceed the significance thresholds indicated in Attachment 4, provided that they are executed during the year with the same related party or with parties related both to the latter and to the Bank. The transactions considered exempt from the special decision-making procedures pursuant to section 6 are not included in the cumulative transactions. The document contains information, including aggregated information for homogeneous transactions, on all transactions considered for the purpose of the cumulative total.

The information document is made available to the public at the registered offices of the company, in accordance with the methods established in the regulations on corporate disclosure and concurrently transmitted to Consob, accompanied by the documentation requested.

The document must be disclosed:

- within seven days from the approval of the individual transaction of greater significance or the significant framework resolution by the competent body. Where the body solely resolves a contractual proposal, the term shall begin from the time the contract (preliminary or otherwise) is concluded. In cases attributable to or requiring authorisation by the Shareholders' Meeting, the seven-day term shall start from the approval of the proposal to be submitted to the Shareholders' Meeting.
- in the case of cumulative transactions, within fifteen days of approval of the transaction or conclusion of the contract which resulted in exceeding the significance threshold or from the time the Parent Company was notified of the approval of the transaction or the conclusion of the contract giving rise to the significance. Subsidiaries shall promptly transmit this information.

In the case of cumulative transactions and the consequent publication of the information document, the transactions subject to disclosure must no longer be aggregated, even if the financial year has not yet ended.

Suitable procedures shall be adopted which manage and aggregate transactions carried out by the Parent Company and by the subsidiaries with related parties of Intesa Sanpaolo which have the above characteristics and are not deemed exempt from these Procedures, to ensure the prompt preparation and publication of the information document required by the regulations.

11.3 Disclosure to the public for transactions of lesser significance

Transactions with related parties carried out by the Parent Company or by the subsidiaries which are classified as “of lesser significance” according to the criteria set forth in Attachment 3 are required to be reported to the market when they have been approved in the reference quarter in presence of a contrary opinion of the Related Party Transactions Committee.

An information document indicating the counterparty, the subject and the consideration for the transaction and the reasons why it is considered not to agree with the opinion expressed by the Related Party Transactions Committee must be made available at the registered office of the company within fifteen days from the close of each quarter, according to the publication methods indicated by Consob.

In the decision-making phase, the Corporate Affairs Department shall keep track of the transactions indicated for the purpose of the Bank’s preparation and prompt publication of the information document.

11.4 Price sensitive press releases

When a transaction with related parties of the Parent Company is also subject to the obligations of notification of price-sensitive information envisaged by article 114, paragraph 1 of the Consolidated Law on Finance, the price sensitive press release to be disclosed to the public without delay shall contain the following information, in addition to the information to be published pursuant to the aforementioned regulations:

- a) indication that the counterparty to the transaction is a related party, and a description of the nature of the relationship;
- b) the company name or name of the counterparty to the transaction;
- c) whether the transaction exceeds the significance thresholds identified pursuant to Attachment 4 to these Procedures, and indication of any subsequent publication of an information document;
- d) the procedure which was or will be followed for approval of the transaction and, specifically, whether the company applied a case of exemption;
- e) any approval of the transaction despite the contrary opinion of the Related Party Transactions Committee.

For price sensitive transactions which are not the subject of an information document, either because the transaction does not exceed the significance thresholds identified in Attachment 4 or because the cases of exemption envisaged by section 6 apply, a set of information must also be provided which is significant for the purposes of compliance with regulations on price sensitive information, as specifically required by Consob⁽¹⁰⁾.

¹⁰ This information is indicated in Communication no. DEM/10078683 of 24 September 2010.

11.5 Financial reporting

Without prejudice to the disclosure obligations set forth by IAS 24, the Bank provides information in the half-yearly report and in the annual report on operations:

- a) on the single transactions of greater significance concluded in the reference period with related parties of the Parent Company, as identified according to the criteria set forth in these Procedures ⁽¹¹⁾;
- b) on any other single transactions with related parties, as defined by IAS 24 ⁽¹²⁾, concluded in the reference period, which had a significant influence on the Bank's balance sheet or profit (loss);
- c) on any amendments to or development of transactions with related parties, as defined by the IAS 24, described in the latest annual report, which had a significant influence on the Bank's balance sheet or profit (loss) in the reference period.

Disclosure is provided also with reference to transactions with related parties to which the exemptions indicated in section 6 apply.

12. Implementation and effectiveness

For the purpose of implementing these Procedures, specific Group operational procedures and suitable IT solutions shall be created and made available to all Company and Group Structures, for managing transactions with related parties in the various assessment, decision-making, reporting and control phases.

The Management Board shall ensure that these Procedures are implemented, with the aid of the various Structures involved in developing the procedure.

In compliance with the Group guidelines on the matter, the Corporate Affairs Department performs compliance functions in relation to application of the procedures.

