

# Report and Parent Company's financial statements







# Intesa Sanpaolo – Financial highlights and alternative performance measures

Income statement figures (millions of euro)		Changes	
		amount	%
Net interest income	2,842 3,409	-567	-16.6
Net fee and commission income	2,110 2,024	86	4.2
Profits (losses) on trading	73 326	-253	-77.6
Operating income	6,740 7,341	-601	-8.2
Operating costs	-3,990 -4,101	-111	-2.7
Operating margin	2,750 3,240	-490	-15.1
Net adjustments to loans	-853 -1,322	-469	-35.5
Income after tax from discontinued operations	946 101	845	
Net income	2,327 1,784	543	30.4

Balance sheet figures (millions of euro)		Changes	
		amount	%
Loans to customers	178,400 178,550	-150	-0.1
Direct customer deposits	246,960 250,456	-3,496	-1.4
Indirect customer deposits:	156,079 150,146	5,933	4.0
of which: Assets under management	68,295 68,585	-290	-0.4
Total assets	410,907 421,588	-10,681	-2.5
Shareholders' equity	48,849 47,785	1,064	2.2

Operating structure	2010	2009	Changes	
			amount	%
Number of employees	28,788	28,618	170	
- Italy	28,284	28,077	207	
- Abroad	504	541	-37	
Number of branches	2,323	2,438	-115	
- Italy	2,311	2,422	-111	
- Abroad	12	16	-4	

Figures restated on a consistent basis.

2010   
2009 

### Profitability ratios (%)

Cost / Income	59.2	55.9
Net income / Average shareholders' equity (ROE) <sup>(a)</sup>	4.8	3.9

### Risk ratios (%)

Net doubtful loans / Loans to customers	1.2	0.9
Cumulated adjustments on doubtful loans / Gross doubtful loans to customers	69.4	71.8

### Capital ratios (%) <sup>(b)</sup>

Tier 1 capital <sup>(c)</sup> net of of ineligible instruments / Risk-weighted assets (Core Tier 1)	21.9	21.3
Tier 1 capital <sup>(c)</sup> / Risk-weighted assets	24.9	24.0
Tier 1 capital <sup>(c)</sup> net of net of ineligible instruments / Risk-weighted assets (Core Tier 1)	33.4	31.4
Risk-weighted assets (millions of euro)	162,375	166,519

Figures restated on a consistent basis.

(a) Ratio between net income and average of share capital, share premium reserve, reserves and valuation reserves.

(b) Ratios as at 31 December 2010 are determined using the methodology set out in the Basel 2 Capital Accord.

(c) Paid-in share capital, share premium reserve and reserves and retained earnings minus treasury shares, goodwill, intangible assets and after the application of "prudential filters" set out by supervisory regulations.

(d) Tier 1 capital plus eligible subordinated liabilities, valuation reserves, with the application of "prudential filters", net of equity investments as set out by supervisory regulations.

2010   
2009 



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# The Parent Company Intesa Sanpaolo

## General aspects

For the purpose of a more effective presentation of results, the income statement and balance sheet of the Parent Company, Intesa Sanpaolo, as at 31 December 2010, reclassified as appropriate with respect to the scheme set out in Bank of Italy Circular 262/05, are presented hereafter. The comparative figures from 2009 have been restated by adjusting historical figures as appropriate to reflect the effects of corporate transactions retroactively, and the sales and contributions of branches in 2009.

Breakdowns of restatements and reclassifications performed are provided in separate tables included in the attachments to the financial statements, as also required by Consob in its Communication 6064293 of 28 July 2006.

Restatements in the income statement involved:

- the contribution of branches in 2009 as part of the project to reorganise the network at the geographical level. In detail, the transactions involved:
  - in the first quarter of 2009, Cassa di Risparmio in Bologna, Cassa di Risparmio di Forlì e della Romagna and Banca di Credito Sardo, with 39, 14 and 93 branches, respectively;
  - Banca dell'Adriatico and Cassa di Risparmio del Friuli Venezia Giulia, with 33 and 19 branches, respectively, effective 27 July 2009;
  - on 14 September 2009, Cassa di Risparmio di Venezia and Banca di Trento e Bolzano with 11 and 7 branches;
- the contribution of private-banking branches to Intesa Sanpaolo Private Banking effective 2 March 2009;
- the contribution of the Investment Banking business unit to Banca IMI on 14 September 2009;
- the contributions of the securities services unit to the consortium company Intesa Sanpaolo Group Services on 20 April and 22 June 2009;

Reclassifications and aggregations are as follows:

- dividends on shares classified as assets available for sale and as assets held for trading have been recognised in Profits (Losses) on trading;
- fair value adjustments in hedge accounting, which were reallocated to profits (losses) on trading;
- profits and losses on disposal or repurchase of financial assets available for sale and of financial liabilities have been reclassified to profits (losses) on trading;
- profits (losses) on financial assets and liabilities designated at fair value through profit and loss have been recognised in profits (losses) on trading;
- administrative expenses are net of recoveries of expenses and taxes from customers;
- profits and losses on disposal or repurchase of loans are posted in net adjustments to loans;
- net impairment losses on other financial activities, relating to guarantees, commitments and credit derivatives, are reported in net adjustments to loans;
- net impairment losses on financial assets available for sale and investments held to maturity, which have been recognised in net impairment losses on other assets;
- profits (losses) on equity investments together with profits (losses) on disposal of investments, are recognised in profits (losses) on investments held to maturity and on other investments;
- the reversal in time value on loans is recorded in net interest income instead of being allocated to net adjustments to loans, since the phenomenon derives directly from the application of the amortised cost criterion in the absence of changes in expected future flows. A similar approach has been used for the time value of employee termination indemnities and allowances for risks and charges;
- merger and restructuring-related charges have been reclassified, net of the tax effect, to a separate caption, mainly from personnel expenses, administrative expenses and, to a lesser extent, from other income statement captions;
- the economic effect of purchase price allocation, net of the tax effect, is indicated in a specific caption. It represents the adjustments to financial assets and liabilities and intangible assets which were measured at fair value as provided for by IFRS 3.

On the balance sheet, in addition to the restatement of figures for the transactions illustrated above, some assets and liabilities were grouped together, specifically:

- cash and cash equivalents were included in the residual caption other assets;
- hedging derivatives and fair value changes of financial assets/liabilities in hedged portfolios were included in other assets/liabilities;
- property and equipment and intangible assets were grouped in a single caption;
- amounts due to customers and securities issued were grouped in a single caption;
- allowances for specific purposes (employee termination indemnities and allowances for risks and charges) were grouped in a single caption
- reserves were recognised in aggregate form, net of any treasury shares.

Again, for the purposes of a more effective representation of the composition of the aggregates, in the relative comments, financial assets/liabilities held for trading have been presented on a net basis.

## Reclassified income statement

	2010	2009	(in millions of euro)	
			Changes amount	%
Net interest income	2,842	3,409	-567	-16.6
Dividends	1,512	1,349	163	12.1
Net fee and commission income	2,110	2,024	86	4.2
Profits (Losses) on trading	73	326	-253	-77.6
Other operating income (expenses)	203	233	-30	-12.9
<b>Operating income</b>	<b>6,740</b>	<b>7,341</b>	<b>-601</b>	<b>-8.2</b>
Personnel expenses	-2,084	-2,087	-3	-0.1
Other administrative expenses	-1,781	-1,886	-105	-5.6
Adjustments to property, equipment and intangibles assets	-125	-128	-3	-2.3
<b>Operating costs</b>	<b>-3,990</b>	<b>-4,101</b>	<b>-111</b>	<b>-2.7</b>
<b>Operating margin</b>	<b>2,750</b>	<b>3,240</b>	<b>-490</b>	<b>-15.1</b>
Net provisions for risks and charges	-167	-146	21	14.4
Net adjustments to loans	-853	-1,322	-469	-35.5
Net impairment losses on other assets	-34	-68	-34	-50.0
Profits (Losses) on investments held to maturity and on other investments	8	28	-20	-71.4
<b>Income (Loss) before tax from continuing operations</b>	<b>1,704</b>	<b>1,732</b>	<b>-28</b>	<b>-1.6</b>
Taxes on income from continuing operations	-199	150	-349	
Merger and restructuring-related charges (net of taxes)	-44	-127	-83	-65.4
Effect of purchase price allocation (net of tax)	-80	-72	8	11.1
Income (Loss) after tax from discontinued operations	946	101	845	
<b>Net income</b>	<b>2,327</b>	<b>1,784</b>	<b>543</b>	<b>30.4</b>

Figures restated on a consistent basis.

Intesa Sanpaolo's 2010 income statement closed with a net income of 2,327 million euro, an increase of approximately 30% on the final figure for the same period of 2009.

This result was significantly impacted by the sale of the securities services business to the US financial services company State Street Corp., for a consideration of 1,751 million euro, which resulted in a capital gain, after tax, of 917 million euro.

The operating margin came to 2,750 million euro, down 15.1% compared to the previous year, due to a drop in operating income (8.2%), only partly offset by lower operating costs (-2.7%).

At the level of individual aggregates, net interest income fell by 16.6% to 2,842 million euro. This was affected by the reduction in interbank market rates, which further reduced spreads compared to the previous year, and the elimination of overdraft charges in July 2009. These effects were partly mitigated by the positive contribution of derivatives purchased to protect against interest rate risk on funding through securities and the interest rate risk implicit in demand deposits, deemed to be stable over time and thus generally resistant to rate fluctuations. Overall, hedging derivative contracts generated a net income of 2,313 million euro, compared to 1,752 million euro in 2009.

Dividends came to 1,512 million euro, up 12.1%, owing to the greater distribution of profits by several subsidiaries.

Net fee and commission income, which amounted to 2,110 million euro, was up by 4.2%, attributable to management, dealing and consultancy activities and, in particular, the increase in income generated by the placement of securities (+65%) and portfolio management (+5%). Income flows from dealing and placement of securities and from currency dealing, on the other hand, were generally stable.

Commissions on commercial banking activities increased by 2.5%, attributable to guarantees given, which provided higher income that more than offset the decrease in fees on debit and credit cards (-11.8%). Commissions on current accounts and on collection and payment services did not change in relation to the period of comparison.

Trading ended the year 2010 with a profit of 73 million euro, compared to 326 million euro at the end of 2009.

The profit for the year was the result of net income on transactions in credit derivatives and structured products for 100 million euro, currency trading for 76 million euro, equity instrument transactions for 67 million euro and transactions in AFS securities and in financial liabilities for 45 million euro, offset by net losses of 215 million euro arising from interest rate transactions. In the previous year, these transactions generated net profits of 147 million euro.

Other operating income was 203 million euro, decreasing by almost 13%, and mainly consists of income from services rendered to Group companies. This performance is the result of non-recurring positive components recorded in the previous year, relating to the 59 million euro received as the result of the settlement of an important dispute.

Operating costs came to 3,990 million euro and were down 2.7%, a decrease that mainly involved other administrative expenses.



Personnel expenses totalled 2,084 million euro, decreasing by 0.1%.

Administrative expenses amounted to 1,781 million euro. The drop of 5.6% on 2009 involved almost all components, except for legal expenses, which were up slightly. The most marked decline was recorded in fees for services rendered by Group companies and property management expenses, in particular property lease rentals payable and energy expenses.

Adjustments to property and equipment and intangible assets, equal to 125 million euro, were down by 2.3%.

The trends of operating income and costs described above led to an operating margin of 2,750 million euro, with a decline of 15% from the previous year.

Net provisions for risks and charges were 167 million euro, up by 14.4% on 2009, and are essentially associated with probable risks arising from revocatory actions, compensation suits, legal disputes and other issues. This amount includes the 100 million euro in provisions recognised to cover certain tax audits of which notice was given in late 2010, as detailed further in the comments on said caption of the consolidated financial statements and in Part E of the related Notes to the consolidated financial statements.

Net adjustments to loans amounted to 853 million euro, decreasing by 35.5% from the previous year; 51% of these adjustments reflect analytical assessment of doubtful loans, 39% reflect analytical assessment of substandard loans, while the remaining part mainly relates to past-due loans.

Net impairment losses on other assets amounted to 34 million euro (-68 million euro in 2009), of which 28 million reflect adjustments to financial assets available for sale and 6 million euro reflect an impairment loss on a real estate property.

Profits on investments held to maturity and other investments came to 8 million euro (compared to 28 million euro in the previous year), attributable, on the one hand, to net income from the disposal of investments of 18 million euro and, on the other, to the impairment loss of 11 million euro as a result of the impairment testing of investments.

Income before tax from continuing operations amounted to 1,704 million euro, compared to 1,732 million euro in the previous year.

Taxes on income from continuing operations came to 199 million euro. The tax position for the year was primarily influenced by the positive non-recurring effect of 526 million euro arising from the difference between the reversal to the income statement of deferred tax assets at full rates and the substitute tax charge at reduced rates due to the detaxation of intangible assets (511 million euro) and of employee termination indemnities (15 million euro), respectively pursuant to Law Decree 185/2008, converted into Law 2/2009, and pursuant to Law 244/2008 (2008 Finance Law).

In the reclassified financial statements charges connected to the integration process between Banca Intesa and Sanpaolo Imi are recorded in specific captions – net of taxes. In detail, merger and restructuring-related charges, net of taxes, amounted to 44 million euro (127 million euro in 2009) and consist essentially of other administrative expenses directly attributable to the integration of the two banks and residual expenses pertaining to activation of the early retirement incentive programme.

The effect of purchase price allocation represents the negative result, in terms of interest adjustments, amortisation and depreciation and capital gains/losses, attributable to the revaluation of loans, real estate and financial assets and the recognition of new intangible assets upon registration of the merger between Banca Intesa and Sanpaolo Imi, in application of IFRS 3. These negative components amounted to 80 million euro net of the relative tax effect, compared to 72 million euro in the previous year.

Lastly, income from discontinued operations, net of taxes, amounting to 946 million euro, mainly includes the previously mentioned capital gain of 917 million euro on the sale of the securities services business to State Street Corp., as well as the positive and negative income components related to said business, accrued up to the sale date, 17 May 2010, for a total of 29 million euro.

The income statement closed with a net income for the period of 2,327 million euro.

## Reclassified balance sheet

(in millions of euro)

Assets	31.12.2010	31.12.2009	Changes	
			amount	%
Financial assets held for trading	29,533	29,653	-120	-0.4
Financial assets designated at fair value	367	333	34	10.2
Financial assets available for sale	13,030	11,995	1,035	8.6
Investments held to maturity	853	1,305	-452	-34.6
Due from banks	116,885	116,067	818	0.7
Loans to customers	178,400	178,550	-150	-0.1
Equity investments	43,510	42,327	1,183	2.8
Property, equipment and intangible assets	11,550	11,646	-96	-0.8
Tax assets	4,516	4,132	384	9.3
Non-current assets held for sale and discontinued operations	13	6,450	-6,437	-99.8
Other assets	12,250	19,130	-6,880	-36.0
<b>Total Assets</b>	<b>410,907</b>	<b>421,588</b>	<b>-10,681</b>	<b>-2.5</b>

Liabilities and Shareholders' Equity	31.12.2010	31.12.2009	Changes	
			amount	%
Due to banks	93,815	93,160	655	0.7
Due to customers and securities issued	246,960	250,456	-3,496	-1.4
Financial liabilities held for trading	10,527	10,463	64	0.6
Financial liabilities designated at fair value	-	-	-	-
Tax liabilities	687	707	-20	-2.8
Liabilities associated with non-current assets held for sale and discontinued operations	-	5,721	-5,721	
Other liabilities	7,785	11,018	-3,233	-29.3
Allowances for specific purpose	2,283	2,337	-54	-2.3
Share capital	6,647	6,647	-	-
Reserves	38,980	38,309	671	1.8
Valuation reserves	896	986	-90	-9.1
Net income	2,327	1,784	543	30.4
<b>Total Liabilities and Shareholders' Equity</b>	<b>410,907</b>	<b>421,588</b>	<b>-10,681</b>	<b>-2.5</b>

Figures restated on a consistent basis.

With reference to balance sheet aggregates, loans to customers came to 178,400 million euro as at 31 December 2010, down 0.1% compared to the end of 2009. As to loan quality, non-performing loans to customers stood at 7,729 million euro compared to 8,372 million euro at the end of 2009, with an average coverage ratio of approximately 42.2%.

In detail, doubtful loans rose from 1,555 to 2,092 million euro, marking an increase of 537 million euro with a coverage ratio of approximately 69%; substandard positions dropped from 4,099 to 2,750 million euro, a decrease of 1,349 million euro with a coverage ratio of 20.5%; and restructured loans amounted to 2,537 million euro, up by 554 million euro compared to the beginning of the year, with a coverage ratio of 5.5%. Past due exposures totalled 350 million euro compared to 735 million euro at the end of 2009, with a coverage ratio of 9.8%. The sharp reduction was mainly due to the reclassification to performing loans of several exposures relating to the regulatory segment of residential mortgages for private individuals following authorisation from the Bank of Italy for the use of the internal model for prudential supervision, for that technical form.

Performing loans to customers, excluding securities, came to 166,377 million euro, compared to 164,979 million euro at the end of 2009 and are associated with collective adjustments of 780 million euro, which, excluding loans to Group companies of 35,704 million euro, result in a coverage ratio of approximately 0.6%, in line with the previous year.

Direct customer deposits, including securities issued, came to 246,960 million euro, decreasing by approximately 3.5 billion euro compared to the end of 2009 mainly due to less funding through securities (approximately 9 billion euro), partially offset by the increase in other forms of short-term funding (time deposits and reverse repurchase agreements).

At the end of December, indirect deposits amounted to 156 billion euro compared to 150 billion euro at the end of 2009, excluding components associated with the Securities Services business, which is being disposed. The growth refers to assets under administration, while assets under management remained substantially stable.

Financial assets held for trading, which include debt securities and equities held for trading purposes, came to a total of 19,006 million euro, net of liabilities (10,527 million euro), a slight decrease compared to 31 December 2009 (19,190 million euro).

Financial assets available for sale amounted to 13,030 million euro, an increase of 8.6% from 2009; they comprise equity stakes, private equity investments and debt securities and equities. The increase is essentially attributable to short-term government bonds.

Equity investments, comprising equity investments in subsidiaries, associates and companies subject to joint control, amounted to 43,510 million euro, and recorded a net increase of 2.8% on the figure, on a consistent basis, as at 31 December 2009, mainly reflecting the acquisition of 50% of Intesa Vita and the share of 80.01% of Fideuram Vita.

Shareholders' equity, including net income for the year, amounted to 48.8 billion euro, compared to 47.8 billion euro at the end of 2009, essentially owing to the allocation of approximately 801 million euro of 2009 income to the extraordinary reserve, following distribution of a dividend of 1,033 million euro to shareholders and donating 10 million euro to the charity fund.

AFS valuation reserves showed a decrease of 45 million euro, primarily due to the worsening of the valuations of debt securities at fair value at the end of the year, though these were partially offset by an improvement in the valuations of equities.

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## Other information

This Report on the Intesa Sanpaolo S.p.A. financial statements includes only a comment on the Bank's performance and related alternative performance measures. For all other information required by Law or regulations, reference should be made to the consolidated financial statements or the Notes to these financial statements, when illustrating specific themes.

Specifically, the consolidated financial statements should be referred to for:

- information on risks and uncertainties, as the same considerations illustrated apply also to the corresponding paragraph of the Report on operations of the consolidated financial statements;
- risks linked to capital stability and to going concern issues, discussed in the introduction to the Consolidated Report on Operations,
- the schemes regarding the information on the fees and equity investments of the Supervisory and Management Board Members, General Managers and other Key Managers pursuant to art. 79 of Issuers Regulation 11971/99, set forth in Part H of the Notes to the consolidated financial statements.

Reference should instead be made to the Notes to these separate financial statements with regard to:

- information on the Bank's transactions with related parties, provided in Part H.
- information on financial and operational risks, illustrated in Part E;
- information regarding obligations pursuant to art. 36 of the Market Regulation, with reference to subsidiaries located in non-EU member states, provided in Part E;
- the list of subsidiaries, companies subject to joint control and companies subject to significant influence as at 31 December 2010, provided in Part B;
- information on capital, provided in Part F.

Information on the Intesa Sanpaolo Corporate Governance system, required by art. 123-bis of the Consolidated Law on Finance is briefly illustrated in the Consolidated Report on Operations and in a separate document.

As provided for by article 2497 and subsequent articles of the Italian Civil Code, Intesa Sanpaolo exercises management and coordination activities for its direct and indirect subsidiaries, including companies which, on the basis of current laws, are not part of the Banking group.

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## Forecast for 2011

With regard to prospects for 2011 for the Parent Company Intesa Sanpaolo, forecasts are consistent with those of the Group.

Specifically, in 2011 Intesa Sanpaolo is expected to report a recovery in revenues compared to 2010, containment of operating costs and a decline in the cost of credit and, hence, recurring profitability growth.

The Management Board

Milano, 15 March 2011

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*The Management Board decided to propose moving the annual Shareholders' Meeting forward, resulting in the meeting being called over 120 days from the end of the financial year, applying the right granted by art. 8.1 of the Articles of Association and by art. 2364, paragraph 2, of the Italian Civil Code as the company is required to draw up consolidated financial statements. The Management Board thus deemed it suitable to call the Shareholders' Meeting once the issues on the agenda for the meeting of 5 April 2011 were defined and detailed.<sup>1</sup>*

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<sup>1</sup> Note added on 5 April 2011



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## **Proposals to the Shareholders' Meeting**





Distinguished Shareholders,

Pursuant to article 2364 bis of the Italian Civil Code and articles 7.3 and 28.3 of the Company's Articles of Association, we submit to Your approval the proposal for the allocation of Intesa Sanpaolo net income for financial year 1 January – 31 December 2010. Therefore we propose distribution of dividends in respect of currently outstanding shares as follows: 0.091 euro per non-convertible savings share and 0.08 euro per ordinary share outstanding. As a result, the net income of 2,326,859,031.51 euro would be allocated as follows:

	(euro)
Net income for the period	2,326,859,031.51
Assignment of a dividend of 0.091 euro (determined pursuant to Art. 28 of the Articles of Association) for each of the 932,490,561 savings shares, for a total disbursement of	84,856,641.05
Assignment of a dividend of 0.08 euro for each of the 11,849,332,367 ordinary shares, for a total disbursement of	947,946,589.36
for a total disbursement for dividends of	1,032,803,230.41
Assignment to the Allowance for charitable, social and cultural contributions	10,000,000.00
Assignment to the Extraordinary reserve of the residual net income <sup>(*)</sup>	1,284,055,801.10

The proposed allocation of net income makes it possible to remunerate shareholders consistently with sustainable profitability and with the strengthening of the Group's capital structure (if this proposal is approved, the Core Tier 1 would be 7.9%, Tier 1 would be 9.4% and total capital ratio would come to 13.2%), in line with the guidelines issued by the International Organisations and the Supervisory Authority.

We propose that the dividend be made payable, in compliance with legal provisions, as of 26 May 2011, with detachment of the coupon on 23 May 2011.

Pursuant to art. 6, paragraph 1, letter a) of Legislative Decree no. 38/2005, a portion of net income corresponding to capital gains recognised in the income statement, net of the related tax charge, arising from application of the fair value criterion, must be recorded in an unavailable reserve. As at 31 December 2010 such amount was 22,865,428.83 euro.

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

(\*) Please remind (see Notes to the financial statements – Part I), that on 14 November 2005, the Board of Directors of Sanpaolo IMI launched a new stock option plan, acting on the mandate given to it by the Shareholders' Meeting of 30 April 2002, in favour of 48 Group executives. This plan, as redefined after the merger following the resolution of the Shareholders' Meeting of 1 December 2006, provides for the assignment of a total of 30,059,750 options for the subscription of ordinary shares, exercisable after approval of the 2008 financial statements and not later than 30 April 2012 at a strike price of 3.9511 euro. Although highly unlikely given the current stock market prices of the ordinary share, if one or more of the option holders were to exercise their option rights by 11 April 2011 by subscribing ordinary shares carrying regular rights, the subscriber(s) would be entitled to receive the dividend for 2010, payable at 0.08 euro per share; in this case, the total dividend disbursement would need to be recalculated and raised by the Shareholders' Meeting, with the assignment to the extraordinary reserve lowered by the same amount.

N.B.: as no option holder exercised its right to subscribe new shares within the aforementioned date, no changes were made to the Proposals to the Shareholders' Meeting. (Note added after approval of the Annual Report 2010 by the Supervisory Board on 5 April 2011).

(millions of euro)

Shareholders' equity	Annual report 2010	Change due to the allocation of 2010 net income	Share capital and reserves after the allocation of 2010 net income
Share capital			
- ordinary	6,162	-	6,162
- savings	485	-	485
<b>Total share capital</b>	<b>6,647</b>	<b>-</b>	<b>6,647</b>
Share premium reserve	33,271	-	33,271
Reserves	5,709	1,284	6,993
Valuation reserves	896	-	896
Treasury shares	-	-	-
<b>Total reserves</b>	<b>39,876</b>	<b>1,284</b>	<b>41,160</b>
<b>TOTAL</b>	<b>46,523</b>	<b>1,284</b>	<b>47,807</b>

Milano, 15 March 2011

The Management Board

PARENT COMPANY'S  
FINANCIAL STATEMENTS



# FINANCIAL STATEMENTS

## Balance sheet

Assets	31.12.2010	31.12.2009	(euro)	
			Changes amount	%
10. Cash and cash equivalents	2,671,205,461	5,973,052,089	-3,301,846,628	-55.3
20. Financial assets held for trading	29,533,296,550	29,653,170,242	-119,873,692	-0.4
30. Financial assets designated at fair value through profit and loss	366,562,053	332,517,404	34,044,649	10.2
40. Financial assets available for sale	13,030,271,928	11,994,689,162	1,035,582,766	8.6
50. Investments held to maturity	853,203,817	1,304,875,729	-451,671,912	-34.6
60. Due from banks	116,884,594,267	116,066,739,844	817,854,423	0.7
70. Loans to customers	178,399,768,615	178,550,192,260	-150,423,645	-0.1
80. Hedging derivatives	5,549,455,546	5,488,654,971	60,800,575	1.1
90. Fair value change of financial assets in hedged portfolios (+/-)	70,400,154	67,058,731	3,341,423	5.0
100. Equity investments	43,510,047,088	42,327,452,269	1,182,594,819	2.8
110. Property and equipment	2,414,599,619	2,407,481,813	7,117,806	0.3
120. Intangible assets	9,135,242,561	9,239,162,746	-103,920,185	-1.1
<i>of which</i>				
- <i>goodwill</i>	6,160,361,491	6,160,361,491	-	-
130. Tax assets	4,516,105,924	4,132,496,486	383,609,438	9.3
<i>a) current</i>	1,896,744,729	1,417,216,211	479,528,518	33.8
<i>b) deferred</i>	2,619,361,195	2,715,280,275	-95,919,080	-3.5
140. Non-current assets held for sale and discontinued operations	13,168,158	6,450,200,193	-6,437,032,035	-99.8
150. Other assets	3,959,385,783	7,659,400,578	-3,700,014,795	-48.3
<b>Total Assets</b>	<b>410,907,307,524</b>	<b>421,647,144,517</b>	<b>-10,739,836,993</b>	<b>-2.5</b>

## Balance sheet

Liabilities and Shareholders' Equity	31.12.2010	31.12.2009	(euro)	
			Changes amount	%
10. Due to banks	93,814,856,147	93,159,856,515	654,999,632	0.7
20. Due to customers	118,707,159,954	112,943,100,675	5,764,059,279	5.1
30. Securities issued	128,253,454,734	137,513,063,451	-9,259,608,717	-6.7
40. Financial liabilities held for trading	10,526,800,541	10,463,136,189	63,664,352	0.6
50. Financial liabilities designated at fair value through profit and loss	-	-	-	-
60. Hedging derivatives	2,280,639,369	2,127,186,029	153,453,340	7.2
70. Fair value change of financial liabilities in hedged portfolios (+/-)	1,040,809,797	1,165,616,528	-124,806,731	-10.7
80. Tax liabilities	687,686,756	707,047,463	-19,360,707	-2.7
<i>a) current</i>	189,490,338	271,188,767	-81,698,429	-30.1
<i>b) deferred</i>	498,196,418	435,858,696	62,337,722	14.3
90. Liabilities associated with non-current assets held for sale and discontinued operations	-	5,720,883,267	-5,720,883,267	
100. Other liabilities	4,463,024,761	7,725,507,890	-3,262,483,129	-42.2
110. Employee termination indemnities	606,427,376	601,613,898	4,813,478	0.8
120. Allowances for risks and charges	1,677,240,281	1,735,122,646	-57,882,365	-3.3
<i>a) post employment benefits</i>	277,211,411	264,194,302	13,017,109	4.9
<i>b) other allowances</i>	1,400,028,870	1,470,928,344	-70,899,474	-4.8
130. Valuation reserves	896,228,850	986,225,503	-89,996,653	-9.1
140. Redeemable shares	-	-	-	-
150. Equity instruments	-	-	-	-
160. Reserves	5,708,899,781	5,038,338,335	670,561,446	13.3
170. Share premium reserve	33,270,672,222	33,270,641,555	30,667	-
180. Share capital	6,646,547,923	6,646,547,923	-	-
190. Treasury shares (-)	-	-175,451	-175,451	
200. Net income (loss)	2,326,859,032	1,843,432,101	483,426,931	26.2
<b>Total Liabilities and Shareholders' Equity</b>	<b>410,907,307,524</b>	<b>421,647,144,517</b>	<b>-10,739,836,993</b>	<b>-2.5</b>

## Income statement

	2010	2009	Changes	
			amount	%
10. Interest and similar income	8,648,773,277	10,605,949,599	-1,957,176,322	-18.5
20. Interest and similar expense	-5,887,860,476	-7,134,879,599	-1,247,019,123	-17.5
<b>30. Interest margin</b>	<b>2,760,912,801</b>	<b>3,471,070,000</b>	<b>-710,157,199</b>	<b>-20.5</b>
40. Fee and commission income	2,440,316,797	2,406,283,426	34,033,371	1.4
50. Fee and commission expense	-324,089,938	-286,819,287	37,270,651	13.0
<b>60. Net fee and commission income</b>	<b>2,116,226,859</b>	<b>2,119,464,139</b>	<b>-3,237,280</b>	<b>-0.2</b>
70. Dividend and similar income	1,557,358,419	1,378,771,645	178,586,774	13.0
80. Profits (Losses) on trading	48,903,556	180,990,315	-132,086,759	-73.0
90. Fair value adjustments in hedge accounting	-48,287,375	20,490,667	-68,778,042	
100. Profits (Losses) on disposal or repurchase of	17,319,104	49,726,071	-32,406,967	-65.2
<i>a) loans</i>	9,192,119	3,800,727	5,391,392	
<i>b) financial assets available for sale</i>	10,650,690	34,991,734	-24,341,044	-69.6
<i>c) investments held to maturity</i>	-	-	-	-
<i>d) financial liabilities</i>	-2,523,705	10,933,610	-13,457,315	
110. Profits (Losses) on financial assets and liabilities designated at fair value	18,933,399	49,579,659	-30,646,260	-61.8
<b>120. Net interest and other banking income</b>	<b>6,471,366,763</b>	<b>7,270,092,496</b>	<b>-798,725,733</b>	<b>-11.0</b>
130. Net losses / recoveries on impairment	-788,232,728	-1,313,223,643	-524,990,915	-40.0
<i>a) loans</i>	-762,832,691	-1,206,816,879	-443,984,188	-36.8
<i>b) financial assets available for sale</i>	-28,231,064	-68,498,671	-40,267,607	-58.8
<i>c) investments held to maturity</i>	-	-	-	-
<i>d) other financial activities</i>	2,831,027	-37,908,093	40,739,120	
<b>140. Net income from banking activities</b>	<b>5,683,134,035</b>	<b>5,956,868,853</b>	<b>-273,734,818</b>	<b>-4.6</b>
150. Administrative expenses	-4,227,817,933	-4,668,487,255	-440,669,322	-9.4
<i>a) personnel expenses</i>	-2,136,508,137	-2,404,148,577	-267,640,440	-11.1
<i>b) other administrative expenses</i>	-2,091,309,796	-2,264,338,678	-173,028,882	-7.6
160. Net provisions for risks and charges	-201,443,711	-164,221,774	37,221,937	22.7
170. Net adjustments to / recoveries on property and equipment	-114,302,378	-143,406,953	-29,104,575	-20.3
180. Net adjustments to / recoveries on intangible assets	-106,127,672	-140,891,257	-34,763,585	-24.7
190. Other operating expenses (income)	481,374,637	669,107,905	-187,733,268	-28.1
<b>200. Operating expenses</b>	<b>-4,168,317,057</b>	<b>-4,447,899,334</b>	<b>-279,582,277</b>	<b>-6.3</b>
210. Profits (Losses) on equity investments	6,652,778	27,135,872	-20,483,094	-75.5
220. Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-
230. Goodwill impairment	-	-	-	-
240. Profits (Losses) on disposal of investments	1,177,189	1,277,374	-100,185	-7.8
<b>250. Income (Loss) before tax from continuing operations</b>	<b>1,522,646,945</b>	<b>1,537,382,765</b>	<b>-14,735,820</b>	<b>-1.0</b>
260. Taxes on income from continuing operations	-141,579,191	205,177,502	-346,756,693	
<b>270. Income (Loss) after tax from continuing operations</b>	<b>1,381,067,754</b>	<b>1,742,560,267</b>	<b>-361,492,513</b>	<b>-20.7</b>
280. Income (Loss) after tax from discontinued operations	945,791,278	100,871,834	844,919,444	
<b>290. Net income (loss)</b>	<b>2,326,859,032</b>	<b>1,843,432,101</b>	<b>483,426,931</b>	<b>26.2</b>



## Statement of comprehensive income

	2010	2009	(euro)	
			Changes amount	%
<b>10. NET INCOME (LOSS)</b>	<b>2,326,859,032</b>	<b>1,843,432,101</b>	<b>483,426,931</b>	<b>26.2</b>
<b>Other comprehensive income (net of tax)</b>				
20. Financial assets available for sale	-44,797,039	360,749,712	-405,546,751	
30. Property and equipment	-	-	-	
40. Intangible assets	-	-	-	
50. Hedges of foreign investments	-	-	-	
60. Cash flow hedges	-45,199,614	-23,991,168	21,208,446	88.4
70. Foreign exchange differences	-	-	-	
80. Non-current assets held for sale	-	-	-	
90. Actuarial gains (losses) on defined benefit plans	-	-	-	
100. Share of valuation reserves connected with investments carried at equity	-	-	-	
<b>110. Total other comprehensive income (net of tax)</b>	<b>-89,996,653</b>	<b>336,758,544</b>	<b>-426,755,197</b>	
<b>120. TOTAL COMPREHENSIVE INCOME (CAPTIONS 10 +110)</b>	<b>2,236,862,379</b>	<b>2,180,190,645</b>	<b>56,671,734</b>	<b>2.6</b>

## Changes in shareholders' equity as at 31 December 2010

(euro)

	31.12.2010									
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	savings shares		retained earnings	other					
AMOUNTS AS AT 1.1.2010	6,161,652,832	484,895,091	33,270,641,555	4,939,720,254	98,618,081	986,225,503	-	-175,451	1,843,432,101	47,785,009,966
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR										
Reserves	-	-	-	800,628,870	-				-800,628,870	-
Dividends and other allocations <sup>(a)</sup>									-1,042,803,231	-1,042,803,231
CHANGES IN THE PERIOD										
Changes in reserves				-130,067,424	-	-				-130,067,424
Operations on shareholders' equity										
Issue of new shares	-	-	30,667	-	-			175,451		206,118
Purchase of treasury shares	-	-	-	-	-			-		-
Extraordinary dividends	-	-	-	-	-			-		-
Changes in equity instruments								-		-
Derivatives on treasury shares								-		-
Stock options								-		-
Total comprehensive income for the period						-89,996,653			2,326,859,032	2,236,862,379
SHAREHOLDERS' EQUITY AS AT 31.12.2010	6,161,652,832	484,895,091	33,270,672,222	5,610,281,700	98,618,081	896,228,850	-	-	2,326,859,032	48,849,207,808

<sup>(a)</sup> The caption includes dividends and the amount attributable to the Parent Company's Allowance for charitable contributions.

## Changes in shareholders' equity as at 31 December 2009

(euro)

	31.12.2009									
	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Net income (loss)	Shareholders' equity
	ordinary shares	savings shares		retained earnings	other					
AMOUNTS AS AT 1.1.2009	6,161,652,832	484,895,091	33,270,641,555	3,985,109,829	98,308,610	649,466,959	-	-	1,068,659,742	45,718,734,618
ALLOCATION OF NET INCOME OF THE PREVIOUS YEAR										
Reserves	-	-	-	1,044,414,987	-				-1,044,414,987	-
Dividends and other allocations <sup>(a)</sup>									-24,244,755	-24,244,755
CHANGES IN THE PERIOD										
Changes in reserves				-89,804,562	-	-				-89,804,562
Operations on shareholders' equity										
Issue of new shares	-	-	-	-	-			-		-
Purchase of treasury shares	-	-	-	-	-			-175,451		-175,451
Extraordinary dividends	-	-	-	-	-			-		-
Changes in equity instruments								-		-
Derivatives on treasury shares								-		-
Stock options					309,471			-		309,471
Total comprehensive income for the period						336,758,544			1,843,432,101	2,180,190,645
SHAREHOLDERS' EQUITY AS AT 31.12.2009	6,161,652,832	484,895,091	33,270,641,555	4,939,720,254	98,618,081	986,225,503	-	-175,451	1,843,432,101	47,785,009,966

<sup>(a)</sup> The caption includes dividends and the amount attributable to the Parent Company's Allowance for charitable contributions.

## Statement of cash flows

(euro)

	31.12.2010	31.12.2009
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Cash flow from operations</b>	<b>1,474,262,973</b>	<b>1,083,426,260</b>
- net income (+/-)	2,326,859,032	1,843,432,101
- gains/losses on financial assets held for trading and on assets/liabilities designated at fair value through profit and loss (-/+)	-137,933,399	-420,579,659
- gains/losses on hedging activities (-/+)	48,287,375	-20,490,667
- net losses/recoveries on impairment (+/-)	960,433,338	1,160,378,988
- adjustments to/net recoveries on property, equipment and intangible assets (+/-)	220,430,050	284,298,210
- net provisions for risks and charges and other costs/revenues (+/-)	300,417,546	231,287,720
- taxes and duties to be settled (+)	269,874,997	-652,345,129
- net adjustments to/recoveries on discontinued operations net of tax effect (-/+)	-	-
- other adjustments (+/-)	-2,514,105,966	-1,342,555,304
<b>2. Cash flow from / used in financial assets</b>	<b>7,201,742,357</b>	<b>8,127,053,085</b>
- financial assets held for trading	238,873,692	-6,618,162,866
- financial assets designated at fair value through profit and loss	-15,111,250	-30,035,664
- financial assets available for sale	-1,134,527,942	-4,282,121,470
- due from banks: repayable on demand	2,352,000,000	6,280,460,000
- due from banks: other	-3,169,854,423	-7,468,611,889
- loans to customers	-784,176,168	27,857,081,930
- other assets	9,714,538,448	-7,611,556,956
<b>3. Cash flow from / used in financial liabilities</b>	<b>-12,438,260,920</b>	<b>-9,458,033,881</b>
- due to banks: repayable on demand	-7,390,000,000	8,937,748,000
- due to banks: other	8,044,999,633	-3,466,701,882
- due to customers	5,764,059,279	-17,408,125,926
- securities issued	-9,259,608,717	7,016,000,702
- financial liabilities held for trading	63,664,352	-5,450,133,454
- financial liabilities designated at fair value through profit and loss	-	-
- other liabilities	-9,661,375,467	913,178,679
<b>Net cash flow from (used in) operating activities</b>	<b>-3,762,255,590</b>	<b>-247,554,536</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash flow from</b>	<b>3,108,302,867</b>	<b>3,581,579,952</b>
- sales of equity investments	139,672,782	186,436,049
- dividends collected on equity investments	1,510,902,198	1,378,766,903
- sales of investments held to maturity	451,671,912	750,000,000
- sales of property and equipment	5,187,567	381,173,000
- sales of intangible assets	7,000,000	885,204,000
- sales of subsidiaries and business branches	993,868,408	-
<b>2. Cash flow used in</b>	<b>-1,605,296,793</b>	<b>-2,336,937,431</b>
- purchases of equity investments	-1,458,089,306	-2,072,178,431
- purchases of investments held to maturity	-	-
- purchases of property and equipment	-138,000,000	-264,711,000
- purchases of intangibles assets	-9,207,487	-48,000
- purchases of subsidiaries and business branches	-	-
<b>Net cash flow from (used in) investing activities</b>	<b>1,503,006,074</b>	<b>1,244,642,521</b>
<b>C. FINANCING ACTIVITIES</b>		
- issues / purchases of treasury shares	206,118	175,451
- issues / purchases of equity instruments	-	-
- dividend distribution and other	-1,042,803,230	-24,244,755
<b>Net cash flow from (used in) financing activities</b>	<b>-1,042,597,112</b>	<b>-24,069,304</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-3,301,846,628</b>	<b>973,018,681</b>
<b>RECONCILIATION</b>		
<b>Captions</b>		
Cash and cash equivalents at beginning of period	5,973,052,089	5,000,033,408
Net increase (decrease) in cash and cash equivalents	-3,301,846,628	973,018,681
Cash and cash equivalents: foreign exchange effect	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,671,205,461</b>	<b>5,973,052,089</b>

LEGEND: (+) from (-) used in



NOTE TO THE PARENT COMPANY'S  
FINANCIAL STATEMENTS



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# Part A – Accounting policies

## A.1 – GENERAL CRITERIA

### SECTION 1 – DECLARATION OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

As set forth by Legislative Decree 38 of 28 February 2005, Intesa Sanpaolo's financial statements have been prepared in compliance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Commission provided for by Community Regulation 1606 of 19 July 2002.

The Parent Company's financial statements as at 31 December 2010 have been prepared based on the "Instructions for the preparation of the Parent Company's and consolidated financial statements of banks and financial companies which are parent companies of banking groups" issued by the Bank of Italy, in the exercise of powers set forth by Art. 9 of Legislative Decree 38/2005, with Regulation of 22 December 2005 which issued Circular 262/05 and subsequently updated on 18 November 2009. These Instructions set out compulsory financial statement forms and their means of preparation, as well as the contents of the Notes to the financial statements.

The Parent Company's financial statements have been prepared using the International Accounting Standards in force as at 31 December 2010 (including the SIC and IFRIC interpretation documents) as listed in the attachments to the consolidated financial statements.

The table below shows the new standards or amendments to existing ones, together with the related EU endorsement regulations, which came into force from 2010.

#### IFRS in force since 2010

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Regulation endorsement	Title
460/2009	IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
494/2009	Amendments to IAS 27 - Consolidated and Separate Financial Statements
495/2009	Amendments to IFRS 3 - Business Combinations
839/2009	IAS 39 - Eligible Hedged Items - Amendment to IAS 39 - Financial Instruments: Recognition and Measurement
1136/2009	Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards
1142/2009	IFRIC 17 - Distributions of Non-cash Assets to Owners
1164/2009	IFRIC 18 - Transfers of Assets from Customers
243/2010	Improvements to IFRS: Amendments to: IFRS 2; IFRS 8; IAS 1; IAS 7; IAS 17; IAS 36; IAS 38; IAS 39; IFRIC 9; IFRIC 16
244/2010	Amendments to IFRS 2 - Share-based Payment
550/2010	Amendments to IFRS 1 - Additional Exemptions for First-time Adopters

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The table below shows the new standards or amendments to existing ones, together with the related EU endorsement regulations, which will become mandatory - for financial statements reflecting the calendar year - on or after 1 January 2011.

**IFRS applicable subsequent to 31 December 2010**

Regulation endorsement	Title	Effective date
574/2010	Amendment to IFRS 1 - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters Amendment to IFRS 7 - Financial Instruments: Disclosures	01/01/2011 First financial year starting after 30/06/2010
632/2010	IAS 24 - Related Party Disclosures Amendment to IFRS 8 - Operating Segments	01/01/2011 First financial year starting after 31/12/2010
633/2010	Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement	01/01/2011 First financial year starting after 31/12/2010
662/2010	IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments Amendment to IFRS 1 - First-time Adoption of International Financial Reporting Standards	01/01/2011 First financial year starting after 30/06/2010

**SECTION 2 – GENERAL PREPARATION PRINCIPLES**

The Parent Company's financial statements are made up of the Balance sheet, the Income statement, the Statement of comprehensive income, the Changes in shareholders' equity, the Statement of cash flows and the Notes to Parent Company's financial statements; the Report on operations, on the economic results achieved and on Intesa Sanpaolo's balance sheet and financial position has also been included. For information to be included in the Report on operations as required by regulatory provisions, reference should be made to the Consolidated Report on Operations. In compliance with the provisions of art. 5 of Legislative Decree 38/2005, the financial statements have been drawn up in euro as functional currency.

The amounts indicated in the Parent Company's financial statements are expressed in euro, while figures in the Notes to the Parent Company's financial statements as well as those in the Report on operations are expressed in millions of euro, unless otherwise specified.

The Parent Company's financial statements are prepared with the application of the general principles set out by IAS 1 and the specific accounting principles endorsed by the European Commission and illustrated in Part A.2 of these Notes to the Parent Company's financial statements, as well as in compliance with the general assumptions set forth by the Framework for the Preparation and Presentation of Financial Statements issued by IASB.

No exceptions to the application of IAS/IFRS have been made.

The Report on operations and the Notes to the Parent Company's financial statements contain all information required by international accounting standards, by current regulations, by the Bank of Italy and by Consob (Italian Securities Exchange Commission), in addition to other information which is not compulsory but is nonetheless deemed to be necessary in order to give a true and fair presentation of the Bank's situation.

In compliance with the provisions of IFRS 5, the income statement for the year ended 31 December 2010 - and the relevant details in the Notes to the Parent Company's financial statements show assets due for imminent disposal within non-current assets held for sale and discontinued operations. These are mainly related to the securities services business sold to State Street Corp in May 2010.