The Control Committee continuously verifies the effectiveness and functioning of the operating procedures and systems supporting the correct application of regulations.

These Procedures shall be applicable from 1 January 2011, with the exception of provisions on the publication of the information document for transactions of greater significance considered individually (section 11.2) for which the Procedures shall apply starting from 1 December 2010.

¹¹ Information on the single transactions of greater significance may be included by referring to published information documents, and only reporting any significant updates thereto.

¹² It has already been noted that the scope of related parties indicated by IAS 24 (in the text in force from 1 January 2011) only partially coincides with that envisaged by these Procedures.

ATTACHMENT 1

DEFINITIONS FUNCTIONAL TO THE CONCEPT OF “RELATED PARTIES”

For the purposes of the definition of “related parties”, as set forth in section 3 of these Procedures, in line with the Consob Regulation, the notions of “control”, “joint control”, “significant influence”, “close relatives”, “key managers”, “subsidiary”, “associate”, “joint venture” and “pension fund” are as follows.

Control

Control “is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities”.

It is assumed that control exists when a person owns, directly or indirectly through subsidiaries, more than half of the voting rights in an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when a person owns half or less of the voting rights exercisable at shareholders’ meetings if one or more of the following are verified:

- a) the person controls more than half of the voting rights by virtue of an agreement with other investors;
- b) the person has the power to govern the financial and operating policies of an entity by virtue of articles of association or an agreement;
- c) the person has the power to appoint or remove the majority of the members of the board of directors or equivalent body of corporate governance, and control of the entity is held by that board or body;
- d) the person has the power to exercise the majority of the voting rights at meetings of the board of directors or equivalent body for corporate governance, and control of the entity is held by that board or body.

Joint control

Joint control is the contractually agreed sharing of control over an economic activity.

Significant influence

Significant influence is the power to participate in determining the financial and operating policies of the entity without having control. Significant influence may be gained through share ownership, provisions of the articles of association or agreements.

If a person owns, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power in the shareholders’ meeting of the investee, it is presumed to have significant influence, unless it can be clearly demonstrated otherwise. Conversely, if the person owns, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power in the shareholders’ meeting of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The presence of a person in possession of absolute or relative majority of voting rights does not necessarily preclude another person from having significant influence.

The existence of significant influence is usually evidenced by one or more of the following circumstances:

- a) representation on the board of directors or equivalent governing body of the investee;
- b) participation in the decision-making, including participation in decisions about the dividend or other distribution of profits;

- c) the presence of significant transactions between the investor and the investee;
- d) exchange of managerial personnel;
- e) the provision of essential technical information.

Subsidiary

A *subsidiary* is an entity, even without legal personality, as in the case of a partnership, controlled by another entity.

Associate

An *associate* is an entity, even without legal personality, as in the case of a partnership, in which a shareholder exercises significant influence but not control or joint control.

Joint venture

A *joint venture* is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control.

Key Managers

Key Managers are those persons who have the power and responsibility, directly or indirectly, for planning, directing and controlling activities of the company, including directors (whether executive or otherwise) of the company.

Close relatives

Close relatives of an individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the company.

They may include:

- a) the individual's non legally separated spouse and domestic partner;
- b) the children and dependents of the individual or his/her non-legally separated spouse or domestic partner.

Pension Funds

These are only the pension funds established or promoted by companies or over which the companies can exercise significant influence, and not all of the pension funds which generically benefit all or some employees (Communication no. DEM/10078683 of 24 September 2010).

ATTACHMENT 2

EXEMPTIONS

GENERAL EXEMPTIONS
<p>The following are always exempt from these Procedures:</p> <ul style="list-style-type: none"> • transactions of negligible amounts (transactions with amounts of less than the thresholds of lesser significance set forth in Attachment 3); • shareholders' meeting resolutions regarding remuneration of members of the Supervisory Board; • share-based remuneration plans and resolutions on remuneration of Members of the Management Board and other Key Managers, if the conditions set forth in art. 13, paragraph 3 of the Consob Regulation apply.

Without prejudice to the general exemptions indicated above, the table below provides examples of cases of exemption from the decision-making procedure and the subsequent disclosure to the corporate bodies and the market.

CATEGORY OF CONTRACTING RELATED PARTIES	SPECIFIC EXEMPTIONS		
	Resolution	Reporting to corporate bodies	Information document to the market
<input type="checkbox"/> Key manager and their related parties <input type="checkbox"/> Shareholders and their groups <input type="checkbox"/> Associates <input type="checkbox"/> Joint ventures <input type="checkbox"/> Subsidiaries with significant interests of other related parties (*) <input type="checkbox"/> Pension Funds	Transactions of lesser significance which are ordinary and at market-equivalent or standard conditions (**)	- All bank funding transactions	Transactions of greater significance which are ordinary and at market-equivalent or standard conditions
<input type="checkbox"/> Subsidiaries without significant interests of other related parties (*)	All transactions (ordinary and non-ordinary)	- All bank funding and intragroup financing transactions	All transactions (ordinary and non-ordinary)

(*)Significant interests of other related parties in subsidiaries:

- investments of significant influence;
- remuneration systems for key managers with a significant percentage (more than 25% of total remuneration) dependent on the results for the period achieved by the subsidiary.