The financial statement forms and the Notes to the Parent Company's financial statements show, in addition to the figures for the reference period, the comparative figures as at 31 December 2009. No adjustments were required with respect to the figures presented in the financial statements.

The Attachments include specific reconciliations between financial statement forms and the reclassified statements included in the Report on operations accompanying these financial statements.

**Contents of financial statement forms*****Balance sheet and income statement***

The compulsory forms of the balance sheet and income statement are made up of captions, subcaptions and further detailed information (specified as the "of which" items in the captions and subcaptions). For the purposes of completeness with respect to the compulsory forms defined by the Bank of Italy, captions which do not present amounts for 2010 and for 2009 are in any case included. In the income statement revenues are indicated without sign, whereas costs are preceded by the minus sign.

***Statement of comprehensive income for the year***

The Statement of comprehensive income shows, starting from the income/(loss) for the year, the income components recognised as a balancing entry in valuation reserves, net of the tax effect, in compliance with international accounting standards. Similarly to the balance sheet and the income statement, with respect to the compulsory forms defined by the Bank of Italy, captions which do not present amounts for 2010 and for 2009 are in any case included. Negative amounts are preceded by the minus sign.

***Changes in shareholders' equity***

Changes in shareholders' equity are presented by inverting the lines and the columns with respect to the same form provided for by the updating of Bank of Italy Circular 262/2005. The table presents shareholders' equity accounts and changes which occurred in the reference year and in the previous year, broken down in share capital (ordinary and savings shares), reserves, reserves from retained earnings, valuation reserves and net income. Treasury shares are deducted from shareholders' equity. Intesa Sanpaolo has not issued equity instruments other than ordinary and savings shares.



### **Statement of cash flows**

The statement of cash flows registered in the reference year and in the previous year is prepared using the indirect method, on the basis of which cash flows from operating activities are represented by net income adjusted for the effects of non-cash transactions.

Cash flows are broken down into flows from operating activities, from investing activities and from financing activities.

In the form, cash flows generated in the year are indicated without sign, whereas cash flows absorbed are preceded by the minus sign.

### **Contents of Notes to the Parent Company's financial statements**

The Notes to the Parent Company's financial statements include the information provided for by International Financial Reporting Standards and Bank of Italy Circular 262/2005, updated on 18 November 2009.

### **SECTION 3 – SIGNIFICANT EVENTS SUBSEQUENT TO FINANCIAL STATEMENT DATE**

In addition to the events described in the same section of the Notes to the consolidated financial statements, no significant events occurred in the period after the financial statement date.

### **SECTION 4 - OTHER ASPECTS**

#### **Option for the national fiscal consolidation provisions**

Intesa Sanpaolo and the Group's Italian companies (with the exclusion of Banca di Trento e Bolzano, Finanziaria B.T.B. and Intesa Vita) have adopted the "national fiscal consolidation", set forth by arts. 117-129 of the new Combined Tax Regulations, introduced by Legislative Decree 344/2003. It provides an option, based on which the total net income or fiscal loss of every controlled subsidiary taking part in the fiscal consolidation procedure – together with withholding tax, tax deductions and tax credits – is transferred to the parent company, which determines a single taxable income or loss carried forward (that is the result of the sum of its own income/loss and of the income/loss of the participating subsidiaries) and, consequently, a sole tax debit/credit.

Based on this option, Group companies which opted for the "national fiscal consolidation" determine the tax charge pertaining to them and the corresponding taxable income is transferred to the Parent Company. If one or more companies have a negative taxable income, in the presence of a consolidated income in the year or of highly probable future taxable income, the fiscal losses are transferred to the Parent Company.

#### **Certification pursuant to art. 154 bis of the Consolidated Law on Finance and non-EU subsidiaries**

As regards the disclosure about the Certification pursuant to art. 154 bis of the Consolidated Law on Finance and subsidiaries based in non-European countries that are considered significant on the basis of the Consob regulations, please refer to Part E of the Notes to the consolidated financial statements.

#### **Other aspects**

Reconta Ernst & Young S.p.A. audited Intesa Sanpaolo's financial statements as at 31 December 2010, in execution of the resolution of the Shareholders' Meeting of 20 April 2006, which appointed the company as independent auditor for the years from 2006 to 2011, included.

## A. 2 – MAIN FINANCIAL STATEMENT CAPTIONS

### 1. Financial assets held for trading

#### *Classification criteria*

This category includes debt securities and equities and the positive value of derivative contracts held for trading. Derivative contracts also include those embedded in combined financial instruments which are subject to separate accounting when:

- their characteristics and risks are not closely related to the characteristics of the host contract;
- embedded instruments, even though separate, fully meet the definition of derivative;
- combined instruments are not measured at fair value with changes in fair value recognised through profit and loss.

The reclassifications to other categories of financial assets are not permitted unless there is an event that is unusual and highly unlikely to recur in the near term.

In such cases debt securities and equities not held for trading may be reclassified into other categories established by IAS 39 if the conditions for their recognition apply (Investments held to maturity, Financial assets available for sale, Loans). The transfer value is the fair value at the time of the reclassification. Upon reclassification, the presence of any embedded derivative contracts, that have to be separated, is assessed.

#### *Recognition criteria*

Initial recognition of financial assets occurs at settlement date, for debt securities and equities and at trade date for derivative contracts.

On initial recognition, financial assets held for trading are recorded at fair value, without considering transaction costs or revenues directly attributable to the instrument.

Any embedded derivatives in combined financial instruments not directly connected to the latter and with the characteristics to meet the definition of derivative are recorded separately from the host contract at fair value.

#### *Measurement criteria*

After initial recognition financial assets held for trading are recorded at fair value. The effects of the application of this measurement criterion are recorded in the income statement.

For the determination of the fair value of financial instruments quoted on active markets, market quotations are used. If the market for a financial instrument is not active, standard practice estimation methods and valuation techniques are used which consider all the risk factors correlated to the instruments and that are based on market elements such as: valuation of quoted instruments with the same characteristics, calculation of discounted cash flows, option pricing models, recent comparable transactions, etc. Equities, quotas of UCI and derivative instruments which have equities as underlying assets, which are not quoted on an active market, for which it is not possible to determine a reliable fair value according to the guidelines listed above, are maintained at cost.

#### *Derecognition criteria*

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in assets, even though their title has been transferred.

When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.

Lastly, financial assets sold are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

### 2. Financial assets available for sale

#### *Classification criteria*

This category includes the financial assets that do not fall within any of the other categories such as Loans, Financial assets held for trading, Investments held to maturity or Financial assets designated at fair value through profit and loss. In particular, this caption is made up of i) bonds which are not held for trading and which are not included in Loans, in Investments held to maturity or designated at fair value through profit and loss, ii) equity investments which are not held for trading and do not qualify as investments in subsidiaries, associates or entities subject to joint control, including private equity investments and private equity funds as well as iii) the portions of syndicated loans that, from inception, are destined for sale.

In the cases provided for by the accounting standards, reclassifications are only permitted towards the category Investments held to maturity. Moreover, debt securities may be reclassified into the category Investments held to maturity as well as under Loans, when there is the intention to hold them in the foreseeable future and when the recognition criteria are met. The transfer value is the fair value at the time of the reclassification.

**Recognition criteria**

Initial recognition of the financial asset occurs at settlement date for debt securities and equities and at disbursement date for loans.

On initial recognition, assets are recorded at fair value, including transaction costs and revenues directly attributable to the instrument. If, in the cases provided for by the accounting standards, recognition occurs following the reclassification from Investments held to maturity or, in rare circumstances, from Financial assets held for trading, the recognition value is the fair value as at the time of transfer.

**Measurement criteria**

After initial recognition, Financial assets available for sale are measured at fair value, through the registration in the income statement of the value corresponding to amortised cost, while gains or losses deriving from a change in fair value are recorded in a specific reserve in shareholders' equity, until the financial asset is derecognised or a permanent loss occurs. On the sale of the financial asset or on recognition of a loss, the cumulated profit or loss must be reversed, all or in part, to the income statement.

Fair value is determined on the basis of the criteria already illustrated for financial assets held for trading.

Equities included in this category, quotas of UCI and any derivative instruments which have equities as underlying assets, which are not quoted on an active market, for which it is not possible to determine a reliable fair value, are maintained at cost.

Financial assets available for sale are assessed to identify if they show objective evidence of an impairment loss.

If such evidence exists, the loss is measured as the difference between the carrying value of the asset and its fair value.

Should the reasons for impairment cease to exist, following an event which occurred after the registration of the impairment, value recoveries are posted through the income statement in the case of loans or debt securities, and through shareholders' equity in the case of equities. The size of the recovery must not lead the carrying amount of the financial asset to exceed the amortised cost had no impairment losses been recognised in previous periods.

**Derecognition criteria**

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in assets, even though their title has been transferred.

When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.

Lastly, financial assets sold are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

**3. Investments held to maturity****Classification criteria**

Quoted debt securities with fixed or determinable payments and fixed maturity, which the entity has the positive intention and ability to hold to maturity, are classified in this category.

In the cases provided for by the accounting standards, reclassifications are only permitted towards the category Financial assets available for sale. If during a year, prior to expiry, more than an insignificant amount classified under this category is sold or reclassified, the remaining investments held to maturity are reclassified as Financial assets available for sale and the portfolio in question may not be used for the next two years, unless the sales and reclassifications:

- are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- occur after the entity has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
- are attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably anticipated by the entity.

**Recognition criteria**

Initial recognition of financial assets occurs at settlement date.

On initial recognition, financial assets classified in this category are recorded at fair value, inclusive of any costs and revenues directly attributable to the asset. If inclusion in this category occurs following reclassification from Financial assets available for sale or, in rare circumstances, from Financial assets held for trading, the fair value of the asset as at the date of reclassification is used as the new amortised cost of the asset.

**Measurement criteria**

After the initial recognition, Investments held to maturity are valued at amortised cost, using the effective interest method.

Profits or losses referred to investments held to maturity are recorded in the income statement when assets are derecognised or impaired, and through the amortisation process of the difference between book value and the value reimbursable at maturity.

Investments held to maturity are assessed to identify if they show objective evidence of an impairment loss.

If such evidence exists, the loss is measured as the difference between the carrying value of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate. The loss is recorded in the income statement.

If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement. The size of the recovery must not lead the carrying amount of the financial asset to exceed the amortised cost had no impairment losses been recognised in previous periods.

### **Derecognition criteria**

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in assets, even though their title has been transferred.

When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.

Lastly, financial assets sold are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

## **4. Loans**

### **Classification criteria**

Loans include loans to customers and due from banks, both disbursed directly and acquired by third parties, which entail fixed or in any case determinable payments, which are not quoted on an active market and which are not classified at inception in Financial assets available for sale.

The caption Loans to customers also includes commercial loans, repurchase agreements with the obligation to resell at a later date, and securities underwritten at issue or via private placements, with determined or determinable payments, not quoted in active markets.

Reclassifications to the other categories of financial assets established in IAS 39 are not permitted.

### **Recognition criteria**

Initial recognition of a loan occurs at the date of subscription of the contract that normally coincides with the disbursement date. Should this not be the case, a commitment to disburse funds is made along the subscription of the contract, which will cease to exist upon disbursement of the loan. The loan is recognised based on its fair value, equal to the amount disbursed or subscription price, inclusive of the costs/revenues directly attributable to the single loan and determinable from inception, even when settled at a later date. Costs that, even with the aforementioned characteristics, are reimbursed by the borrower or are classifiable as normal internal administrative costs are excluded.

If, in rare circumstances, the inclusion in this category occurs following reclassification from Financial assets available for sale or from Financial assets held for trading, the fair value of the asset as at the date of reclassification is used as the new amortised cost of the asset.

### **Measurement criteria**

After initial recognition, loans are measured at amortised cost, equal to initial value increased/decreased by principal repayments, adjustments/recoveries and amortisation – calculated applying the effective interest method – of the difference between amount disbursed and amount to be reimbursed at maturity, typically attributable to the costs/revenues directly connected to the single loan. The effective interest rate is the rate that exactly discounts estimated future cash payments of the loan, for principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to the loan. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/revenues through the expected residual maturity of the loan.

The amortised cost method is not used for loans whose short maturity implies that the application of the discounting approach leads to immaterial effects. Such loans are recorded at historical cost. An analogous measurement criterion is applied to loans with unspecified maturity or with notice period.

Loans are reassessed for the purpose of identifying those which, due to events occurred after initial recognition, show objective evidence of possible impairment. These include doubtful loans, substandard, restructured or past due loans according to the rules issued by the Bank of Italy, consistent with IAS/IFRS regulations.

These non-performing loans undergo an individual measurement process, or the calculation of the expected loss for homogeneous categories and analytical allocation to each position, and the amount of the adjustment of each loan is the difference between its carrying value at the time of measurement (amortised cost) and the present value of expected future cash flows, discounted using the original effective interest rate.

Expected cash flows consider expected recovery periods, presumed realisable value of guarantees as well as the costs sustained for the recovery of credit exposure.

The original effective rate of each loan remains unchanged over time even though the relationship has been restructured with a variation of the contractual interest rate and even though the relationship, in practice, no longer bears contractual interest.

The adjustment is recorded in the income statement.

The original value of loans is reinstated in subsequent periods to the extent that the reasons which had led to the impairment cease to exist, provided that such valuation is objectively attributed to an event which occurred subsequent to the impairment. The recovery is recorded in the income statement and must not lead the carrying amount of the loan to exceed the amortised cost had no impairment losses been recognised in previous periods.

Recoveries on impairment include time value effects.

The renegotiation of credit exposures granted by the Bank with respect to performing loans to customers is substantially similar to the opening of a new position, when it is due to commercial reasons other than the deterioration in the borrower's financial situation, provided that the interest rate applied is a market rate at the renegotiation date.

When renegotiations are granted to borrowers suffering from a deterioration in their financial situation, exposures are classified under non-performing loans.

Loans for which no objective evidence of loss has emerged from individual measurement are subject to collective measurement. Collective measurement occurs for homogeneous loan categories in terms of credit risk and the relative loss percentages are estimated considering past time-series and other objective elements observable at measurement date, which enable the latent loss

to be estimated for each loan category. Measurement also considers the risk connected to the borrower's country of residence. Collective adjustments are recorded in the income statement.

#### ***Derecognition criteria***

Loans sold are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the loans. Conversely, if a significant part of the risks and rewards relative to the sold loans is maintained, they continue to be recorded in assets, even though their title has been transferred.

When it is not possible to ascertain the substantial transfer of risks and rewards, the loans are derecognised where no control over the loans has been maintained. If this is not the case, when control, even partial, is maintained, then the loans continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of loans sold and to variations in the relevant cash flows.

Lastly, loans sold are derecognised if the entity retains the contractual rights to receive the cash flows of the loan, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

## **5. Financial assets designated at fair value through profit and loss**

#### ***Classification criteria***

IAS/IFRS endorsed by the European Commission enable the classification as financial instruments designated at fair value through profit and loss of any financial asset thus defined at the moment of acquisition, in compliance with the cases contemplated in the reference regulations.

Reclassifications to the other categories of financial assets are not permitted.

Intesa Sanpaolo has only classified in this category some debt securities with embedded derivatives or debt securities subject to financial hedging and equity investments held, directly or through funds, in companies involved in the venture capital business.

#### ***Recognition criteria***

On initial recognition, financial assets are recognised at fair value, without considering transaction costs or revenues directly attributable to the instrument.

#### ***Measurement criteria***

After initial recognition, the financial instruments in question are measured at fair value. The effects of the application of this measurement criterion are recorded in the income statement.

#### ***Derecognition criteria***

Financial assets are derecognised solely if the sale leads to the substantial transfer of all the risks and rewards connected to the assets. Conversely, if a significant part of the risks and rewards relative to the sold financial assets is maintained, they continue to be recorded in assets, even though their title has been transferred.

When it is not possible to ascertain the substantial transfer of risks and rewards, the financial assets are derecognised where no control over the assets has been maintained. If this is not the case, when control, even partial, is maintained, the assets continue to be recognised for the entity's continuing involvement, measured by the exposure to changes in value of assets sold and to variations in the relevant cash flows.

Lastly, financial assets sold are derecognised if the entity retains the contractual rights to receive the cash flows of the asset, but signs a simultaneous obligation to pay such cash flows, and only such cash flows, to third parties.

## **6. Hedging transactions**

#### ***Classification criteria: type of hedge***

Hedging transactions are aimed at neutralising potential losses on a specific item or group of items, attributable to a certain risk, if such a risk should actually occur.

The following types of hedging transactions are used:

- fair value hedge, which has the objective of covering exposure to changes in the fair value (attributable to the different risk categories) of assets and liabilities in the balance sheet, or on a portion of these, of groups of assets/liabilities, of binding commitments and portfolios of financial assets and liabilities, including "core deposits", as permitted by IAS 39 endorsed by the European Commission;
- cash flow hedge, which has the objective of covering exposure to variability in future cash flows attributable to particular risks associated with balance sheet captions. This type of hedge is essentially used to stabilise the interest flow on floating rate funding to the extent that the latter finances fixed rate investments. In certain circumstances, similar transactions are carried out with respect to some types of floating rate investments;
- hedges of net investments in foreign currency, which refer to the coverage of the risks of net investments in foreign operations expressed in their original currency.

#### ***Recognition criteria***

Hedging derivative financial instruments, like all derivatives, are initially recognised and subsequently measured at fair value.

#### ***Measurement criteria***

Hedging derivatives are measured at fair value. In particular:

- in the case of fair value hedges, the change in the fair value of the hedged item is offset by the change in fair value of the hedging instrument. Offsetting is recognised via the registration in the income statement of the gains and losses referred to both the hedged item (as concerns the variations produced by the underlying risk factor), and the hedging instrument.

- Any difference, which represents the partial ineffectiveness of the hedge, is therefore the net economic effect;
- in the case of cash flow hedges, changes in fair value of the derivative are recorded in equity, for the effective portion of the hedge, and these are registered in the income statement only when, with reference to the hedged item, there is a variation in the flows to be offset or if the hedge is ineffective;
- hedges of net investments in foreign currency are treated in the same way as cash flow hedges.

Derivatives are designated as hedging instruments if there is formal designation and documentation of the hedging relationship between the hedged item and the hedging instrument and if this is effective at inception and prospectively over the entire period of the hedge.

The effectiveness of the hedge depends on the extent to which changes in the fair value of the hedged item or the related expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is appraised by comparing the aforementioned changes, considering the intent pursued by the entity at the time in which it entered the hedging transaction.

A hedge is effective when the variations in fair value (or cash flows) of the hedging financial instrument almost completely neutralise, that is within the 80-125% range, the changes in the fair value of the hedged item, for the type of risk being hedged.

Effectiveness is assessed at every close of annual or interim financial statements using:

prospective tests, which justify the application of hedge accounting, since these prove the expected effectiveness of the hedge; retrospective tests, which highlight the degree of hedge effectiveness reached in the period to which they refer. In other words, they measure to what extent results achieved differ from perfect hedging.

If such assessments do not confirm hedge effectiveness, from that moment hedge accounting is discontinued, the derivative is reclassified in instruments held for trading and the hedged item is measured on the basis of its classification in the balance sheet.

## 7. Equity investments

### *Classification criteria*

The caption includes investments in subsidiaries, associates and companies subject to joint control.

Companies are considered subsidiaries when Intesa Sanpaolo, directly or indirectly, holds more than half of the voting rights or when it has a lower portion of voting rights but has the power to appoint the majority of directors of the company or determine its financial or operating policies. In the measurement of voting rights also "potential" rights are considered if they are currently exercisable or convertible into effective voting rights at any time.

Companies are considered as subject to joint control when the voting rights and the control of the economic activities of the company are equally shared by Intesa Sanpaolo, directly or indirectly, and another entity. Furthermore, a company is considered as subject to joint control even when voting rights are not equally shared if control over the economic activities and the strategies of the company is shared based on contractual agreements with other entities.

Companies are considered associates, that is subject to significant influence, when Intesa Sanpaolo holds at least 20% of voting rights (including "potential" voting rights as described above) or if the Parent Company – with a lower equity stake – has the power of participating in the determination of financial and management policies of the company based on specific juridical relations, such as the participation in voting syndicates.

Certain companies in which Intesa Sanpaolo holds a stake exceeding 20% are not considered subject to significant influence since it solely has economic rights on a portion of the returns generated by the investment, but does not have access to management policies and may exercise governance rights limited to the safeguarding of its economic interests.

The caption also includes the equity investment in Bank of Italy, in consideration of its peculiarity,.

### *Recognition criteria*

Equity investments are recognised at settlement date. On initial recognition equity investments are recorded at cost.

### *Measurement criteria*

Equity investments are measured at cost, which may be adjusted if permanent losses are deemed to have occurred. If there is evidence of impairment, the recoverable amount of the investment is estimated, considering the present value of the future cash flows which may be generated by the investment, including the final disposal value.

If the recoverable amount is lower than the carrying value, the difference is recorded in the income statement.

If the reasons for impairment are no longer applicable following an event subsequent to the registration of impairment, recoveries are recorded in the income statement.

### *Derecognition criteria*

Equity investments are derecognised when the contractual rights to the cash flows from the assets expire or when the investment is sold, substantially transferring all the risks and rewards connected to the assets.

## 8. Property and equipment

### *Classification criteria*

Property and equipment include land, buildings used in operations, investment property, technical plants, furniture and fittings and any type of equipment.

They are tangible items that are held for use in the production or supply of goods or services, for rental to third parties and are expected to be used during more than one period.

The caption also includes the goods used in financial lease contracts, even though the ownership remains in the books of the lessor.

**Recognition criteria**

Property and equipment are initially measured at cost which comprises in addition to their purchase price any costs directly attributable to the purchase and required for them to be operational.

Extraordinary maintenance expenses which lead to a rise in future economic benefits are attributed to increase the value of assets, while other ordinary maintenance costs are recorded in the income statement.

**Measurement criteria**

Property and equipment, including investment property, are measured at cost, net of depreciation and impairment losses.

Property and equipment are systematically depreciated, adopting the straight-line method over their useful life. The depreciable amount is the cost of the goods since the residual value at the end of the depreciation period is not deemed to be significant. Buildings are depreciated for a portion deemed suitable to represent their deterioration over time following their use, considering extraordinary maintenance expenses, which are recognised in the carrying value of the assets.

The following are not depreciated:

- land, irrespective of whether acquired individually or embedded in the value of buildings, since it has an indefinite useful life;
- works of art, since the useful life of a work of art cannot be estimated and its value is normally destined to increase over time.

If there is some evidence that an asset may have been impaired, the carrying value of the asset and its recoverable amount are compared. Any impairment losses are recorded in the income statement.

If the reasons for impairment cease to exist, a value recovery is recorded and may not exceed the value that the asset would have had, net of depreciation, determined in the absence of previous impairment losses.

**Derecognition criteria**

Property and equipment are derecognised from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

**9. Intangible assets****Classification criteria**

Intangible assets are recognised as such if they may be identified and stem from legal or contractual rights. Intangible assets include goodwill, which represents the positive difference between purchase price and fair value of assets and liabilities pertaining to the acquired company.

**Recognition and measurement criteria**

Intangible assets are recognised at cost, adjusted for any accessory charges only if it is probable that the future economic benefits attributable to the assets will be realised and if the cost of the asset may be reliably determined. If this is not the case, the cost of the intangible asset is recorded in the income statement in the year in which it was sustained.

For assets with finite useful life, the cost is amortised on a straight-line basis or in decreasing portions determined on the basis of the economic benefits expected from the asset. Assets with indefinite useful life are not subject to systematic amortisation, but are periodically subjected to impairment testing.

If there is any indication that an asset may have suffered impairment losses, the asset's recoverable amount is estimated. The impairment loss, which is recorded in the income statement, is equal to the difference between the book value of the assets and the recoverable amount.

In particular, intangible assets include:

- technology related intangibles, such as software, which are amortised on the basis of their obsolescence and over a maximum period of five years;
- customer related intangibles represented, in business combinations, by asset management, insurance and core deposits portfolios. Such assets, all with a finite life, are originally measured by the discounting, using a rate representing the time value of money and the asset's specific risks, of the income margins on the ongoing relations at the time of the business combination over a period which expresses their residual, contractual or estimated life. They are amortised on a straight-line basis over the period of greater significance of the expected economic benefits in case of relations which do not have a predetermined duration or in decreasing portions corresponding to the duration of the contract in case of relations with predetermined expiry. More specifically, asset management relations are amortised over a period of 7-10 years, core deposits in 18-24 years and relations from insurance contracts in decreasing portions corresponding to the residual maturity of the policies;
- marketing related intangibles represented by the measurement of the brand name which is also recorded at the time of business combinations. This asset is considered as having indefinite life since it is deemed to contribute for an indefinite period of time to the formation of income flows.

Lastly, intangible assets include goodwill.

Goodwill may be recorded when the positive difference between fair value of shareholders' equity acquired and the purchase price of the equity investment is representative of the future income-generation potential of the equity investment.

If this difference should be negative (badwill) or if goodwill may not be attributed considering future income-generation potential of the equity investments, the same difference is directly recorded in the income statement.

Once a year (or every time that there is evidence of impairment losses), an impairment test is carried out for goodwill. This requires the identification of the cash-generating unit to which goodwill is allocated. The cash generating units of the Intesa Sanpaolo Group correspond to the operating divisions presented in segment reporting. The business operations carried out directly by the Parent Company falls under the Cash-generating units corresponding to Banca dei Territori and Corporate and Investment Banking. Therefore, goodwill is allocated to such divisions

**Derecognition criteria**

Intangible assets are derecognised from the balance sheet on disposal and if no future economic benefits are expected.

**10. Non-current assets held for sale and discontinued operations and related liabilities**

Non-current assets/liabilities for which a disposal process has commenced and for which disposal is deemed to be extremely probable are recorded in assets under Non-current assets held for sale and discontinued operations and in liabilities under Liabilities associated with non-current assets held for sale and discontinued operations. Such assets/liabilities are measured at the lower between the carrying value and their fair value less costs to sell.

The income and charges (net of tax impact) attributable to non-current assets held for sale and discontinued operations or recorded as such in the year are recognised in the income statement in a separate caption.

**11. Current and deferred tax**

Income tax, calculated according to domestic tax regulations, is accounted for as a cost in compliance with the accruals concept, in line with the method followed to include, in the financial statements, the costs and income that generated it. Therefore, it represents the balance of current and deferred taxation relating to the net result for the year. Current tax assets and liabilities include the tax balances of the Bank due to the relevant Italian and foreign tax authorities. More specifically, these captions include the net balance of current tax liabilities for the year, calculated on the basis of a prudent estimate of the tax charges due for the year, assessed according to the tax regulations currently in force, and the current tax assets represented by advances paid and other tax credits for withholding taxes borne or tax credits of previous years that the Bank claimed against taxes payable in future years.

Current tax assets also include tax credits in respect of which a tax refund claim has been filed by the Bank with the relevant tax authorities.

Considering the Group's adoption of the national fiscal consolidation provisions, tax positions which may be referred to the Bank and those originated by other Group companies are managed separately from an administrative standpoint.

Deferred taxation is calculated according to the balance sheet liability method, taking into account the tax effect of the temporary differences between the book value of the assets and liabilities and their value for taxation purposes, which will determine taxable income or deductible amounts in the future. To this end, "taxable temporary differences" are differences which will give rise to taxable income in future years while "deductible temporary differences" are those which will give rise to deductible amounts in future years.

Deferred tax liabilities are calculated by applying the tax rates currently in force to taxable temporary differences that are likely to generate a tax burden, and to the deductible temporary differences for which it is likely that there will be future taxable amounts at the time when the related tax deductibility occurs (so-called probability test). Deferred tax assets and liabilities related to the same tax and due in the same period are compensated.

In the years where deductible temporary differences are greater than taxable temporary differences, the related deferred tax assets are included under balance sheet assets among "deferred tax assets". On the other hand, in the years where taxable temporary differences are greater than deductible temporary differences, the related deferred taxes are included under balance sheet liabilities among "deferred tax liabilities".

If deferred tax assets and liabilities refer to items affecting the Income statement, the counterbalance is represented by income taxes.

Where deferred tax assets and liabilities relate to transactions that have been recorded in shareholders' equity without affecting earnings (such as adjustments on IAS/IFRS first-time adoption, evaluations of financial assets available for sale or of cash flow hedge derivative contracts), the balancing entry is made in shareholders' equity, under specific reserves where so provided (e.g. valuation reserves).

No provision is made for reserves subject to taxation only in the event of distribution, since the size of the available reserves which have already been taxed, leads to the belief that the Bank will not undertake any transactions which may cause taxation of the untaxed reserves.

Deferred tax liabilities referred to companies included in the fiscal consolidation are reported in their financial statements, in application of the matching principle and in consideration of the fact that the effects of fiscal consolidation are limited to the settlement of current tax positions.

**12. Allowances for risks and charges****Post employment benefits**

Company post employment benefits are based on agreements and qualify as defined benefit plans. Liabilities related to such plans and the relative cost of current service are determined on the basis of actuarial assumptions based on the Projected Unit Credit Method. This method sets out that future obligations are forecast using past time-series analyses and the demographic curve and that such future cash flows are discounted based on a market interest rate. The provisions made in each year of service are considered separately and give rise to an additional unit of benefit entitlement for the purposes of the final obligation. The rate used to discount future flows is the average market yield curve on measurement dates. The present value of the liability at the reference date of the financial statements is also adjusted by the fair value of any plan assets.

Actuarial profits and losses are recognised in the income statement, on the basis of the "corridor approach" only for the part of profits and losses not recorded at the end of the previous year which exceeds the higher between 10% of the present value of the defined benefit obligation and 10% of fair value of plan assets; this excess is recorded in the income statement on the basis of the expected average remaining working life of the participants in the plan or in the year in the case of retired personnel.

**Other allowances**

Other allowances for risks and charges record provisions related to legal obligations or connected to labour relationships or to litigations, also of a fiscal nature, originating from a past event for which a disbursement will probably arise to settle the obligations, provided that the amount of the disbursement may be estimated reliably.

Consequently, a provision is recognised when, and only when:

- there is a present obligation (legal or constructive) as a result of a past event;



- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reference date of the financial statements and take into account the risks and uncertainties that inevitably surround many events and circumstances. Where time value is significant, provisions are discounted using current market rates. Provisions and increases due to time value are recorded in the income statement.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation or when the obligation is settled, the provision should be reversed.

The caption also includes long-term benefits to employees, whose charges are determined with the same actuarial criteria described for post employment benefits. Actuarial profits and losses are all immediately recognised in the income statement.

### 13. Payables and securities issued

#### *Classification criteria*

Amounts Due to banks, Due to customers and Securities issued include various forms of funding on the interbank market and with customers, repurchase agreements with commitment to repurchase and funding via certificates of deposit, bonds issued and other funding instruments in circulation, net of any amounts repurchased.

It also includes the payables recorded by the bank in the capacity of lessee in financial lease transactions.

#### *Recognition criteria*

Initial recognition of these financial liabilities occurs at the date of subscription of the contract, which normally coincides with the time of collection of the sums deposited or the issue of debt securities.

Initial recognition is based on the fair value of the liabilities, normally equal to the amount collected or the issue price, increased by any additional charges/revenues directly attributable to the single funding or issuing transaction. Internal administrative costs are excluded.

#### *Measurement criteria*

After initial recognition, financial liabilities are measured at amortised cost with the effective interest method.

An exception is made for short-term liabilities, where time value is immaterial, which are stated at collected amount.

#### *Derecognition criteria*

Financial liabilities are derecognised from the balance sheet when they have expired or extinguished. Derecognition also occurs for repurchase of previously-issued bonds. The difference between book value of the liability and amount paid for repurchase is recorded in the income statement.

Placement of own securities, after their repurchase, is considered a new issue with recognition at the new placement price.

### 14. Financial liabilities held for trading

#### *Recognition criteria*

These financial instruments are recognised at the subscription or issue date at cost, which reflects the fair value of the instrument, without taking into account directly attributable transaction costs or revenues.

This liability category includes, specifically, the negative value of trading derivatives as well as the negative value of embedded derivatives in combined contracts but which are not closely correlated to the latter. It also includes liabilities determined by short selling generated by securities trading activities.

#### *Measurement criteria*

All financial liabilities held for trading are designated at fair value through profit and loss.

#### *Derecognition criteria*

Financial liabilities held for trading are derecognised when the contractual rights to the related cash flows expire or when the financial liability is sold with the substantial transfer of all the risks and rewards connected to it.

### 15. Financial liabilities designated at fair value through profit and loss

Intesa Sanpaolo resolved not to designate any financial liabilities at fair value.

### 16. Foreign currency transactions

#### *Initial recognition*

Foreign currency transactions are recorded, on initial recognition, in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### *Subsequent measurement*

At every close of annual or interim financial statements, captions in foreign currency are measured as follows:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- non-monetary items that are measured at fair value in a foreign currency are translated using the closing rates.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised through profit and loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised through profit and loss, any exchange component of that gain or loss is recognised through profit and loss.

## 17. Other information

### *Treasury shares*

Any treasury shares held are directly deducted from equity. Similarly, their original cost and the profits or losses deriving from their subsequent sale are recorded in equity.

### *Accruals, prepayments and deferrals*

Accruals, prepayments and deferrals for the year that include income and charges for the year, accrued on assets and liabilities, are shown in the financial statements as an increase or decrease of the assets and liabilities to which they are related.

### *Leasehold improvements*

The costs sustained for restructuring property belonging to third parties are capitalised in consideration of the fact that for the duration of the rental contract the using company has control of the assets and may receive their future economic benefits. These costs, recorded in Other assets as provided for by the instructions of the Bank of Italy, are amortised over a period which must not exceed the duration of the rental contract.

### *Employee termination indemnities*

Employee termination indemnities qualify as a "post employment benefit" classified as:

- a "defined contribution plan" to the extent of the portions accruing from 1 January 2007 (the date the reform of the supplementary pension schemes came into force pursuant to Legislative Decree 252 of 5 December 2005) when the employee opted for the complementary pension scheme or decided to allocate such portions to the INPS (the Italian Social Security Institute) Treasury fund. Therefore, the amounts, recorded under personnel expenses, are determined on the basis of amounts due without the application of actuarial calculation.
- a "defined benefit plan", therefore recognised in the financial statements on the basis of the actuarial value determined using the "Projected Unit Credit Method" to the extent of the portions accrued until 31 December 2006.

These amounts are recognised at their actuarial value determined using the "Projected Unit Credit Method", without applying the pro-rata of the service rendered. Indeed, the current service cost of employee termination indemnities is almost entirely accrued and its revaluation in the years to come is not expected to generate significant benefits for employees.

For the purposes of discounting, the rate used is the market yield taking into account the average remaining life of the liability, weighted based on the percentage amount paid and advanced, for each maturity, with respect to the total to be paid and advanced until the expiry of the entire obligation. Costs to service the plan are accounted for in personnel expenses and actuarial gains and losses are recorded using the "corridor approach" that is as the excess cumulated actuarial gains/losses, recorded at the end of the previous period with respect to 10% of present value of the defined benefit obligation. This excess is recorded in the income statement on the basis of the expected average remaining working life of the participants to the plan.

### *Provisions for guarantees and commitments*

Provisions made on an individual and collective basis, relative to estimated possible disbursements connected to credit risk relative to guarantees and commitments, determined applying the same criteria set out above with respect to loans, are recorded under Other liabilities, as set out by Bank of Italy instructions.

### *Share-based payments*

Share-based payments are recorded in the income statement, with a corresponding increase in shareholders' equity, on the basis of the fair value of financial instruments attributed at assignment date, dividing the charge over the period set forth by the plan.

In the case of options, the fair value is calculated using a model which considers, in addition to information such as strike price and expiry date of the option, spot price of the shares and their expected volatility, expected dividends and the risk-free interest rate, as well as the specific characteristics of the plan. The pricing model values the option and the probability of realisation of the condition on the basis of which the options have been assigned.

The combination of the two values supplies the fair value of the assigned instrument.

Any decrease in the number of financial instruments granted is accounted for as a cancellation of such instruments.

### *Recognition of revenues and costs*

Revenues are recognised when they are collected or, in case of sale of goods or products, when it is probable that the economic benefits will be received and these benefits may be measured reliably, in the case of services, when these have been rendered. In particular:

- interest is recognised on accrual on the basis of the contractual interest rate or the effective interest rate in the case of application of amortised cost. Interest income (or interest expense) includes differentials and positive (or negative) margins accrued until the reference date of the financial statements, relating to financial derivatives:

- a) hedging interest-generating assets and liabilities;
  - b) classified in the balance sheet in the trading book, though related to financial assets and/or liabilities designated at fair value through profit and loss (fair value option) in management terms;
  - c) related in management terms to assets and/or liabilities classified in the trading book and providing for the settlement of differentials or margins with different maturities;
- overdue interest, which may be provided for by the relevant contracts is recorded in the income statement solely at the time of collection;
  - dividends are posted in the income statement in the financial year when their distribution is approved;
  - commission income from services is recorded, on the basis of the existence of contractual agreements, in the period in which the services have been rendered. Commission income included in the amortised cost for the purposes of determining the effective interest rate are recognised under interest;
  - costs and revenues from the sale of financial instruments, determined by the difference between transaction amount paid or received and the fair value of the instrument, are recognised in the income statement at the time of the transaction if the fair value is determinable with reference to effective market quotes, or assets and liabilities measured using valuation techniques based on market-observable parameters other than financial instruments quotes (levels 1 and 2 of the fair value hierarchy). When such reference parameters are not observable on the market or the instruments present a reduced liquidity (level 3), the financial instrument is recognised at a value equal to the price of the transaction; the difference with respect to the fair value is recorded in the income statement during the life of the transaction;
  - profits and losses from securities trading are recognised in the income statement at the date of sale, on the basis of the difference between the consideration paid or collected and the carrying value of such instruments;
  - revenues deriving from the sale of non-financial assets are recorded at the date of sale, unless most of the risks and rewards related to the asset are maintained.

Revenue and costs are recorded in the income statement for the periods to which their income relates. If matching can only be attributed generally or indirectly, then the costs are allocated to more than one accounting period according to rational procedures and on a systematic basis.

Those costs that cannot be matched with the related revenues are immediately charged to the income statement.

#### **Use of estimates and assumptions in preparing financial reports**

The preparation of financial reports requires the use of estimates and assumptions that may have a significant effect on the amounts stated in the balance sheet and income statement, and on the potential assets and liabilities reported in the financial statements. Estimates are based on available information and subjective evaluations, often founded on past experience, which are used to formulate reasonable assumptions to be made in measuring operating events. Given their nature, the estimates and assumptions used may vary from year to year, and hence it cannot be excluded that current amounts carried in the financial statements may differ significantly in future financial years as a result of changes in the subjective evaluations made.

The main cases for which subjective evaluations are required to be made by corporate management include:

- the measurement of impairment losses on loans, investment, and, generally, other financial assets;
- the use of measurement models for determining the fair value of financial instruments not listed on active markets;
- the evaluation of the appropriateness of amounts stated for goodwill and other intangible assets;
- the measurement of personnel funds and provisions for risks and charges;
- the estimates and assumptions on the collectability of deferred tax assets;
- the demographic (linked to the estimated mortality of insured people) and financial (deriving from the possible trend in financial markets) suppositions used to structure insurance products and define the basis for calculating integrative reserves.

#### **Fair value measurement**

Fair value is the amount for which an asset may be exchanged or a liability settled between knowledgeable, willing counterparties in an arm's length transaction. Underlying the definition of fair value is an assumption that an entity is a going concern without any need to liquidate or curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value reflects the credit quality of the instrument since it incorporates counterparty risk.

#### **Financial instruments**

The fair value of financial instruments is determined through the use of prices obtained from financial markets in the case of instruments quoted on active markets or via internal valuation techniques for other financial instruments.

A market is regarded as active if quoted prices, representing actual and regularly occurring market transactions considering a normal reference period, are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency.

When no quote on an active market exists or the market is not functioning regularly, that is when the market does not have a sufficient and continuous number of trades, and bid-offer spreads and volatility that are not sufficiently contained, the fair value of the financial instruments is mainly determined through the use of valuation techniques whose objective is the establishment of the price of a hypothetical arm's length transaction, motivated by normal business considerations, as at the measurement date. Such techniques include:

- reference to market values indirectly connected to the instrument to be valued and presumed from products with the same risk profile (comparable approach);
- valuations performed using – even partially – inputs not identified from parameters observed on the market, which are estimated also by way of assumptions made by the person making the assessment (Mark-to-Model).

The choice between the aforesaid methodologies is not optional, since they must be applied according to a hierarchy: absolute priority is attributed to effective market quotes (level 1) for valuation of assets and liabilities or for similar assets and liabilities measured using valuation techniques based on market-observable parameters other than financial instruments quotes (comparable approach - level 2) and a lower priority to assets and liabilities whose fair value is determined using valuation

techniques based on non-observable and, therefore, more discretionary inputs (Mark-to-Model Approach - level 3).

The following instruments are considered quoted on an active market (level 1): equities quoted on a regulated market, bonds quoted on the EuroMTS circuit and those for which it is possible to continuously derive from the main price contribution international platforms at least three bid and ask prices, mutual funds, spot exchange rates, derivatives for which quotes are available on an active market (for example, futures and exchanged traded options). Lastly, hedge funds for which the fund administrator provides the NAV (Net Asset Value) with the frequency established in the subscription contract, are considered as quoted on an active market, provided that no adjustments are required for the valuation of the liquidity or counterparty risks of the underlying assets. Conversely, all other financial instruments, which do not fall in the categories described above, are not considered quoted on an active market.

For financial instruments quoted on active markets, the current bid price is used for financial assets and the current asking price for financial liabilities, struck on the most advantageous active market at the close of the reference period.

For financial instruments with a scarcely significant bid-ask spread or for financial assets and liabilities with offsetting market risks, mid-market prices are used (again referred to the last day of the reference period) instead of the bid or ask price.

When no prices can be derived on active markets, the fair value of financial instruments is determined using the comparable approach (level 2) which uses measurement models based on market parameters. In this case, the valuation is not based on the price of the same financial instrument to be measured, but on prices or credit spreads presumed from official listing of instruments which are similar in terms of risk factors, using a given calculation methodology (pricing model). The use of this approach requires the search for transactions on active markets in relation to instruments that, in terms of risk factors, are comparable with the instrument to be measured. The calculation methodologies used in the comparable approach reproduce prices of financial instruments quoted on active markets (model calibration) and do not contain discretionary parameters – parameters for which values may not be inferred from quotes of financial instruments present on active markets or fixed at levels capable of reproducing quotes on active markets – that significantly influence the final valuation.

The fair value of bonds without official quotes expressed by an active market is determined through the use of an appropriate credit spread which is estimated starting from contributed and liquid financial instruments with similar characteristics. Credits spread sources are contributed and liquid securities of the same issuer, credit default swaps on the same reference entity, contributed and liquid securities issued by an issuer with the same rating and belonging to the same sector. The different seniority of the security to be priced relatively to the issuer's debt structure is also considered.

For derivatives, in consideration of their number and complexity, a systematic reference framework has been developed which represents the common elements (calculation algorithms, processing models, market data used, basic assumptions of the model) that are used to measure all categories of derivatives.

Interest rate, foreign exchange, equity, inflation and commodity derivatives, if not traded on regulated markets, are Over The Counter (OTC) instruments, which are bilaterally exchanged with market counterparties and are valued through specific pricing models, fed by input parameters (such as yield, foreign exchange and volatility curves) observed on the market.

Moreover, when determining fair value, the credit quality of the counterparty is also considered. Fair value considers counterparty credit risk and future exposures of the contract through the so-called Credit Risk Adjustment (CRA).

With respect to structured credit products, in the case of ABS, if significant prices are not available, valuation techniques consider parameters which may be presumed from the market (comparable approach), such as spreads presumed from new issuers and/or collected from the major investment banks, further strengthened by a qualitative analysis relative to the performance of the underlying asset presumed from periodic investor reports and subject to backtesting with actual sale prices.

Derivatives for which fair value is determined using the comparable approach also include equities measured based on direct transactions, that is significant transactions on the stock registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions, using, therefore, the so-called "relative" valuation models based on multipliers. Multipliers are used under the comparable companies' or comparable transactions' approach. In the former case, reference is made to a sample of comparable listed companies, therefore the stock prices from which the multiples to measure the investment are deducted. In the latter case, reference is made to the trading prices of the market related to comparable companies registered in a time frame considered to be sufficiently short with respect to measurement date and in constant market conditions.

Finally, loans also fall under the financial instruments whose fair value is determined using the comparable approach. In particular, for medium- and long-term assets and liabilities measurement is carried out by discounting future cash flows. This is based on the discount rate adjustment approach in which the risk factors connected to the granting of loans are taken into consideration in the rate used to discount future cash flows.

The calculation of the fair value of certain types of financial instruments is based on valuation models which consider parameters not directly observable on the market, therefore implying estimates and assumptions on the part of the valuator (level 3). In particular, the valuation of the financial instrument uses a calculation methodology which is based on specific assumptions of:

- the development of future cash-flows, which may be affected by future events that may be attributed probabilities presumed from past experience or on the basis of the assumed behaviour;
- the level of specific input parameters not quoted on active markets, for which information acquired from prices and spreads observed on the market is in any case preferred. Where this is not available, past data on the specific risk of the underlying asset or specialised reports are used (e.g. reports prepared by Rating agencies or primary market players).

The following are measured under the Mark-to-Model Approach:

- debt securities and complex credit derivatives (CDOs) included among structured credit products and credit derivatives on index tranches;
- hedge funds not included in level 1;
- shareholding and other equities measured using models based on discounted cash flows;
- other loans, of a smaller amount, classified in the available-for-sale portfolio;
- derivative transactions relating to securitisations and equity-risk structured options.