() To this end, it is specified that:**

- **lending** in any form, including the issue of commitments and guarantees and bond subscription, **is exempt only if** carried out as part of credit lines granted to related parties, approved according to the Procedures set forth herein.

- **Trading and placement of financial instruments**, including transactions in derivatives (including hedging or trading derivatives), **are exempt only if** free of credit or counterparty risk, or backed by collateral and/or within the limits of credit lines granted to related parties, approved according to the Procedures set forth herein.

ATTACHMENT 3

THRESHOLDS FOR TRANSACTIONS OF LESSER SIGNIFICANCE

Transactions “of lesser significance” are single transactions to be carried out with “related parties” whose **value** is equal to or greater than the thresholds set forth in the table below. The thresholds shown are differentiated taking into account the category of the related party.

If the transaction also exceeds ratios set forth in Attachment 4, it must be classified as “of greater significance” and is subject to the different regime established by these Procedures.

If the **economic terms** of the transaction **have been established**, the value of the transaction is:

- for **cash components**, the amount **paid**;
- for **financial instrument** components, the **fair value** at the transaction date, in compliance with the international accounting standards;
- for lending transactions or issuing guarantees, the **maximum amount payable** (*).

If, on the contrary, the economic terms of the transaction depend fully or partially on **variables not yet known**, the value of the transaction is the **maximum amount receivable or payable under the terms of the agreement**.

It is noted that the cases of exemption from the provisions of the Procedures indicated in section 6 and summarised in Attachment 2 shall apply.

The ordinary decision-making powers generally established by the internal regulations also for transactions with unrelated parties remain valid.

Moreover, the application of the regulations set forth in art. 136 of the Consolidated Banking Law shall apply when the Parent Company or subsidiaries belonging to the Banking Group implement a transaction with a counterparty which is both a related party of Intesa Sanpaolo and one of the parties considered significant by art. 136 of the Consolidated Banking Law.

	CATEGORIES OF RELATED PARTIES	MINIMUM THRESHOLDS
1	Any natural person who is a related party	€ 250,000
2	Entities connected to Key Managers (**)	€ 1 million
3	Significant shareholders and their corporate groups	€ 5 million
4	Associates	€ 5 million
5	Subsidiaries	€ 20 million

(*) For these purposes, it is important to consider the transactions which, at the individual bank level on an economic group, result in new disbursements or increases in already existing credit lines. For transactions with subsidiaries, refer to the transactions that result in new disbursements or increases in already existing credit lines at the level of individual bank on individual subsidiary.

(**) Entities related to key managers are the entities in which the managers or close relatives of the managers exercise control, joint control, or significant influence or hold a significant portion, but not less than 20%, of voting rights.

ATTACHMENT 4

THRESHOLDS FOR TRANSACTIONS OF GREATER SIGNIFICANCE

Transactions of greater significance are those in which at least one of the following significance ratios, applicable depending on the specific transaction, is greater than the 5% threshold:

a) **Equivalent-value relevance ratio**: this is the ratio between the equivalent value of the transaction and the regulatory capital drawn from the latest published consolidated balance sheet.

Should the economic terms and conditions of the transaction be determined, the equivalent value of the transaction shall be:

- i. for the cash components, the amount paid to/by the contractual counterparty;
- ii. for financial instrument components, the fair value at the transaction date, in compliance with the international accounting standards adopted with Regulation EC no. 1606/2002;
- iii. for funding transactions or granting of guarantees, the maximum amount payable.

If the economic terms of the transaction depend fully or partially on amounts not yet known, the value of the transaction is the maximum amount receivable or payable under the terms of the agreement.

b) **Asset relevance ratio**: this is the ratio between the total assets of the entity in the transaction and the total assets of Intesa Sanpaolo. Data to be used shall be obtained from the most recently published consolidated balance sheet by the Bank. Whenever possible, similar data should be used for determining the total assets of the entity involved in the transaction.

For transactions involving the acquisition and sale of shares in companies that have an impact on the scope of consolidation, the value of the numerator is the total assets of the investee, regardless of the percentage of capital involved in the disposal.

For transactions of acquisition or disposal of holdings in companies that have no effect on the scope of consolidation, the value of the numerator is:

- i. in the case of acquisitions, the value of the transaction plus any liabilities of the company acquired assumed by the purchaser,
- ii. in the case of disposals, the consideration for the business disposed.