The fair value of debt securities and complex credit derivatives (funded and unfunded CDOs) is determined based on a quantitative model which estimates losses on collateral with a simulation of the relevant cash flows which uses copula functions. The most significant factors considered in the simulation – for each collateral – are the risk-neutral probability of default derived from market spreads, recovery rates, the correlation between the value of collaterals present in the structure and the expected residual

life of the contract. In order to incorporate high market dislocation and intense market illiquidity phenomena in valuations, a series of corrections have been prepared for valuations referred to the main input parameters. On the basis of this valuation, a Qualitative Credit Review is provided for and entails an accurate analysis of credit aspects referred to the specific structure of the ABS/CDOs and to the collateral present. This is to identify any present or future weaknesses which emerge from the characteristics of the underlying assets, which could have been missed by rating agencies and as such not fully considered in the valuations described in the previous point. The results of this analysis, condensed in certain objective elements (such as Past Due, Weighted Average Delinquency, etc.), are summarised in an indicator representing credit quality on which downgrades depend, so as to proceed to a consistent adjustment in the valuation. Finally, for this class of products, management has the possibility to decide a further adjustment which must be based on prices observed from counterparties and on expert opinions.

With respect to credit derivatives on index tranches, off-the-run series are valued at level 3 when no reliable and verifiable quotes are available from the Risk Management Department. Fair value is determined based on the quotes of series being issued, adjusted to reflect the different underlying.

The fair value of hedge funds is determined by reducing the operating NAV provided by the Fund Administrator, by an amount deriving from an individual measurement process of the counterparty risk (being the risk associated with the credit quality of the fund's prime brokers<sup>1</sup>) and the liquidity risk (which occurs when the assets in which the fund is invested become so illiquid that they cast doubts as to the validity of the valuation process).

Equities to which the "relative" models indicated with respect to level 2 are not applied are valued using "absolute" valuation models. In particular, these models are based on flows which substantially anticipate the carrying amount of the security by estimating the cash flows it can generate over time, discounted using a rate that is in line with the risk level of the instrument, balance sheet models or balance sheet-income statement mixed models.

The valuation technique defined for a financial instrument is adopted over time and is modified only following significant changes in market conditions or the subjective conditions related to the issuer of the financial instrument.

The valuation process of financial instruments ("Fair Value Policy") entails the following phases:

- identification of the sources for measurements: for each asset class, the Market Data Reference Guide establishes the processes necessary to identify market parameters and the means according to which such data must be extracted and used;
- certification and treatment of market data for measurements: this stage consists of the accurate verification of the market parameters used (verifying the integrity of data contained on the proprietary platform with respect to the source of contribution), reliability tests (consistency of each single figure with similar or comparable figures) and verification of concrete application means. In particular:
  - reference categories are established for the various types of market parameters;
  - the reference requirements governing the identification of official revaluation sources are set;
  - the fixing conditions of official figures are established;
  - the data certification conditions are established.
- certification of pricing models and Model Risk Assessment: this phase is aimed at verifying the consistency and the adherence of the various measurement techniques used with current market practice, at highlighting any critical aspects in the pricing models used and at determining any adjustments necessary for measurement. The validation process is particularly important at the start of activities in a new financial instrument which requires the development of further pricing models, and when the Bank decides to use a new model to measure payoffs previously managed with models deemed to be less adequate. All models used for the measurement must be submitted to an internal certification process which involves various competent structures or independent companies in highly complex or particularly critical cases;
- monitoring consistency of pricing models over time: periodical monitoring of the adherence to the market of the pricing model in order to discover any gaps promptly and start the necessary verifications and interventions.

The fair value policy also provides for adjustments to reflect the model risk and other uncertainties relating to valuation. In particular, model risk is represented by the possibility that the valuation of a complex instrument is materially influenced by the model chosen. Indeed, it is possible that models which price elementary instruments with the same quality may give rise to different prices for exotic instruments. In these cases, where possible, alternative models are compared, and where necessary, model inputs are subjected to stress tests, thus obtaining useful elements to quantify fair value adjustments, expressed in terms of measurable financial indicators (vega, delta, correlation shift), and periodically reviewed. These fair value adjustments, due to model risks, are part of a Mark to Market Adjustment Policy adopted for the purpose of considering, in addition to model risk described above, also other factors eligible to influence valuation and essentially attributable to:

- high and/or complex risk profile;
- position illiquidity determined by temporary or structural market conditions or in relation to the entity of exchange values held (in case of excessive concentration) and
- valuation difficulties due to the lack of liquid and observable market parameters.

With respect to disclosure about financial instruments measured at fair value, the above hierarchy to determine fair value is used for the allocation of accounting portfolios in accordance with fair value levels (see paragraph A.3.2).

Reference should be made to Part E of the Notes to the consolidated financial statements (section 1.2 Banking group - Market risks) for more detailed information about the models used by the Intesa Sanpaolo Group and the related organisational processes to determine fair value.

<sup>1</sup> The Prime Broker is an international financial intermediary that operates as agent in the settlement process, carrying out the financial transactions ordered by the hedge fund's manager with the utmost confidentiality. The Prime Broker also acts as the fund's lender, providing credit lines and securities lending for short selling, and directly obtaining guarantees in respect of the financing granted to the fund. The Prime Broker also provides risk management services, monitoring the hedge fund's risk exposure to ensure conditions of financial stability. Other services provided by the Prime Broker are holding and deposit of the fund's cash and securities, handling of the netting and settlement process, and recording of all market transactions.

### **Non-financial assets**

Regarding investment property, for which the fair value is calculated only for the purposes of information to be provided in the Notes to the Parent Company's financial statements, reference is made to values determined, mainly via independent expert opinions, considering transactions at current prices in an active market for similar real estate properties, in the same location and conditions as well as subject to similar conditions in terms of rentals and other contracts.

### **Amortised cost measurement**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition net of any principal repayments, plus or minus cumulative amortisation, calculated using the effective interest rate method, of any difference between initial amount and amount at maturity and net of any reduction for impairment.

The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or through the subsequent date for recalculation of the price to the net carrying amount of the financial asset or financial liability. In the calculation of the present value, the effective interest rate is applied to the flow of future cash receipts or payments through the entire useful life of the financial asset or liability or for a shorter period when certain conditions recur (for example review of market interest rates).

After initial recognition, amortised cost enables allocation of revenues and costs directly by decreasing or increasing the value of the instrument over its entire expected life via the amortisation process. The determination of amortised cost varies depending on the fact that financial assets/liabilities have fixed or variable rates and – in this last case – if the volatility of the rate is known or not beforehand. For instruments with fixed rate or fixed rate by time bands, future cash flows are quantified on the basis of the known interest rate (sole or variable) over the life of the loan. For financial assets/liabilities with a variable rate, for which the volatility is not known beforehand (for example because it is linked to an index), the determination of cash flows is carried out based on the last rate available. At every revision of the interest rate the amortisation plan and the effective interest rate for the entire life of the investment, that is, until maturity, are recalculated. Any changes are recorded in the income statement as income or loss.

Loans, investments held to maturity and financial assets available for sale, payables and securities issued are measured at amortised cost.

Financial assets and liabilities traded at market conditions are initially recognised at fair value, which normally corresponds to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and any directly attributable fees.

Transaction costs include internal or external marginal costs and income attributable to the issue, the acquisition or the disposal of a financial instrument which are not debited to the client. These commissions, which must be directly attributable to the single financial asset or liability, modify the original effective interest rate, thereby the effective interest rate associated to the transaction differs from contractual interest rate. Transaction costs do not include costs/income referred to more than one transaction and the components related to events which may occur during the life of the financial instrument, but which are not certain at the time of the initial agreement, such as for example: commissions for retrocession, for non-use, for advance termination. Furthermore, amortised cost does not include costs which would be sustained independently from the transaction (e.g. administrative and communication costs, stationery expenses), those, which though directly attributable to the transaction are part of standard practice for the management of the financing (e.g. activities related to the loan granting process), as well as commissions of services received following structured finance activities which would in any case have been received independently from the subsequent financing of the transaction (e.g. commissions for facility and arrangement).

With reference to loans, the following costs are considered directly attributable to the financial instrument: fees paid to distribution networks, fees paid for the origination and/or the participation to syndicated loans and lastly, up-front commissions correlated to loans disbursed at rates exceeding market rates. Income considered in the calculation of amortised cost includes: up-front fees correlated to loans disbursed at rates under market rates, income for the participation of syndicated loans and brokerage commissions received.

For securities not classified as held for trading, the following are considered transaction costs: commissions on contracts with brokers operating on the Italian stock exchange, commissions paid to dealers operating on the Italian and foreign stock and bond markets defined on the basis of the commission tables. Stamp duty is not considered in amortised cost since it is immaterial.

Regarding securities issued, amortised cost considers placement commissions on bond issues paid to third parties, amounts paid to Exchanges and remuneration paid to Independent auditors for the activities performed for each single issue, while amortised cost does not consider commissions paid to rating agencies, legal and advisory/audit expenses for the annual update of prospectuses, the costs for the use of indexes and commissions which originate during the life of the bond issue.

Amortised cost is also applied for the measurement of loss incurred by the financial instruments listed above as well as for the measurement of instruments issued or purchased at a value other than fair value. The latter are measured at fair value, instead of the amount collected or paid, by discounting expected future cash flows at a rate equal to the effective interest rate of similar instruments (in terms of credit rating, contractual expiry, currency, etc.), with the simultaneous registration in the income statement of a financial charge or income; after initial recognition, these are measured at amortised cost with the registration of higher or lower effective interest with respect to nominal interest. Lastly, also structured assets and liabilities which are not measured at fair value through profit and loss for which the embedded derivative has been separated from the financial instrument are measured at amortised cost.

The amortised cost measurement criteria is not applied to financial assets/liabilities hedged for which fair value changes related to the risk hedged are recorded through profit and loss. The financial instrument is again measured at amortised cost in the case of hedge termination; from that moment the fair value changes recorded before are amortised, calculating a new effective interest rate which considers the value of the loan adjusted by the fair value of the hedged part, until the natural expiry of the hedge. Furthermore, as already mentioned in the paragraph relative to measurement criteria of due to and from banks and customers and securities issued, measurement at amortised cost is not applied to short-term assets/liabilities for which the time value is deemed to be immaterial and to loans without a definite maturity or revocable.

## Impairment of assets

### Financial assets

At every balance sheet date the financial assets not classified under Financial assets held for trading or Financial assets designated at fair value through profit and loss are subjected to an impairment test to assess whether there is objective evidence to consider that the carrying value of these assets is not fully recoverable.

A permanent loss occurs if there is objective evidence of a reduction in future cash flows with respect to those originally estimated, following specific events; the loss must be quantified in a reliable way and must be incurred and not merely expected.

The measurement of impairment is carried out on an individual basis for financial assets which present specific evidence of losses and collectively for financial assets for which individual measurement is not required or which do not lead to adjustments. Collective measurement is based on the identification of portfolios of financial assets with the same risk characteristics with respect to the borrower/issuer, the economic sector, the geographic area, the presence of any guarantees and other relevant factors.

With reference to loans to customers and due from banks, positions attributed the status of doubtful, substandard, restructured or past due according to the definitions of the Bank of Italy, consistent with IAS/IFRS, are subject to individual measurement.

These non-performing loans undergo an individual measurement process, or the calculation of the expected loss for homogeneous categories and analytical allocation to each position, and the amount of the adjustment of each loan is the difference between its carrying value at the time of measurement (amortised cost) and the present value of expected future cash flows, discounted using the original effective interest rate.

Expected cash flows consider expected recovery periods, presumed realisable value of guarantees as well as the costs sustained for the recovery of credit exposure. Cash flows related to loans which are deemed to be recovered in the short term are not discounted, since the time value is immaterial.

Loans for which no objective evidence of loss has emerged from individual measurement are subject to collective measurement. Collective measurement occurs for homogeneous loan categories in terms of credit risk and the relative loss percentages are estimated considering past time-series, founded on observable elements at measurement date, that enable to estimate the value of the latent loss in each loan category. Measurement also considers the risk connected to the borrower's country of residence.

The determination of provisions on performing loans is carried out by identifying the highest possible synergies (as permitted by the various regulations) with the supervisory approach contained in the "New capital accord" generally known as Basel 2. In particular, the parameters of the calculation model set out in the new supervisory provisions, namely Probability of Default (PD) and Loss Given Default (LGD), are used – where already available – also for the purposes of financial statement valuation. The relationship between the two aforementioned parameters represents the starting point for loan segmentation, since they summarise the relevant factors considered by IAS/IFRS for the determination of the homogeneous categories and for the calculation of provisions. The time period of a year used for the determination of the probability of default is considered suitable to approximate the notion of incurred loss, that is, the loss based on current events but not yet included by the entity in the review of the risk of the specific customer, set forth by international accounting standards. This time period is reduced to six months solely for counterparties that are natural persons for whom the recognition of a worsening credit situation and the consequent transfer of the non-performing loans generally take place following unpaid instalments or continuous defaults for more than 90/180 days.

The allocation also takes into account corrective factors such as the state of the economic cycle and the concentration of credit risks towards persons who have a significant exposure to the Group.

With reference to assets available for sale, the process of detection of any impairment involves the verification of the presence of impairment indicators and the determination of any write-down.

The impairment indicators are essentially divided into two categories: indicators deriving from internal factors relating to the company being valued, and therefore qualitative, and – for equities - external quantitative indicators deriving from the market values of the company.

Within the first category, the following indicators are considered significant: the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market, the announcement/start up of insolvency proceedings or restructuring plans, and the downgrading by more than two categories of the rating issued by a specialist company. With respect to the second category, a significant or extended reduction in the fair value below the initial recognition amount is particularly important. Specifically, in relation to the latter amount, a fair value reduction of over 30% is considered significant and a reduction of over 24 months is considered an extended continuous reduction. The security is impaired when one of the above thresholds is exceeded. If thresholds are not exceeded but other impairment indicators exist, the impairment loss must be supported also by the results of specific analyses of the security and the investment.

The amount of the impairment is calculated with reference to the fair value of the financial asset.

For an illustration of the valuation techniques used to determine fair value, see the relevant chapter.

### Equity investments

At each balance sheet date the equity investments in associates or companies subject to joint control are subjected to an impairment test to assess whether there is objective evidence to consider that the carrying value of such assets is not fully recoverable.

The process of detection of any impairment involves the verification of the presence of impairment indicators and the determination of any write-down. The impairment indicators are essentially divided into two categories: qualitative indicators, such as the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market, the announcement/start up of insolvency proceedings or restructuring plans, and the downgrading by more than two categories of the rating issued by a specialist company; quantitative indicators, represented by a reduction in fair value of over 30% below the carrying value or for a period of over 24 months, market capitalisation lower than the company's net book value, in the case of securities listed on active markets or in the case of securities quoted on active markets, or by a carrying value of the investment in the separate financial statements higher than the carrying value in the consolidated financial statements of the investee's net assets and goodwill or by distribution by the latter of a

dividend that is higher than its total income.

The presence of impairment indicators results in the recognition of a write-down to the extent that the recoverable amount is lower than the recognition value.

The recoverable amount consists of the higher of the fair value less costs to sell and the value in use.

For an illustration of the valuation techniques used to determine fair value, see the relevant chapter above.

Value in use is the present value of expected future cash flows from the asset; it reflects estimated expected future cash flows from the asset, the estimate of possible changes in the amount and/or timing of cash flows, time value of money, the price able to repay the risk of the asset and other factors, which may affect the appreciation by market participants of expected future cash flows from the asset.

Value in use is determined by discounting future cash flows.

For controlling investments in subsidiaries, the single investments are not individually significant for the purposes of the impairment test in the Parent Company's financial statements, instead they are included in the impairment test of the Cash Generating Units (CGU) conducted at consolidated level. The CGUs identified are represented in some cases (Banca dei Territori and Corporate & Investment Banking) by operations conducted directly by the Parent Company and some subsidiaries, in other cases (Foreign banks) by combinations of subsidiaries, and also (Public Finance, Banca Fideuram and Eurizon Capital) when they are linked to the associated legal entity. When an investment does not produce cash flows that are largely independent of the cash flows from other assets the impairment tests are conducted at CGU level, rather than at the individual investment level. Consequently, when the assets attributable to a subsidiary are included in a CGU that is broader than the investment itself, as described in more detail in the following chapter, the impairment test can only be conducted at this level and not at the level of individual subsidiary for which the accurate estimation of a value in use is not possible.

#### **Other non-financial assets**

Property, equipment and intangible assets with definite useful life are subject to impairment testing if there is the indication that the book value of the asset may no longer be recovered. The recoverable amount is determined with reference to the fair value of the property and equipment or intangible assets less costs to sell or the value in use if determinable and if it is higher than fair value.

As concerns property, fair value is mostly determined on the basis of an opinion prepared by an independent expert. The expert opinion is periodically renewed every time there is a change in real estate market trends which might lead to deem that previous estimates are no longer accurate, and in any case every three years. Impairment is recorded only in the case that the fair value less costs to sell or value in use is lower than carrying value for a continuous period of three years.

For other property, equipment and intangible assets (other than those recognised following business combinations) it is assumed that the carrying value normally corresponds to the value in use, since it is determined by a depreciation or amortisation process estimated on the basis of the effective contribution of the asset to the production process, and since the determination of fair value is extremely subjective. The two values diverge and lead to impairment, in case of damages, exit from the production process or other similar non-recurring circumstances.

Intangible assets recognised following a business combination and in application of IFRS 3 are subject to an impairment test at each balance sheet date to assess whether there is objective evidence of an impairment loss.

Intangible assets with a finite life, represented by the value of the asset management portfolio, the value of the insurance portfolio and the core deposits, in the presence of impairment indicators are subjected to a new valuation process to assess the recoverability of the book values. The recoverable amount is determined on the basis of the value in use, namely the present value estimated using a rate representing the time value of money and the asset's specific risks, of the income margins generated by the existing relations as at the valuation date over a period which expresses their expected residual life.

Intangible assets with an indefinite life, represented by the valuation of the brand name and goodwill, do not have independent cash flows and therefore annually undergo an assessment of the adequacy of the value recorded under the assets with reference to the Cash Generating Unit (CGU) to which the values are attributed at the time of the business combinations. As CGU identification requires an analysis of the management characteristics and reporting methods used by management, and as the logic for strategic decision-making by management of the Parent Company is that of the Group as a whole and not only that of the Parent Company as an individual entity, the CGUs are identified in the consolidated financial statements.

The CGUs identified are represented in some cases (Banca dei Territori and Corporate & Investment Banking) by operations conducted directly by the Parent Company and some subsidiaries, in other cases (Foreign banks) by combinations of subsidiaries, and also (Public Finance, Banca Fideuram and Eurizon Capital) when they are linked to the associated legal entity. As stated, as these are the same CGUs identified at consolidated level, the assessment of the retention of goodwill and other assets with an indefinite life recorded in the Intesa Sanpaolo Group's financial statements is also valid with reference to the values recorded in the Parent Company's financial statements. Therefore, the assessment conducted at consolidated level with reference to the individual CGUs is used, after comparing the book value of the assets in the Parent Company's financial statements, without conducting, if the result is positive, a new test in the Parent Company's financial statements.

If, at consolidated financial statement level, an impairment needs to be recognised for a particular CGU, this write-down must be assigned to the assets that make up the CGU starting with goodwill. If the need to record an adjustment relates to a CGU that does not coincide with the associated legal entity, the write-down is assigned to the banking subsidiaries, after the elimination of the goodwill pertaining to the CGU recorded in the Parent Company's financial statements under a specific caption, on the basis of the respective fair values.

For a description of the criteria for the determination of the recoverable amount of the CGUs see the contents of Part A - Accounting policies, of the consolidated financial statements.

#### **Business combinations**

Business combinations are governed by IFRS 3.

The transfer of control over a company (or over a group of assets managed together as a single business) is considered a business combination.

For this purpose the transfer of control occurs when more than one-half of the voting rights is acquired, or when, even if the combining entity does not acquire more than one-half of the other entity's voting rights, control is obtained since, as a



consequence of the combination, the acquirer has the power: (i) over one-half of voting rights of another company, by virtue of an agreement with other investors, (ii) to govern the financial and operating policies of the other entity on the basis of the Articles of Association or of an agreement, (iii) to appoint or remove the majority of the members of the company's governing body, (iv) to cast the majority of the votes at meetings of the company's governing body.

IFRS 3 requires that an acquirer be identified in any business combination. The acquirer is identified as the combining entity that obtains control of the other combining entities or businesses. If a controlling entity cannot be identified, following the definition of control described above, as for example in the case of exchange of equity investments, the identification of the acquirer must occur considering other factors such as: the entity which has a significantly higher fair value, the entity which pays a cash consideration, the entity which issues new shares.

The acquisition, and therefore the initial consolidation of the acquired entity, must be recognised in the books on the date in which the acquirer effectively obtains control over the acquired company or businesses. When the combination occurs via an exchange of voting ordinary equity instruments, the date of the exchange normally coincides with the date of the acquisition. However, it is always necessary to verify that there are no agreements which may lead to transfer of control prior to the date of the exchange.

The transferred consideration as part of a business combination is equal to the sum of the fair value, at the exchange date, of the transferred assets, the liabilities incurred or assumed and the equities issued by the acquirer in return for control.

In transactions which entail cash consideration (or when payment occurs via cash-equivalent financial instruments), the purchase price is the agreed consideration. When settlement does not occur in the short-term, the fair value of any deferred component is calculated by discounting the amounts payable to their present value; when payment occurs via an instrument other than cash, therefore via the issue of financial instruments, the price is equal to the fair value of such instruments net of the costs directly attributable to their issue. For the determination of fair value of financial instruments, see the relevant paragraph and note that, in the case of shares listed on active markets, fair value is represented by stock exchange quotations at acquisition date or, should that not be available, the last quotation available.

Purchase price at acquisition date includes any adjustments to the cost contingent on future events, if provided for by the combination agreement and only if the adjustment is probable, can be measured reliably and realised within the twelve months subsequent to the date of acquisition of control. Instead, any restoration related to any loss in the value of the assets used as consideration is not included in purchase price since it is already considered either in the fair value of equity instruments or as a reduction in the premium or an increase in the discount on the initial issue of debt instruments.

Acquisition costs refer to the charges incurred by the acquirer to carry out the business combination, including, for example, professional fees paid to independent auditors, experts, legal advisors, costs for legal opinions and audit of accounts, preparation of information documents required by the law, as well as advisory fees sustained to identify potential acquisition targets if the contract provides for the payment of success fees as well as debt securities' or equities' registration and issue costs. Acquisition costs must be recognised as charges when incurred and when the related services are provided, except for the costs relating to the issue of debt securities or equities which must be recognised in accordance with IAS 32 and IAS 39.

Business combinations must be accounted for using the "acquisition method" whereby identifiable assets acquired (including any intangible assets which had not been previously recognised by the acquired company) or liabilities assumed (including contingent liabilities) are recognised at their fair value at acquisition date.

Moreover, for each business combination, any minority interest in the acquired company can be recognised at fair value (therefore increasing the consideration transferred) or in proportion to the minority investment in the net identifiable assets of the acquired company.

If control is achieved in stages, the acquirer recalculates its previous interest in the acquired company at the acquisition date fair value. Any difference with respect to the previous carrying amount is taken to income statement.

Excess between the consideration transferred (being the fair value of transferred assets, liabilities incurred and equity instruments issued by the acquirer), increased, where present, by minority interests (determined as above) as well as the fair value of the stakes already held by the acquirer, and the fair value of acquired assets and liabilities should be recognised as goodwill. Conversely, such difference is taken to the income statement when the latter exceed the sum of the consideration, minority interests and the fair value of the stakes already held.

The accounting for business combination can be determined provisionally by the end of the year in which the combination is realised and must be completed within twelve months of the acquisition date.

The following combinations are outside the scope of IFRS 3 – business combinations: transactions aimed at acquiring control over one or more entities which are not part of the company's business; transactions aimed at acquiring transitory control; transactions conducted for organisational purposes, therefore between two or more companies or businesses which are already part of the Intesa Sanpaolo Group, and which do not entail changes in control, independently of the extent of minority interests in each of the combining entities before and after the business combinations (business combinations involving entities under common control). These transactions are considered immaterial. Therefore, since there are no specific provisions in IAS/IFRS and in compliance with IAS 8 which requires – in the absence of a specific Standard – that the reporting entity must use its judgement in applying an accounting policy that results in information that is relevant, reliable, prudent and that reflects the economic substance of the transaction, these are accounted for safeguarding the consistency of the values of the acquiree in the financial statements of the acquirer.

Mergers are examples of concentrations between companies and represent the most complete business combinations, since they imply the legal and economic unification of the merged entities.

Mergers which entail the establishment of a new legal entity and mergers by incorporation (which entail that an entity is absorbed by another existing entity) are treated according to the criteria illustrated above, that is:

- if the transaction leads to the transfer of control of a company, it is accounted for as a business combination as provided for by IFRS 3;
- if the transaction does not lead to the transfer of control, it is accounted for by privileging the continuity of the values of the merged company.

## A.3 – INFORMATION ON FAIR VALUE

### A.3.1. Transfers between portfolios

The following table shows financial instrument reclassifications mainly carried out in 2008. No reclassifications were made in 2010.

#### A.3.1.1 Reclassified financial assets: carrying amount, fair value and effects on comprehensive income

(millions of euro)

Type of financial instrument	Previous portfolio	New portfolio	Book value at 31.12.2010	Fair value at 31.12.2010	Income components in case of no transfer (before tax)		Annual income components (before tax)	
					Valuation	Other	Valuation	Other
Debt securities	Financial assets held for trading	Loans	2,668	2,433	106	47	-1	69
Loans	Financial assets available for sale	Loans	180	167	12	5	-	5
<b>Total</b>			<b>2,848</b>	<b>2,600</b>	<b>118</b>	<b>52</b>	<b>-1</b>	<b>74</b>

The income components related to net increases attributable to the risk profile being hedged of reclassified assets amount to 4 million euro.

Had the Bank not reclassified the above financial assets, positive income components would have been recognised for an amount of 118 million euro (before tax), instead of negative income components of 1 million euro (before tax), generating a positive effect of 119 million euro, broken down as follows:

- write-off of the negative income components recognised during the year following the 1 million euro transfer. Of this amount, 5 million euro relates to adjustments and 4 million euro to fair value increases following hedges;
- reversal of the positive income components which would have been recognised had no transfer taken place, totalling 118 million euro. Of this amount, 102 million euro refers to the revaluation of reclassified securities in the income statement, 4 million euro to fair value increases following hedges and 12 million euro to the increase in the Valuation reserves.

Moreover, had no reclassification taken place, other positive income components amounting to 22 million euro would have not been recognised. Indeed, this amount is mainly related to the amortised cost of the reclassified securities.

Overall, starting from the respective reclassification dates, reclassified assets as at 31 December 2010 would have been written down by 248 million euro, of which 235 million to be recognised in the income statement (negative components for 2008: 357 million euro; positive components for 2009: 20 million euro and positive components for 2010: 102 million euro) and 13 million euro to be recognised in the Valuation reserve (31 December 2009: 25 million euro, with a positive net variation of 12 million euro).

As at 31 December 2010, the reclassifications performed by the Bank to reflect the amendments to IAS 39 in October 2008 with respect to financial instrument reclassification, amount to a nominal 2,998 million euro. Of this amount:

- 2,232 million euro by 1 November 2008 and therefore taking as reference the value of these assets as at 1 July 2008 if already present as at that date in the portfolio, or with reference to the purchase price if this took place after 1 July 2008, or at nominal value for loans issued after that date;
- 766 million euro was reclassified after 1 November 2008 and therefore on the basis of fair value as at the date of reclassification; the latter figure refers to reclassifications carried out in 2009 concerning unfunded trading instruments (derivatives) transformed into funded instruments (securities), while maintaining the same risk profile to which the Bank is exposed.

#### A.3.1.2 Reclassified financial assets: effects on comprehensive income before transfer

No portfolio transfers were made in 2010.

#### A.3.1.3 Transfer of financial assets held for trading

The financial crisis which marked 2008 was classed by the IASB as a rare circumstance. Consequently, Intesa Sanpaolo has identified certain securities - mainly consisting of bonds not quoted on active markets originally classified under trading assets which due to present and prospective market conditions could no longer be managed actively. These assets were kept in portfolio and reclassified to the loan category. From the time of the reclassification they are measured at amortised cost. With respect to the trading book, the reclassifications mainly involved structured credit products.

#### A.3.1.4 Effective interest rate and expected future cash flows from reclassified assets

The effective interest rate attributable to the reclassified portfolio securities is equal to 3% and estimated cash flows at the date financial assets were reclassified amount to 2,993 million euro.

### A.3.2. Fair value hierarchy

#### A.3.2.1 Accounting portfolios: fair value by level

(millions of euro)

Financial assets / liabilities at fair value	31.12.2010			31.12.2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	15,930	12,292	1,311	14,267	14,128	1,258
2. Financial assets designated at fair value through profit or loss	-	177	190	-	183	150
3. Financial assets available for sale	6,320	5,913	797	751	10,413	831
4. Hedging derivatives	-	5,546	4	-	5,489	-
<b>Total</b>	<b>22,250</b>	<b>23,928</b>	<b>2,302</b>	<b>15,018</b>	<b>30,213</b>	<b>2,239</b>
1. Financial liabilities held for trading	275	9,739	513	94	9,911	458
2. Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
3. Hedging derivatives	-	2,281	-	-	2,127	-
<b>Total</b>	<b>275</b>	<b>12,020</b>	<b>513</b>	<b>94</b>	<b>12,038</b>	<b>458</b>

#### A.3.2.2 Annual changes in financial assets designated at fair value through profit and loss (level 3)

(millions of euro)

	FINANCIAL ASSETS			
	held for trading	designated at fair value through profit or loss	available for sale	for hedging purposes
<b>1. Initial amount</b>	<b>1,258</b>	<b>150</b>	<b>831</b>	<b>-</b>
<b>2. Increases</b>	<b>1,595</b>	<b>40</b>	<b>492</b>	<b>5</b>
2.1 Purchases	1,343	14	385	-
2.2 Gains recognised in:	108	26	28	-
2.2.1 Income statement	108	26	5	-
- of which capital gains	106	26	-	-
2.2.2 Shareholders' equity	X	X	23	-
2.3 Transfers from other levels	100	-	59	5
2.4 Other increases	44	-	20	-
<b>3. Decreases</b>	<b>-1,542</b>	<b>-</b>	<b>-526</b>	<b>-1</b>
3.1 Sales	-1,486	-	-187	-
3.2 Reimbursements	-	-	-47	-
3.3 Losses recognised in:	-29	-	-62	-1
3.3.1 Income statement	-29	-	-14	-1
- of which capital losses	-26	-	-14	-1
3.3.2 Shareholders' equity	X	X	-48	-
3.4 Transfers to other levels	-	-	-197	-
3.5 Other decreases	-27	-	-33	-
<b>4. Final amount</b>	<b>1,311</b>	<b>190</b>	<b>797</b>	<b>4</b>

"Transfers from other levels" of "Financial assets held for trading" are mainly due to derivative contracts with a positive fair value.

**A.3.2.3 Annual changes in financial liabilities designated at fair value through profit and loss (level 3)**

(millions of euro)

	FINANCIAL LIABILITIES		
	held for trading	designated at fair value through profit or loss	for hedging purposes
<b>1. Initial amount</b>	<b>458</b>	-	-
<b>2. Increases</b>	<b>121</b>	-	-
2.1 Issues	8	-	-
2.2 Losses recognised in:	28	-	-
2.2.1 <i>Income statement</i>	28	-	-
- of which capital losses	28	-	-
2.2.2 <i>Shareholders' equity</i>	X	X	-
2.3 Transfers from other levels	85	-	-
2.4 Other increases	-	-	-
<b>3. Decreases</b>	<b>-66</b>	-	-
3.1 Reimbursements	-2	-	-
3.2 Repurchases	-	-	-
3.3 Gains recognised in:	-64	-	-
3.3.1 <i>Income statement</i>	-64	-	-
- of which capital gains	-64	-	-
3.3.2 <i>Shareholders' equity</i>	X	X	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
<b>4. Final amount</b>	<b>513</b>	-	-

Repayments include the early completion of derivative transactions.

"Transfers from other levels" of "Financial liabilities held for trading" are mainly due to derivative contracts with a negative fair value.

**A.3.3.3 Information on the "Day one profit/loss"**

Under IAS 39, financial instruments shall be initially recognised at fair value. The fair value of a financial instrument on initial recognition is normally the "transaction price", i.e. the fair value of the consideration given or received in relation to, respectively, financial assets and liabilities.

The fact that, upon initial recognition, the fair value of a financial instrument coincides with the transaction price is always intuitively verifiable in the case of transactions falling under Level 1 of the fair value hierarchy. Also in the case of Level 2, which is based on quotes that can be derived indirectly from the market (comparable Approach), the fair value and the price often coincide upon initial recognition. Any differences between the price and the fair value are usually allocated to the so-called commercial margins. Commercial margins are taken to the income statement when the financial instrument is initially measured.

Conversely, with respect to level 3 instruments, which have more discretion in fair value measurement, no definite reference benchmark is available to compare the transaction price with. For the same reason, the calculation of any commercial margin to be taken to the income statement is also difficult. In this event, the instrument is always initially recognised at cost. Subsequent measurement shall not include the difference between cost and fair value identified upon initial recognition (Subsequent or Day-One-Profit - DOP).

This difference shall be recognised in the income statement only when it arises from changes of the factors over which market participants base their valuations when fixing prices (including the time effect). Where the instrument has a definite maturity and no model is available such to monitor the changes to the factors over which prices are based, the DOP can be recognised in the income statement systematically over the life of such instrument.

When a Level 3 instrument is reclassified to Level 2, the residual deferred Day-One-Profits are recognised in the income statement. Similarly, in the event of "on the book" transactions falling under the Bank's investing activities, the Day-One-Profits earned on Level 3 transactions (including in the above "on the book" management) are taken to the income statement when the Group entity (the investment bank) carries out transactions which substantially eliminate the risks of the Level 3 instrument which generated the DOP.

The above accounting treatment applies only to those instruments which fall in one of the classes which can be recognised at fair value through profit and loss (Fair value Option and Trading book). Indeed, only for the latter, the difference between the transaction price and the fair value would be taken to the income statement upon initial recognition.

No significant amounts to be deferred to income statement were identified which are not attributable to risk factors or commercial margins.

## Part B - Information on the Parent Company's balance sheet

### ASSETS

#### SECTION 1 - CASH AND CASH EQUIVALENTS - CAPTION 10

##### 1.1 Cash and cash equivalents: breakdown

(millions of euro)

	31.12.2010	31.12.2009
a) Cash	1,303	1,348
b) On demand deposits with Central Banks	1,368	4,625
<b>TOTAL</b>	<b>2,671</b>	<b>5,973</b>

#### SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - CAPTION 20

##### 2.1 Financial assets held for trading: breakdown

(millions of euro)

	31.12.2010			31.12.2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>A. Cash assets</b>						
1. Debt securities	15,816	2,974	311	14,218	4,699	419
1.1 structured securities	8	38	-	-	76	-
1.2 other debt securities	15,808	2,936	311	14,218	4,623	419
2. Equities	-	-	-	-	-	-
3. Quotas of UCI	23	-	814	47	-	717
4. Loans	-	-	-	-	-	-
4.1 reverse repurchase agreements	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
<b>Total A</b>	<b>15,839</b>	<b>2,974</b>	<b>1,125</b>	<b>14,265</b>	<b>4,699</b>	<b>1,136</b>
<b>B. Derivatives</b>						
1. Financial derivatives	1	9,172	83	2	9,078	-
1.1 trading	1	9,156	83	2	9,040	-
1.2 fair value option	-	13	-	-	15	-
1.3 other	-	3	-	-	23	-
2. Credit derivatives	90	146	103	-	351	122
2.1 trading	90	146	103	-	351	122
2.2 fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
<b>Total B</b>	<b>91</b>	<b>9,318</b>	<b>186</b>	<b>2</b>	<b>9,429</b>	<b>122</b>
<b>TOTAL (A+B)</b>	<b>15,930</b>	<b>12,292</b>	<b>1,311</b>	<b>14,267</b>	<b>14,128</b>	<b>1,258</b>

## 2.2. Financial assets held for trading: borrower/issuer breakdown

(millions of euro)

	31.12.2010	31.12.2009
<b>A) CASH ASSETS</b>		
<b>1. Debt securities</b>	<b>19,101</b>	<b>19,336</b>
a) Governments and Central Banks	14,772	12,455
b) Other public entities	47	1,738
c) Banks	2,540	3,200
d) Other issuers	1,742	1,943
<b>2. Equities</b>	-	-
a) Banks	-	-
b) Other issuers	-	-
- insurance companies	-	-
- financial institutions	-	-
- non-financial companies	-	-
- other	-	-
<b>3. Quotas of UCI</b>	<b>837</b>	<b>764</b>
<b>4. Loans</b>	-	-
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other counterparties	-	-
<b>Total A</b>	<b>19,938</b>	<b>20,100</b>
<b>B) DERIVATIVES</b>		
a) Banks	7,392	7,247
- fair value	7,392	7,247
b) Customers	2,203	2,306
- fair value	2,203	2,306
<b>Total B</b>	<b>9,595</b>	<b>9,553</b>
<b>TOTAL (A+B)</b>	<b>29,533</b>	<b>29,653</b>

Amounts referring to "Quotas of UCI" mainly regard hedge fund positions.

## 2.3 Cash financial assets held for trading: annual changes

(millions of euro)

	Debt Securities	Equities	Quotas of UCI	Loans	Total
<b>A. Initial amount</b>	<b>19,336</b>	-	<b>764</b>	-	<b>20,100</b>
<b>B. Increases</b>	<b>83,921</b>	<b>95</b>	<b>1,439</b>	-	<b>85,455</b>
B.1 purchases	83,174	95	1,304	-	84,573
of which business combinations	-	-	-	-	-
B.2 positive fair value differences	65	-	84	-	149
B.3 other changes	682	-	51	-	733
<b>C. Decreases</b>	<b>-84,156</b>	<b>-95</b>	<b>-1,366</b>	-	<b>-85,617</b>
C.1 sales	-57,695	-95	-1,355	-	-59,145
of which business combinations	-	-	-	-	-
C.2 reimbursements	-26,134	-	-	-	-26,134
C.3 negative fair value differences	-79	-	-4	-	-83
C.4 transfers to other portfolios	-	-	-	-	-
C.5 other changes	-248	-	-7	-	-255
<b>D. Final amount</b>	<b>19,101</b>	-	<b>837</b>	-	<b>19,938</b>

## SECTION 3 - FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS - CAPTION 30

## 3.1 Financial assets designated at fair value through profit and loss: breakdown

(millions of euro)

	31.12.2010			31.12.2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	-	177	-	-	183	-
1.1 structured securities	-	-	-	-	-	-
1.2 other debt securities	-	177	-	-	183	-
2. Equities	-	-	14	-	-	-
3. Quotas of UCI	-	-	176	-	-	150
4. Loans	-	-	-	-	-	-
4.1 structured	-	-	-	-	-	-
4.2 other	-	-	-	-	-	-
<b>Total</b>	-	<b>177</b>	<b>190</b>	-	<b>183</b>	<b>150</b>
<b>Cost</b>	-	<b>184</b>	<b>163</b>	-	<b>208</b>	<b>121</b>

Intesa Sanpaolo has only classified in this category some debt securities with embedded derivatives or debt securities subject to financial hedging and equity investments, directly or through funds, in companies involved in the venture capital business.

## 3.2 Financial assets designated at fair value through profit and loss: borrower/issuer breakdown

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Debt securities</b>	<b>177</b>	<b>183</b>
a) Governments and Central Banks	1	-
b) Other public entities	-	1
c) Banks	149	153
d) Other issuers	27	29
<b>2. Equities</b>	<b>14</b>	<b>-</b>
a) Banks	-	-
b) Other issuers	14	-
- insurance companies	-	-
- financial institutions	-	-
- non-financial companies	14	-
- other	-	-
<b>3. Quotas of UCI</b>	<b>176</b>	<b>150</b>
<b>4. Loans</b>	<b>-</b>	<b>-</b>
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other counterparties	-	-
<b>TOTAL</b>	<b>367</b>	<b>333</b>

## 3.3 Financial assets designated at fair value through profit and loss: annual changes

(millions of euro)

	Debt securities	Equities	Quotas of UCI	Loans	Total
<b>A. Initial amount</b>	<b>183</b>	-	<b>150</b>	-	<b>333</b>
<b>B. Increases</b>	<b>60</b>	<b>14</b>	<b>26</b>	-	<b>100</b>
B.1 purchases	43	14	-	-	57
<i>of which business combinations</i>	-	-	-	-	-
B.2 positive fair value differences	2	-	26	-	28
B.3 other changes	15	-	-	-	15
<b>C. Decreases</b>	<b>-66</b>	-	-	-	<b>-66</b>
C.1 sales	-42	-	-	-	-42
<i>of which business combinations</i>	-	-	-	-	-
C.2 reimbursements	-	-	-	-	-
C.3 negative fair value differences	-9	-	-	-	-9
C.4 other changes	-15	-	-	-	-15
<b>D. Final amount</b>	<b>177</b>	<b>14</b>	<b>176</b>	-	<b>367</b>

## SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - CAPTION 40

## 4.1 Financial assets available for sale: breakdown

(millions of euro)

	31.12.2010			31.12.2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	5,622	5,352	279	6	10,156	94
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	5,622	5,352	279	6	10,156	94
2. Equities	688	551	450	744	247	634
2.1 Measured at fair value	688	543	447	744	242	630
2.2 Measured at cost	-	8	3	-	5	4
3. Quotas of UCI	10	-	45	1	-	37
4. Loans	-	10	23	-	10	66
<b>TOTAL</b>	<b>6,320</b>	<b>5,913</b>	<b>797</b>	<b>751</b>	<b>10,413</b>	<b>831</b>

Loans, as illustrated in Part A – Accounting policies, refer to portions of syndicated loans underwritten and destined to be subsequently sold.



**4.2 Financial assets available for sale: borrower/issuer breakdown**

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Debt securities</b>	<b>11,253</b>	<b>10,256</b>
a) Governments and Central Banks	5,914	20
b) Other public entities	55	59
c) Banks	4,996	10,011
d) Other issuers	288	166
<b>2. Equities</b>	<b>1,689</b>	<b>1,625</b>
a) Banks	375	355
b) Other issuers	1,314	1,270
- insurance companies	318	425
- financial institutions	101	123
- non-financial companies	895	722
- other	-	-
<b>3. Quotas of UCI</b>	<b>55</b>	<b>38</b>
<b>4. Loans</b>	<b>33</b>	<b>76</b>
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	10	12
d) Other counterparties	23	64
<b>TOTAL</b>	<b>13,030</b>	<b>11,995</b>

Equities issued by non-financial companies include several positions resulting from the conversion of loans for immaterial amounts.

**4.3 Financial assets available for sale: assets with specific hedges**

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Financial assets with specific fair value hedges</b>	<b>5,352</b>	-
a) Interest rate risk	5,352	-
b) Price risk	-	-
c) Foreign exchange risk	-	-
d) Credit risk	-	-
e) Various risks	-	-
<b>2. Financial assets with specific cash flow hedges</b>	-	-
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
<b>TOTAL</b>	<b>5,352</b>	-

## 4.4 Financial assets available for sale: annual changes

(millions of euro)

	Debt securities	Equities	Quotas of UCI	Loans	Total
<b>A. Initial amount</b>	<b>10,256</b>	<b>1,625</b>	<b>38</b>	<b>76</b>	<b>11,995</b>
<b>B. Increases</b>	<b>7,742</b>	<b>289</b>	<b>158</b>	<b>14</b>	<b>8,203</b>
B.1 purchases	7,499	74	154	9	7,736
<i>of which business combinations</i>	-	-	-	-	-
B.2 positive fair value differences	8	192	3	-	203
B.3 write-backs recognised in:	-	-	-	-	-
- <i>income statement</i>	-	X	-	-	-
- <i>shareholders' equity</i>	-	-	-	-	-
B.4 transfers from other portfolios:	-	-	-	-	-
B.5 other changes	235	23	1	5	264
<b>C. Decreases</b>	<b>-6,745</b>	<b>-225</b>	<b>-141</b>	<b>-57</b>	<b>-7,168</b>
C.1 sales	-1,449	-36	-137	-11	-1,633
<i>of which business combinations</i>	-	-	-	-	-
C.2 reimbursements	-5,004	-1	-	-45	-5,050
C.3 negative fair value differences	-119	-160	-3	-	-282
C.4 impairment losses recognised in:	-4	-23	-1	-	-28
- <i>income statement</i>	-4	-23	-1	-	-28
- <i>shareholders' equity</i>	-	-	-	-	-
C.5 transfers to other portfolios	-	-	-	-	-
C.6 other changes	-169	-5	-	-1	-175
<b>D. Final amount</b>	<b>11,253</b>	<b>1,689</b>	<b>55</b>	<b>33</b>	<b>13,030</b>

**Impairment tests for financial assets available for sale**

As required under IFRS, financial assets available for sale are subjected to impairment testing to assess whether there is objective evidence to consider that the carrying value of such assets is not fully recoverable.

The detection of any impairment involves the verification of the presence of impairment indicators and the determination of any write-down.

For further details on the criteria for impairment testing of financial assets available for sale, reference should be made to Part A - Accounting policies of the Notes to the consolidated and Parent Company's financial statements and to Part B – Information on the consolidated balance sheet – Assets of the Notes to the consolidated financial statements.

The analyses conducted did not highlight the need to recognise significant impairment of specific positions.

## SECTION 5 - INVESTMENTS HELD TO MATURITY - CAPTION 50

## 5.1 Investments held to maturity: breakdown

(millions of euro)

	31.12.2010				31.12.2009			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	853	783	-	-	1,305	1,265	-	-
1.1 Structured securities	-	-	-	-	-	-	-	-
1.2 Other debt securities	853	783	-	-	1,305	1,265	-	-
2. Loans	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>853</b>	<b>783</b>	<b>-</b>	<b>-</b>	<b>1,305</b>	<b>1,265</b>	<b>-</b>	<b>-</b>

## 5.2 Investments held to maturity: borrowers/issuers

(milioni di euro)

	31.12.2010	31.12.2009
<b>1. Titoli di debito</b>	<b>853</b>	<b>1,305</b>
a) Governi e Banche Centrali	851	1,303
b) Altri enti pubblici	-	-
c) Banche	-	-
d) Altri emittenti	2	2
<b>2. Finanziamenti</b>	<b>-</b>	<b>-</b>
a) Governi e Banche Centrali	-	-
b) Altri enti pubblici	-	-
c) Banche	-	-
d) Altri soggetti	-	-
<b>TOTALE</b>	<b>853</b>	<b>1,305</b>

## 5.3 Investments held to maturity with specific hedges

As at 31 December 2010, no investments held to maturity with specific hedges were recorded.