For transactions of acquisition and disposal of other assets (other than the purchase of a stake), the value of the numerator is:

- i. in the case of acquisitions, the greater of the consideration and the carrying amount that will be attributed to the asset;
- ii. in the case of disposals, the carrying amount of the assets.

c) **Liability relevance ratio**: this is the ratio between the total liabilities of the entity acquired and the total assets of Intesa Sanpaolo. Data to be used shall be obtained from the most recently published consolidated balance sheet by the Bank. Whenever possible, similar data should be used for determining the total liabilities of the company or the company branch acquired.

The indications and clarifications provided by Consob on these indicators (Communication no. DEM/10078683 of 24 September 2010) remain valid.

ATTACHMENT 5

DEFINITION OF “ORDINARY TRANSACTIONS” AND “MARKET-EQUIVALENT OR STANDARD CONDITIONS”

In order to apply the exemptions provided for in these Procedures with regard to ordinary transactions concluded at market-equivalent or standard conditions, **the existence of all the following elements must be verified.**

1. Ordinary transaction

Based on the Consob Regulation, “ordinary transactions” are those which:

- i) are part of **operations** or the related **financial activity**;
- ii) are carried out as part of the **ordinary course of business**.

1.1 Operating activities

Therefore, the main element for classifying a transaction as ordinary is the concept of operating activities, which are intended as the set of:

- a. the main revenue generating activities of the company which is carrying out the transaction, and
- b. all the other operating activities which cannot be classified as “investing” or “financing” activities.

Therefore, the notion of operating activities includes both transactions which are part of operations and those which generate the main components of current operations.

The second element useful in defining ordinary transactions is the financing activity linked to the operating activity. This refers to transactions which can abstractly be classified as financial, to the extent to which these transactions are accessory to carrying out operating activities. Nonetheless, Consob highlights that the classification of a transaction within one of the three large areas of activities (operating, investing or financing) must be carried out in the most suitable way according to the activity conducted by the company. For banks financing operations in their various forms are part of the core business, and should therefore be classified, for all intents and purposes, as operating activities.

In assessing whether a transaction can be classified as an “ordinary transaction”, the business of the company (Parent Company or Group company) carrying out the transaction must be taken into consideration.

Therefore, in the case where the transaction is carried out by a subsidiary, the business performed by the subsidiary shall be significant.

If, on the contrary, the company carrying out the transaction with a related party is a vehicle company (special purpose vehicle) established for the purpose of carrying out said transaction, the verification of whether the transaction is ordinary must be carried out also considering at least one of the many activities carried out by the Group.

Merely by way of example, for banks, the following are considered as part of operating activities:

- customer savings deposit services in any form;
- lending in any form, including the issue and acquisition of guarantees;
- the purchase, sale and placement of financial instruments;
- the sale of financial products and the provision of financial services, such as:
 - collections and payments;
 - management of current accounts, debit cards, credit cards and ATM cards;

- buying and selling of currencies;
- asset management;
- distribution of insurance products;
- overhead costs (including payments to suppliers for goods and services).

On the contrary, the following are not considered operating activities:

- subscription and transfer of equity instruments;
- acquisition and transfer of property, plant and equipment and intangible assets;
- issue/purchase of treasury shares and other regulatory capital instruments.

1.2. Ordinary course of business

Lastly, these Procedures consider transactions to be ordinary if they are part of the ordinary course of business. In order to assess this last criterion, the following elements can be considered:

1. *subject of the transaction*. If the subject of the transaction falls outside of the usual business carried out by the company, this is a sign of anomaly which could indicate that the transaction is not ordinary;
2. *recurrence of the type of transaction as part of the business*. The regular repetition of a transaction is a significant sign that it is part of the ordinary course of business, in the absence of other signs indicating otherwise;
3. *size of the transaction*. It is important that the transaction not be significantly larger than the usual size of equivalent transactions carried out by the company;
4. *contractual terms and conditions*, also with regard to the characteristics of the consideration. Transactions for non-monetary consideration are not part of the ordinary course of business, even if they are subject to opinions prepared by third parties;
5. *nature of the counterparty*. Transactions carried out with a counterparty that has anomalous characteristics as compared to the type of transaction executed are not part of the ordinary course of business.
6. *anomalies in the relationship*. Specifically, transactions of non-negligible amounts on non-performing loans are not considered part of the ordinary course of business.

2. Market-equivalent or standard conditions

Market-equivalent or standard conditions are understood as:

- conditions equal to those usually applied to unrelated parties for transactions of the same nature, size and risk; or
- conditions based on regulated tariffs or mandatory prices or offered to parties with which the Bank is legally required to contract for a specific consideration.

Market-equivalent conditions are standardised conditions applied to ordinary transactions and banking services provided to key managers who are employees of group companies or their family members, if envisaged by company regulations for all employees of the company and their family members.