## 5.4 Investments held to maturity: annual changes

(millions of euro)

	Debt securities	Loans	Total
<b>A. Initial amount</b>	<b>1,305</b>	<b>-</b>	<b>1,305</b>
<b>B. Increases</b>	<b>6</b>	<b>-</b>	<b>6</b>
B.1 purchases	-	-	-
of which business combinations	-	-	-
B.2 write-backs	-	-	-
B.3 transfers from other portfolios	-	-	-
B.4 other changes	6	-	6
<b>C. Decreases</b>	<b>-458</b>	<b>-</b>	<b>-458</b>
C.1 sales	-	-	-
of which business combinations	-	-	-
C.2 reimbursements	-451	-	-451
C.3 impairment losses	-	-	-
C.4 transfers to other portfolios	-	-	-
C.5 other changes	-7	-	-7
<b>D. Final amount</b>	<b>853</b>	<b>-</b>	<b>853</b>

## SECTION 6 – DUE FROM BANKS – CAPTION 60

## 6.1 Due from banks: breakdown

	(millions of euro)	
	31.12.2010	31.12.2009
<b>A. Due from Central Banks</b>	<b>3,277</b>	<b>8,846</b>
1. Time deposits	1	2
2. Compulsory reserve	3,276	8,844
3. Reverse repurchase agreements	-	-
4. Other	-	-
<b>B. Due from banks</b>	<b>113,608</b>	<b>107,221</b>
1. Current accounts and deposits	13,683	11,976
2. Time deposits	66,493	64,341
3. Other loans	22,052	21,741
3.1 Reverse repurchase agreements	6,779	8,015
3.2 Financial leases	-	-
3.3 Other	15,273	13,726
4. Debt securities	11,380	9,163
4.1 Structured	-	-
4.2 Other	11,380	9,163
<b>TOTAL (book value)</b>	<b>116,885</b>	<b>116,067</b>
<b>TOTAL (fair value)</b>	<b>116,740</b>	<b>116,061</b>

Non-performing loans due from banks amounted to 54 million euro as at 31 December 2010 and 7 million euro as at 31 December 2009.

## 6.2 Due from banks with specific hedges

	(millions of euro)	
	31.12.2010	31.12.2009
<b>1. Due from banks with specific fair value hedges</b>	<b>779</b>	<b>767</b>
a) Interest rate risk	779	767
b) Foreign exchange risk	-	-
c) Credit risk	-	-
d) Various risks	-	-
<b>2. Due from banks with specific cash flow hedges</b>	<b>-</b>	<b>-</b>
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
<b>TOTAL</b>	<b>779</b>	<b>767</b>

## 6.3 Financial leases

Intesa Sanpaolo has no financial leases with banks.

## SECTION 7 – LOANS TO CUSTOMERS – CAPTION 70

## 7.1 Loans to customers: breakdown

	(millions of euro)			
	31.12.2010		31.12.2009	
	Performing	Non-performing	Performing	Non-performing
1. Current accounts	17,612	944	18,036	1,019
2. Repurchase agreements	5,184	-	8,330	-
3. Mortgages	74,565	3,603	75,246	4,420
4. Credit card loans, personal loans and transfer of one fifth of salaries	1,596	42	1,579	52
5. Finance leases	-	-	-	-
6. Factoring	-	-	1	-
7. Other transactions	66,640	3,140	60,995	2,881
8. Debt securities	5,074	-	5,991	-
8.1 Structured securities	100	-	91	-
8.2 Other debt securities	4,974	-	5,900	-
<b>TOTAL (book value)</b>	<b>170,671</b>	<b>7,729</b>	<b>170,178</b>	<b>8,372</b>
<b>TOTAL (fair value)</b>	<b>171,269</b>	<b>7,729</b>	<b>170,557</b>	<b>8,372</b>

Loans to customers include loans disbursed on public funds under administration for which the Bank holds the risk in the amount of 4 million euro.

## 7.2 Loans to customers: borrower/issuer breakdown

	(millions of euro)			
	31.12.2010		31.12.2009	
	Performing	Non-performing	Performing	Non-performing
<b>1. Debt securities</b>	<b>5,074</b>	<b>-</b>	<b>5,991</b>	<b>-</b>
a) Governments	627	-	625	-
b) Other public entities	4	-	6	-
c) Other issuers	4,443	-	5,360	-
- non-financial companies	272	-	12	-
- financial institutions	3,076	-	3,505	-
- insurance companies	1,095	-	1,843	-
- other	-	-	-	-
<b>2. Loans</b>	<b>165,597</b>	<b>7,729</b>	<b>164,187</b>	<b>8,372</b>
a) Governments	1,168	-	381	-
b) Other public entities	669	3	681	3
c) Other counterparties	163,760	7,726	163,125	8,369
- non-financial companies	77,688	6,197	78,355	6,312
- financial institutions	49,658	220	47,318	259
- insurance companies	1,170	-	414	-
- other	35,244	1,309	37,038	1,798
<b>TOTAL</b>	<b>170,671</b>	<b>7,729</b>	<b>170,178</b>	<b>8,372</b>

**7.3 Loans to customers with specific hedges**

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Loans to customers with specific fair value hedges</b>	<b>2,697</b>	<b>3,685</b>
a) Interest rate risk	2,697	3,685
b) Foreign exchange risk	-	-
c) Credit risk	-	-
d) Various risks	-	-
<b>2. Loans to customers with specific cash flow hedges</b>	<b>-</b>	<b>-</b>
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
<b>TOTAL</b>	<b>2,697</b>	<b>3,685</b>

As illustrated in Part A – Accounting policies and Part E – Information on risks and relative hedging policies, loans to customers are hedged via cash flow hedges of variable rate funding represented by securities, to the extent to which this is used to finance fixed rate investments, or via specific fair value hedges.

**7.4 Financial leases**

Intesa Sanpaolo has no financial leases with customers.

**SECTION 8 - HEDGING DERIVATIVES – CAPTION 80**

Concerning the objectives and the strategies underlying hedging transactions see the information provided in Part E – Information on risks and relative hedging policies, Section 2 – Market risks.

Only derivatives traded on regulated markets are considered quoted derivatives. For futures, on the basis of the instructions issued by the Bank of Italy, the relative margins are recorded under Loans to customers.

**8.1 Hedging derivatives: breakdown by type of hedge and level**

(millions of euro)

	Fair value 31.12.2010			Notional value 31.12.2010	Fair value 31.12.2009			Notional value 31.12.2009
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>A) Financial derivatives</b>	-	5,546	4	102,381	-	5,489	-	109,411
1) fair value	-	5,534	4	102,327	-	5,487	-	108,773
2) cash flows	-	12	-	54	-	2	-	638
3) foreign investments	-	-	-	-	-	-	-	-
<b>B) Credit derivatives</b>	-	-	-	-	-	-	-	-
1) fair value	-	-	-	-	-	-	-	-
2) cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	-	5,546	4	102,381	-	5,489	-	109,411

## 8.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Operations/Type of hedge	(millions of euro)								
	Fair value					Generic	Cash flows		Foreign investments
	Specific						Specific	Generic	
interest rate risk	foreign exchange risk	credit risk	price risk	various risks					
1. Financial assets available for sale	-	-	-	-	-	X	-	X	X
2. Loans	132	-	-	X	-	X	-	X	X
3. Investments held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	13	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	<b>132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>
1. Financial liabilities	3,484	-	-	X	352	X	-	X	X
2. Portfolio	X	X	X	X	X	1,557	X	12	X
<b>Total liabilities</b>	<b>3,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>352</b>	<b>1,557</b>	<b>-</b>	<b>12</b>	<b>-</b>
1. Forecast transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	-	X	-	-

## SECTION 9 – FAIR VALUE CHANGE OF FINANCIAL ASSETS IN HEDGED PORTFOLIOS – CAPTION 90

## 9.1 Fair value change of financial assets in hedged portfolios: breakdown by hedged portfolios

	(millions of euro)	
	31.12.2010	31.12.2009
<b>1. Positive fair value change</b>	<b>70</b>	<b>68</b>
1.1. of specific portfolios	70	68
a) loans	70	68
b) assets available for sale	-	-
1.2. overall	-	-
<b>2. Negative fair value change</b>	<b>-</b>	<b>-1</b>
2.1. of specific portfolios	-	-1
a) loans	-	-1
b) assets available for sale	-	-
2.2. overall	-	-
<b>TOTAL</b>	<b>70</b>	<b>67</b>

## 9.2 Assets hedged by macrohedging of interest rate risk

	(millions of euro)	
Hedged assets	31.12.2010	31.12.2009
1. Loans	11,321	13,824
2. Assets available for sale	-	-
3. Portfolio	335	-
<b>TOTAL</b>	<b>11,656</b>	<b>13,824</b>

The figure refers to the nominal value of coupons on floating rate mortgages and securities hedged through fair value macrohedging for the period from the date in which the coupon is set to the date of payment.

## SECTION 10 – INVESTMENTS IN ASSOCIATES AND COMPANIES SUBJECT TO JOINT CONTROL – CAPTION 100

## 10.1 Equity investments in subsidiaries, companies subject to joint control or significant influence: information on equity stakes

	Registered office	% held	Votes available %
<b>A. WHOLLY-OWNED SUBSIDIARIES (*)</b>			
1. AGRICOLA INVESTIMENTI S.r.l. in liquidation	Milano	100.00	100.00
2. AGRIVENTURE S.p.A.	Firenze	80.00	80.00
3. ALEXBANK (former BANK OF ALEXANDRIA) (a)	Cairo	80.00	70.25
4. BANCA DELL'ADRIATICO S.p.A.	Pesaro	100.00	100.00
5. BANCA DI CREDITO SARDO S.p.A.	Cagliari	100.00	100.00
6. BANCA DI TRENTO E BOLZANO S.p.A.	Trento	23.33	23.33
7. BANCA FIDEURAM S.p.A.	Roma	100.00	100.00
8. BANCA IMI S.p.A.	Milano	100.00	100.00
9. BANCA INFRASTRUTTURE INNOVAZIONE E SVILUPPO S.p.A.	Roma	100.00	100.00
10. BANCA INTESA (Closed Joint-Stock Company)	Moscow	46.98	46.98
11. BANCA INTESA A.D. - BEOGRAD	Novi Beograd	15.21	15.21
12. BANCA PROSSIMA S.p.A.	Milano	100.00	100.00
13. BANCO DI NAPOLI S.p.A.	Napoli	100.00	100.00
14. BANKA KOPER D.D.	Koper (Slovenia)	97.47	97.47
15. BN FINRETE S.p.A. in liquidation	Napoli	99.00	99.00
16. CASSA DEI RISPARMI DI FORLI' E DELLA ROMAGNA S.p.A. - CARIROMAGNA	Forli	76.43	76.43
17. CASSA DI RISPARMIO DEL FRIULI VENEZIA GIULIA S.p.A. - CariFVG	Gorizia	100.00	100.00
18. CASSA DI RISPARMIO DEL VENETO S.p.A.	Padova	100.00	100.00
19. CASSA DI RISPARMIO DI FIRENZE S.p.A.	Firenze	89.71	89.71
20. CASSA DI RISPARMIO DI VENEZIA S.p.A.	Venezia	100.00	100.00
21. CASSA DI RISPARMIO IN BOLOGNA S.p.A.	Bologna	100.00	100.00
22. CENTRO FACTORING S.p.A.	Firenze	10.81	10.81
23. CENTROVITA ASSICURAZIONI S.p.A.	Firenze	100.00	100.00
24. CIB BANK Ltd.	Budapest	6.52	6.52
25. CONSORZIO STUDI E RICERCHE FISCALI - GRUPPO INTESA SANPAOLO	Roma	55.00	55.00
26. CORMANO S.r.l.	Varese	70.82	70.82
27. EQUITER S.p.A.	Torino	100.00	100.00
28. EURIZON A.I. SGR S.p.A.	Milano	10.00	10.00
29. EURIZON CAPITAL A.D. BEOGRAD	Beograd	20.00	20.00
30. EURIZON CAPITAL SGR S.p.A.	Milano	100.00	100.00
31. EURIZON VITA S.p.A.	Torino	99.96	99.96
32. FIDEURAM VITA S.p.A.	Roma	80.01	80.01
33. FINANZIARIA B.T.B S.p.A.	Trento	99.29	99.29
34. IMI INVESTIMENTI S.p.A.	Bologna	100.00	100.00
35. IMMIT - IMMOBILI ITALIANI S.r.l.	Torino	100.00	100.00
36. IN.FRA - INVESTIRE NELLE INFRASTRUTTURE S.p.A.	Milano	84.68	84.68
37. INFOGROUP S.c.p.A.	Firenze	31.07	31.07
38. INTESA FUNDING LLC	Wilmington	100.00	100.00
39. INTESA INVESTIMENTI S.p.A.	Milano	100.00	100.00
40. INTESA LEASE SEC S.r.l.	Milano	60.00	60.00
41. INTESA REAL ESTATE S.r.l.	Milano	100.00	100.00
42. INTESA SANPAOLO BANK ALBANIA SH.A. (b)	Tirana	90.83	100.00
43. INTESA SANPAOLO BANK IRELAND PLC	Dublin	100.00	100.00
44. INTESA SANPAOLO FORMAZIONE Società Consortile per Azioni	Napoli	80.00	80.00
45. INTESA SANPAOLO GROUP SERVICES S.c.p.A.	Torino	99.87	99.87
46. INTESA SANPAOLO HOLDING INTERNATIONAL S.A.	Luxembourg	100.00	100.00
47. INTESA SANPAOLO PREVIDENZA - SOCIETA' D'INTERMEDIAZIONE MOBILIARE S.p.A.	Milano	78.53	78.53
48. INTESA SANPAOLO PRIVATE BANKING S.p.A.	Milano	100.00	100.00
49. INTESA SANPAOLO REAL ESTATE ROMANIA S.A.	Arad	100.00	100.00



	Registered office	% held	Votes available %
50. INTESA SANPAOLO ROMANIA S.A. COMMERCIAL BANK	Arad	99.50	99.50
51. INTESA SANPAOLO SERVICOS E EMPREENDIMENTOS Ltda.	Sao Paulo	99.82	99.82
52. INTESA SANPAOLO TRUST COMPANY FIDUCIARIA S.p.A.	Milano	100.00	100.00
53. INTESA SEC. 2 S.r.l.	Milano	60.00	60.00
54. INTESA SEC. 3 S.r.l.	Milano	60.00	60.00
55. INTESA SEC. NPL S.p.A.	Milano	60.00	60.00
56. INTESA SEC. S.p.A.	Milano	60.00	60.00
57. INTESA VITA S.p.A.	Milano	100.00	100.00
58. INTESABCI PREFERRED CAPITAL COMPANY LLC III DELAWARE	Wilmington	100.00	100.00
59. INTESASANPAOLO EURODESK S.p.r.l.	Brussels	100.00	100.00
60. INVERSIONES MOBILIARIAS S.A. "IMSA"	Lima	99.40	99.40
61. ISP CB IPOTECARIO S.r.l.	Milano	60.00	60.00
62. ISP CB PUBBLICO S.r.l.	Milano	60.00	60.00
63. ISP SEC. 4 S.r.l.	Milano	100.00	100.00
64. LEASINT S.p.A.	Milano	100.00	100.00
65. LIMA SUDAMERIS HOLDING S.A. in liquidation	Lima	52.87	52.87
66. MEDIOCREDITO ITALIANO S.p.A.	Milano	100.00	100.00
67. MEDIOFACTORING S.p.A.	Milano	100.00	100.00
68. MONETA S.p.A.	Bologna	100.00	100.00
69. NEOS FINANCE S.p.A.	Bologna	100.00	100.00
70. OOO INTESA REALTY RUSSIA	Moscow	100.00	100.00
71. OTTOBRE 2008 S.r.l.	Milano	100.00	100.00
72. PRAVEX BANK Joint-Stock Commercial Bank	Kiev	100.00	100.00
73. PRIVATE EQUITY INTERNATIONAL S.A.	Luxembourg	90.90	90.90
74. SEP - Servizi e Progetti S.c.p.A.	Torino	100.00	100.00
75. SOCIETA' ITALIANA DI REVISIONE E FIDUCIARIA S.I.RE.F. S.p.A.	Milano	100.00	100.00
76. STUDI E RICERCHE PER IL MEZZOGIORNO (c)	Napoli	16.67	16.67
77. SUD POLO VITA S.p.A.	Torino	98.79	98.79
78. ZACCHERINI ALVISI S.r.l.	Milano	100.00	100.00
<b>B. COMPANIES SUBJECT TO JOINT CONTROL</b>			
1. ALLFUNDS BANK S.A.	Madrid	50.00	50.00
2. AUGUSTO S.r.l.	Milano	5.00	5.00
3. COLOMBO S.r.l.	Milano	5.00	5.00
4. DIOCLEZIANO S.r.l.	Milano	5.00	5.00
5. LEONARDO TECHNOLOGY S.p.A.	Milano	25.00	25.00
6. MANUCOR S.p.A.	Milano	72.75	45.50
7. NOVERCA ITALIA S.R.L.	Roma	34.00	34.00
8. SHANGHAI SINO-ITALY BUSINESS ADVISORY COMPANY LIMITED	Shangai	40.00	40.00
<b>C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE</b>			
1. AL.FA. - UN'ALTRA FAMIGLIA DOPO DI NOI - IMPRESA SOCIALE S.r.l.	Milano	42.86	42.86
2. ALITALIA - COMPAGNIA AEREA ITALIANA S.p.A.	Fiumicino	8.86	8.86
3. AUTOSTRADE LOMBARDE S.p.A.	Bergamo	39.71	39.71
4. B.E.E. SOURCING S.p.A.	Spoletto	13.04	13.04
5. BANCA IMPRESA LAZIO S.p.A.	Roma	12.00	12.00
6. BANK OF QINGDAO CO. Ltd.	Qingdao	20.00	20.00
7. CARGOITALIA S.p.A.	Milano	33.33	33.33
8. CASSA DI RISPARMIO DI FERMO S.p.A.	Fermo	33.33	33.33
9. CONSORZIO BANCARIO SIR S.p.A in liquidation	Roma	32.86	32.86
10. EUROMILANO S.p.A.	Milano	38.00	38.00
11. EUROPROGETTI E FINANZA in liquidation S.p.A.	Roma	15.97	15.97
12. GCL HOLDINGS L.P. S.à.r.l.	Luxembourg	22.14	22.14
13. ITALFONDIARIO S.p.A.	Roma	11.25	11.25
14. MATER-BI S.p.A.	Milano	34.48	34.48
15. MF HONYVEM S.p.A.	Milano	30.00	30.00
16. NEWCOCOT S.p.A.	Cologno Monzese	24.61	24.61
17. NH HOTELES S.A.	Madrid	2.35	2.35
18. NH ITALIA S.r.l.	Milano	44.50	44.50
19. NOVERCA S.r.l.	Roma	10.00	10.00

	Registered office	% held	Votes available %
20. OBIETTIVO NORDEST SICAV	Venezia Marghera	13.68	13.68
21. P.B. S.r.l. in liquidation	Milano	42.24	42.24
22. PIETRA S.r.l.	Milano	22.22	22.22
23. PIRELLI & C. S.p.A.	Milano	1.58	1.62
24. PRELIOS S.p.A.	Milano	0.91	0.91
25. PRELIOS SGR S.p.A.	Milano	10.00	10.00
26. R.C.N. FINANZIARIA S.p.A.	Mantova	23.96	23.96
27. REALIZZAZIONI E BONIFICHE AREZZO S.p.A.	Arezzo	18.90	18.90
28. RIZZOLI CORRIERE DELLA SERA MEDIAGROUP S.p.A.	Milano	4.83	5.02
29. SIA - SSB S.p.A.	Milano	30.64	30.64
30. SOCIETA' GESTIONE PER IL REALIZZO in liquidation S.p.A.	Roma	38.33	38.33
31. SOLAR EXPRESS S.r.l.	Firenze	40.00	40.00
32. TELCO S.p.A.	Milano	11.62	11.62
33. TERMOMECCANICA S.p.A.	La Spezia	27.50	27.50
34. VARESE INVESTIMENTI S.p.A.	Varese	40.00	40.00

(a) The sale of 9.75% of the share capital of Alexbank (former Bank of Alexandria - BOA) to International Finance Corporation (IFC) was finalised in March 2009, and, at the same time, a Put&Call Agreement on the stake sold by Intesa Sanpaolo was signed by the parties. Note that the percentage owned incorporates the stake sold, and that the voting rights were transferred to the purchaser as a result of the provisions of the contractual clauses and in the absence of the conditions for derecognition, as required by the correct application of the international accounting standards.

(b) In relation to the equity investment in Intesa Sanpaolo Bank Albania SH.A., there are potential voting rights on 9.17% of share capital by virtue of a call option held by Intesa Sanpaolo on 7.78% of the capital, exercised in January 2011, which is added to the 1.39% stake of the former Banca Italo Albanese (merged into Intesa Sanpaolo Bank Albania) sold to Società Italiana per le Imprese all'Estero (Simest) in July 2006.

(c) Company included among significant equity investments since overall the Group holds a controlling stake.

(\*) Intesa Sanpaolo holds 5% of the capital of the vehicles Adriano Finance S.r.l. and Adriano Finance 2 S.r.l., which are consolidated on a line-by-line basis in the separate financial statements of Intesa Sanpaolo S.p.A..

The illustration of the motivations which determine that a company is subject to joint control or significant influence is contained in Part A – Accounting policies, to which reference should be made.

**10.2 Equity investments in subsidiaries, companies subject to joint control or significant influence: financial highlights**

(millions of euro)

	Total assets	Revenues	Net income (loss)	Shareholders' equity	Book value	Fair value
<b>A. WHOLLY-OWNED SUBSIDIARIES</b>					<b>41,619</b>	
1. AGRICOLA INVESTIMENTI S.r.l. in liquidation	-	-	-	-	-	-
2. AGRIVENTURE S.p.A.	3	-	-	3	3	-
3. ALEXBANK (former BANK OF ALEXANDRIA)	4,835	470	77	495	1,273	-
4. BANCA DELL'ADRIATICO S.p.A.	5,660	572	-20	436	522	-
5. BANCA DI CREDITO SARDO S.p.A.	5,401	451	36	465	297	-
6. BANCA DI TRENTO E BOLZANO S.p.A.	2,776	149	-	188	40	-
7. BANCA FIDEURAM S.p.A.	10,188	1,167	60	1,429	2,477	-
8. BANCA IMI S.p.A.	126,591	54,748	547	2,948	3,220	-
9. BANCA INFRASTRUTTURE INNOVAZIONE E SVILUPPO S.p.A.	48,107	2,773	123	955	902	-
10. BANCA INTESA (Closed Joint-Stock Company)	2,027	336	10	314	99	-
11. BANCA INTESA A.D. - BEOGRAD	3,384	1,456	74	538	179	-
12. BANCA PROSSIMA S.p.A.	794	18	-4	116	129	-
13. BANCO DI NAPOLI S.p.A.	28,587	2,113	146	2,505	3,330	-
14. BANKA KOPER D.D.	2,260	358	16	266	252	-
15. BN FINRETE S.p.A. in liquidation	-	-	-	-	-	-
16. CASSA DEI RISPARMI DI FORLI' E DELLA ROMAGNA S.p.A. - CARIROMAGNA	4,797	269	-6	365	375	-
17. CASSA DI RISPARMIO DEL FRIULI VENEZIA GIULIA S.p.A. - CariFVG	4,392	300	-2	362	407	-
18. CASSA DI RISPARMIO DEL VENETO S.p.A.	19,845	1,308	3	1,514	1,780	-
19. CASSA DI RISPARMIO DI FIRENZE S.p.A.	18,254	1,012	14	2,129	4,190	-
20. CASSA DI RISPARMIO DI VENEZIA S.p.A.	4,770	384	13	470	677	-
21. CASSA DI RISPARMIO IN BOLOGNA S.p.A.	10,290	703	-27	978	1,110	-
22. CENTRO FACTORING S.p.A.	1,588	62	12	79	5	-
23. CENTROVITA ASSICURAZIONI S.p.A.	3,655	379	14	125	118	-
24. CIB BANK Ltd.	8,938	1,291	-31	819	101	-
25. CONSORZIO STUDI E RICERCHE FISCALI - GRUPPO INTESA SANPAOLO	-	-	-	-	-	-
26. CORMANO S.r.l.	-	-	-	-	-	-
27. EQUITER S.p.A.	339	8	1	336	368	-
28. EURIZON A.I. SGR S.p.A.	17	13	1	15	1	-
29. EURIZON CAPITAL A.D. BEOGRAD	-	-	-	-	-	-
30. EURIZON CAPITAL SGR S.p.A.	879	867	101	601	2,199	-
31. EURIZON VITA S.p.A.	15,863	3,917	100	1,436	2,423	-
32. FIDEURAM VITA S.p.A.	11,262	849	1	426	309	-
33. FINANZIARIA B.T.B S.p.A.	97	3	3	79	134	-
34. IMI INVESTIMENTI S.p.A.	952	10	3	945	917	-
35. IMMIT - IMMOBILI ITALIANI S.r.l.	2	-	-	2	1	-
36. IN.FRA - INVESTIRE NELLE INFRASTRUTTURE S.p.A. (*)	-	-	-	-	61	-
37. INFOGROUP S.c.p.A.	57	82	-	22	4	-
38. INTESA FUNDING LLC	9,401	29	-	-	-	-
39. INTESA INVESTIMENTI S.p.A.	1,033	8	5	1,029	1,000	-
40. INTESA LEASE SEC S.r.l.	-	-	-	-	-	-
41. INTESA REAL ESTATE S.r.l.	37	2	-	34	39	-
42. INTESA SANPAOLO BANK ALBANIA SH.A.	868	84	14	92	175	-
43. INTESA SANPAOLO BANK IRELAND PLC	18,815	573	111	1,116	921	-
44. INTESA SANPAOLO FORMAZIONE Società Consortile per Azioni	-	-	-	-	-	-
45. INTESA SANPAOLO GROUP SERVICES S.c.p.A.	1,270	1,715	-	496	493	-
46. INTESA SANPAOLO HOLDING INTERNATIONAL S.A.	10,086	230	134	6,504	6,133	-
47. INTESA SANPAOLO PREVIDENZA - SOCIETA' D'INTERMEDIAZIONE MOBILIARE S.p.A.	27	16	1	21	12	-
48. INTESA SANPAOLO PRIVATE BANKING S.p.A.	4,659	428	107	410	257	-
49. INTESA SANPAOLO REAL ESTATE ROMANIA S.A.	-	-	-	-	-	-
50. INTESA SANPAOLO ROMANIA S.A. COMMERCIAL BANK	-	-	-	-	177	-
51. INTESA SANPAOLO SERVICIOS E EMPREENDIMENTOS Ltda.	-	-	-	-	1	-
52. INTESA SANPAOLO TRUST COMPANY FIDUCIARIA S.p.A.	-	-	-	-	12	-

	Total assets	Revenues	Net income (loss)	Shareholders' equity	Book value	Fair value
(millions of euro)						
53. INTESA SEC. 2 S.r.l.	-	-	-	-	-	-
54. INTESA SEC. 3 S.r.l.	-	-	-	-	-	-
55. INTESA SEC. NPL S.p.A.	1	-	-	1	-	-
56. INTESA SEC. S.p.A.	-	-	-	-	-	-
57. INTESA VITA S.p.A.	29,892	996	13	1,960	1,268	-
58. INTESABCI PREFERRED CAPITAL COMPANY LLC III DELAWARE	529	35	-	13	9	-
59. INTESASANPAOLO EURODESK S.p.r.l.	-	-	-	-	-	-
60. INVERSIONES MOBILIARIAS S.A. "IMSA"	9	-	-	8	-	-
61. ISP CB IPOTECARIO S.r.l.	-	-	-	-	-	-
62. ISP CB PUBBLICO S.r.l.	-	-	-	-	-	-
63. ISP SEC. 4 S.r.l.	-	-	-	-	-	-
64. LEASINT S.p.A.	17,871	559	42	619	542	-
65. LIMA SUDAMERIS HOLDING S.A. in liquidation	11	-	-	11	-	-
66. MEDIOCREDITO ITALIANO S.p.A.	13,995	422	8	839	873	-
67. MEDIOFACTORING S.p.A.	9,026	223	57	432	290	-
68. MONETA S.p.A.	3,962	420	69	210	218	-
69. NEOS FINANCE S.p.A.	5,419	510	-99	83	184	-
70. OOO INTESA REALTY RUSSIA	-	-	-	-	-	-
71. OTTOBRE 2008 S.r.l.	-	-	-	-	-	-
72. PRAVEX BANK Joint-Stock Commercial Bank	555	150	-5	109	101	-
73. PRIVATE EQUITY INTERNATIONAL S.A.	1,029	6	-4	631	501	-
74. SEP - Servizi e Progetti S.c.p.A.	-	-	-	-	1	-
75. SOCIETA' ITALIANA DI REVISIONE E FIDUCIARIA S.I.RE.F. S.p.A.	20	12	3	17	8	-
76. STUDI E RICERCHE PER IL MEZZOGIORNO	-	-	-	-	-	-
77. SUD POLO VITA S.p.A.	8,208	979	23	261	494	-
78. ZACCHERINI ALVISI S.r.l.	7	-	-	7	7	-
<b>B. COMPANIES SUBJECT TO JOINT CONTROL</b>					<b>95</b>	
1. ALLFUNDS BANK S.A.	243	194	12	107	72	-
2. AUGUSTO S.r.l.	-	-	-	-	-	-
3. COLOMBO S.r.l.	-	-	-	-	-	-
4. DIOCLEZIANO S.r.l.	-	-	-	-	-	-
5. LEONARDO TECHNOLOGY S.p.A.	109	21	-1	16	5	-
6. MANUCOR S.p.A.	129	69	-1	15	5	-
7. NOVERCA ITALIA S.R.L.	34	2	-9	22	13	-
8. SHANGHAI SINO-ITALY BUSINESS ADVISORY COMPANY LIMITED	-	-	-	-	-	-
<b>C. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE</b>					<b>1,264</b>	
1. AL.FA. - UN'ALTRA FAMIGLIA DOPO DI NOI - IMPRESA SOCIALE S.r.l.	-	-	-	-	-	-
2. ALITALIA - COMPAGNIA AEREA ITALIANA S.p.A.	2,980	1,524	-164	561	100	-
3. AUTOSTRADE LOMBARDE S.p.A.	132	-	-1	132	78	-
4. B.E.E. SOURCING S.p.A.	30	10	-	3	-	-
5. BANCA IMPRESA LAZIO S.p.A.	58	1	-	7	1	-
6. BANK OF QINGDAO CO. Ltd.	7,210	253	58	470	121	-
7. CARGOITALIA S.p.A.	39	9	-4	14	8	-
8. CASSA DI RISPARMIO DI FERMO S.p.A.	1,459	51	2	148	48	-
9. CONSORZIO BANCARIO SIR S.p.A in liquidation	-	-	-	-500	-	-
10. EUROMILANO S.p.A.	127	4	-7	29	11	-
11. EUROPROGETTI E FINANZA in liquidation S.p.A.	7	1	-	6	-	-
12. GCL HOLDINGS L.P. S.à.r.l.	715	350	-14	179	48	-
13. ITALFONDIARIO S.p.A.	73	28	1	36	8	-
14. MATER-BI S.p.A.	73	3	-1	24	11	-
15. MF HONYVEM S.p.A.	24	11	1	13	7	-
16. NEWCOCOT S.p.A.	53	44	-3	7	-	-
17. NH HOTELES S.A.	3,536	647	-45	1,168	38	20
18. NH ITALIA S.r.l.	990	141	-25	361	195	-
19. NOVERCA S.r.l.	34	1	-2	28	4	-
20. OBIETTIVO NORDEST SICAV	8	-	-1	8	1	-

	Total assets	Revenues	Net income (loss)	Shareholders' equity	Book value	Fair value
(millions of euro)						
21. P.B. S.r.l. in liquidation	7	-	-	7	-	-
22. PIETRA S.r.l.	28	-	-	24	5	-
23. PIRELLI & C. S.p.A.	6,699	4,061	-87	1,823	35	46
24. PRELIOS S.p.A. (*)	-	-	-	-	3	3
25. PRELIOS SGR S.p.A.	68	28	11	48	20	-
26. R.C.N. FINANZIARIA S.p.A.	360	54	-	-10	-	-
27. REALIZZAZIONI E BONIFICHE AREZZO S.p.A.	81	100	-15	-4	-	-
28. RIZZOLI CORRIERE DELLA SERA MEDIAGROUP S.p.A.	3,408	1,663	1	983	66	38
29. SIA - SSB S.p.A.	265	370	4	130	71	-
30. SOCIETA' GESTIONE PER IL REALIZZO in liquidation S.p.A.	59	12	9	50	-	-
31. SOLAR EXPRESS S.r.l.	15	1	-	5	2	-
32. TELCO S.p.A.	6,553	126	63	3,197	378	-
33. TERMOMECCANICA S.p.A.	435	282	19	108	3	-
34. VARESE INVESTIMENTI S.p.A.	4	-	-	4	2	-
<b>D. OTHER EQUITY INVESTMENTS</b>					<b>532</b>	
BANCA D'ITALIA					532	
<b>TOTAL</b>					<b>43,510</b>	

(\*) New acquisition

The difference between the value entered in the Bank's balance sheet of the significant equity investments and the lower value of the corresponding portion of shareholders' equity disclosed in the latest financial statements published by the subsidiaries is usually due to goodwill and the higher market value of the assets owned by the subsidiaries.

With regard to the company IntesaBci Preferred Capital Company LLC III, set up for the purpose of issuing hybrid capital instruments, Intesa Sanpaolo holds 100% of the voting rights. Considering the Preferred Shares issued, the percentage held in IntesaBci Preferred Capital Company LLC III drops to 2.15%.

Considering its peculiarity, as already described in accounting policies, the stake in the Bank of Italy is also included.

### 10.3 Equity investments: annual changes

	(millions of euro)	
	31.12.2010	31.12.2009
<b>A. Initial amount</b>	<b>42,327</b>	<b>41,057</b>
<b>B. Increases</b>	<b>1,467</b>	<b>4,721</b>
B.1 purchases	1,255	1,198
<i>of which business combinations</i>	-	-
B.2 write-backs	-	-
B.3 revaluations	-	-
B.4 other changes	212	3,523
<b>C. Decreases</b>	<b>-284</b>	<b>-3,451</b>
C.1 sales	-16	-148
C.2 impairment losses	-11	-122
C.3 other changes	-257	-3,181
<b>D. Final amount</b>	<b>43,510</b>	<b>42,327</b>
<b>E. Total revaluations</b>	<b>391</b>	<b>391</b>
<b>F. Total impairment losses</b>	<b>-3,300</b>	<b>-3,296</b>

Subcaption B.1 "Purchases" essentially refers to the following transactions:

- 39,422,630 shares of Intesa Vita S.p.A., corresponding to a 50% stake, at a price of 706 million euro; as a result of this transaction the Bank's equity stake rose to 100%;
- 285,593,163 shares of Fideuram Vita S.p.A., corresponding to 80% of share capital, at a price of 309 million euro;
- 17,154,277 shares of Cassa dei Risparmi di Forlì and Romagna S.p.A. (Cariromagna S.p.A.), corresponding to 8% of share capital, at a price of 51 million euro; as a result of this transaction the Bank's equity stake rose to 76.4%;
- 10,880,155 shares of IN.FRA – Investire nelle Infrastrutture S.p.A., corresponding to 84.7% of share capital, at a price of 45 million euro;

- subscription to a share capital increase of Intesa Sanpaolo Romania S.A. – Commercial Bank, for a total of 30 million euro;
- subscription to a share capital increase of Autostrade Lombarde S.p.A., for a total of 20 million euro;
- 900,000 shares of Cassa di Risparmio del Veneto S.p.A., at a price of 19 million euro. This transaction is part of the geographical reorganisation project and involved the contribution of ten branches in the provinces of Belluno, Treviso and Verona by Banca di Trento e Bolzano S.p.A. to Cassa di Risparmio del Veneto S.p.A., a share capital increase of Cassa di Risparmio del Veneto through the issuance of 900,000 shares in favour of Banca di Trento e Bolzano and the subsequent sale of the aforementioned shares to Intesa Sanpaolo S.p.A..

Subcaption B.4 "Other changes" essentially refers to the following transactions:

- merger by incorporation of Zao Banca Intesa into Banca Intesa (Closed Joint-Stock Company) ex Zao Kmb Bank for 99 million euro and assignment of shares of Banca Intesa (Closed Joint-Stock Company) to Intesa Sanpaolo S.p.A.;
- payment for a future capital increase amounting to 27 million euro in favour of Equiter S.p.A.;
- payment for a future capital increase amounting to 17 million euro in favour of Centrovita Assicurazioni S.p.A.;
- payment for a future capital increase amounting to 16 million euro in favour of IN.FRA – Investire nelle Infrastrutture S.p.A.;
- partial spin-off of a business line comprising seven branches in Trentino Alto Adige for 16 million euro, from Cassa di Risparmio del Veneto S.p.A. in favour of Banca di Trento e Bolzano S.p.A.;
- subscription to a share capital increase of NH Italia S.r.l. through contribution of the entire investment held in Grande Jolly S.p.A. for 14 million euro;
- payment of 9 million euro to Banca Prossima S.p.A. for settlement of prior and current losses.

Subcaption C.1 "Sales" essentially refers to the following transactions:

- disposal of 50% of the investment in F.I.L.A. Fabbrica Italiana Lapis ed Affini S.p.A. at a price of 16 million euro.

Subcaption C.3 "Other changes" essentially refers to the following transactions:

- merger by incorporation of Zao Banca Intesa into Banca Intesa (Closed Joint-Stock Company) (ex Zao Kmb Bank) for 99 million euro;
- liquidation of the subsidiary Sanpaolo Imi Capital Company LLC for 46 million euro;
- liquidation of the subsidiary Intesa Preferred Capital Company LLC for 44 million euro;
- liquidation of the subsidiary Sanpaolo Imi Bank (International) S.A. in liquidazione for 24 million euro;
- partial spin-off of a business line comprising seven branches in Trentino Alto Adige for 16 million euro, from Cassa di Risparmio del Veneto S.p.A. in favour of Banca di Trento e Bolzano S.p.A.;
- contribution of the equity investment in Grande Jolly for subscription to a share capital increase of NH Italia S.r.l. for 14 million euro.

#### 10.4 Commitments referred to investments in subsidiaries

The main elements of the commitments concerning equity investments in subsidiaries are described below:

- after obtaining control (with an 89.7% share) of Cassa di Risparmio di Firenze, in accordance with the Shareholders' Agreement which entered into force after the delisting of Cassa di Risparmio di Firenze, Intesa Sanpaolo recognised a total of approximately 373 million euro to "Commitments against put options issued" for the remaining 10.3%;
- further to the Shareholders' Agreement stipulated between Intesa Sanpaolo, Finanziaria B.T.B. and ISA regarding approximately 9% of Banca di Trento e Bolzano share capital, Intesa Sanpaolo recognised approximately 37 million euro to "Commitments against put options issued";
- further to the Shareholders' Agreement stipulated between Intesa Sanpaolo, Invester S.p.A. and Gambari Finanziaria S.r.l. regarding approximately 15% of the share capital of IN.FRA - Investire nelle Infrastrutture S.p.A., Intesa Sanpaolo recognised approximately 11 million euro to "Commitments against put options issued";
- based on the provisions of the "Shareholders Agreement" and agreements with the European Bank for Reconstruction, Intesa Sanpaolo recognised approximately 11 million euro under "commitments against put options issued" relating to the remaining 8% of subsidiary Intesa Sanpaolo Bank of Albania;
- the squeeze-out and sell-out rules of the Slovenian Companies Act of 3 May 2006 envisage a put option in favour of minority shareholders of Banka Koper if Intesa Sanpaolo should exceed 90% of the bank's share capital. These squeeze-out and sell-out rules led to the recognition of approximately 8 million euro to "Commitments against put options issued".

#### 10.5 Commitments referred to investments in companies subject to joint control

There are no commitments referred to investments in companies subject to joint control.

#### 10.6 Commitments referred to investments in companies subject to significant influence

There were no commitments referred to investments in companies subject to significant influence.

### Impairment tests of investments

As required under IFRS, equity investments are subjected to impairment testing to assess whether there is objective evidence to consider that the carrying value of the assets is not fully recoverable.

With reference to investments in associates and companies subject to joint control, the process of detection of any impairment involves verification of the presence of impairment indicators and the determination of any write-down. The impairment indicators are essentially divided into two categories: qualitative indicators, such as the generation of negative economic results or in any case a significant variance with respect to the targets budgeted or established in the multi-year plans disclosed to the market, the announcement/start up of insolvency proceedings or restructuring plans, and the downgrading by more than two categories of the rating issued by a specialist company; quantitative indicators, represented by a reduction in fair value of over 30% below the carrying value or for a period of over 24 months, market capitalisation lower than the company's net book value, in the case of securities listed on active markets or in the case of securities quoted on active markets, or by a carrying value of the investment in the separate financial statements higher than the carrying value in the consolidated financial statements of the investee's net assets and goodwill or by distribution by the latter of a dividend that is higher than its total income. If impairment indicators are detected the recoverable amount is calculated, represented by the higher of the fair value less costs to sell and the value in use, and if the latter proves lower than the carrying value, impairment is recognised.

No significant impairment losses were recognised during the year with respect to Intesa Sanpaolo's associates and companies subject to joint control. In particular, given the fact that impairment indicators relative to prices lower than the unit carrying values were recorded with respect to certain investments, "basic" assessments were carried out based on an estimation of expected discounted cash flows. The results of these assessments did not lead to the recognition of any impairment losses.

For controlling investments in subsidiaries, the single investments are not individually significant for the purposes of the impairment test in the Parent Company's financial statements, instead they are included in the impairment test of the Cash Generating Units (CGU) conducted at consolidated level. More specifically, when an investment does not produce cash flows that are largely independent of the cash flows from other assets the impairment tests are conducted at CGU level, rather than at the individual investment level. Consequently, when the assets attributable to a subsidiary are included in a CGU that is broader than the investment itself, the impairment test can only be conducted at this level and not at the level of individual subsidiary for which the accurate estimation of a value in use is not possible.

For further information on policy regarding the impairment testing of investments, reference should be made to Part A – Accounting policies in the Notes to the Parent Company's financial statements.

With regard to investments in subsidiaries, impairment testing on Cash Generating Units did not highlight the need to recognise impairment.

## SECTION 11 – PROPERTY AND EQUIPMENT – CAPTION 110

## 11.1 Property and equipment: breakdown of assets measured at cost

(millions of euro)

	31.12.2010	31.12.2009
<b>A. Property and equipment used in operations</b>		
1.1 owned	2,410	2,402
a) land	905	917
b) buildings	1,239	1,230
c) furniture	170	163
d) electronic equipment	90	86
e) other	6	6
1.2 acquired under finance lease	5	5
a) land	2	2
b) buildings	3	3
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
<b>Total A</b>	<b>2,415</b>	<b>2,407</b>
<b>B. Investment property</b>		
2.1 owned	-	-
a) land	-	-
b) buildings	-	-
2.2 acquired under finance lease	-	-
a) land	-	-
b) buildings	-	-
<b>Total B</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A + B)</b>	<b>2,415</b>	<b>2,407</b>

## 11.2 Property and equipment: breakdown of assets measured at fair value or revalued

As at 31 December 2010 there are no assets measured at fair value or revalued.



**11.3 Property and equipment used in operations: annual changes**

(millions of euro)

	Land	Buildings	Furniture	Electronic equipment	Other	Total
<b>A. Gross initial carrying amount</b>	<b>919</b>	<b>1,834</b>	<b>815</b>	<b>1,070</b>	<b>31</b>	<b>4,669</b>
A.1 Total net adjustments	-	-601	-652	-984	-25	-2,262
<b>A.2 Net initial carrying amount</b>	<b>919</b>	<b>1,233</b>	<b>163</b>	<b>86</b>	<b>6</b>	<b>2,407</b>
<b>B. Increases</b>	-	<b>73</b>	<b>31</b>	<b>34</b>	<b>1</b>	<b>139</b>
B.1 Purchases	-	28	31	34	1	94
<i>of which business combinations</i>	-	-	-	-	-	-
B.2 Capitalised improvement costs	-	44	-	-	-	44
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
<i>a) shareholders' equity</i>	-	-	-	-	-	-
<i>b) income statement</i>	-	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Transfer from investment property	-	-	-	-	-	-
B.7 Other changes	-	1	-	-	-	1
<b>C. Decreases</b>	<b>-12</b>	<b>-64</b>	<b>-24</b>	<b>-30</b>	<b>-1</b>	<b>-131</b>
C.1 Sales	-2	-2	-	-	-	-4
<i>of which business combinations</i>	-	-	-	-	-	-
C.2 Depreciation	-	-54	-24	-30	-1	-109
C.3 Impairment losses recognised in	-4	-1	-	-	-	-5
<i>a) shareholders' equity</i>	-	-	-	-	-	-
<i>b) income statement</i>	-4	-1	-	-	-	-5
C.4 Negative fair value differences recognised in	-	-	-	-	-	-
<i>a) shareholders' equity</i>	-	-	-	-	-	-
<i>b) income statement</i>	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Transfers to	-6	-7	-	-	-	-13
<i>a) investment property</i>	-	-	-	-	-	-
<i>b) non-current assets held for sale and discontinued operations</i>	-6	-7	-	-	-	-13
C.7 Other changes	-	-	-	-	-	-
<b>D. Net final carrying amount</b>	<b>907</b>	<b>1,242</b>	<b>170</b>	<b>90</b>	<b>6</b>	<b>2,415</b>
D.1 Total net adjustments	4	655	676	1,014	26	2,375
<b>D.2 Gross final carrying amount</b>	<b>911</b>	<b>1,897</b>	<b>846</b>	<b>1,104</b>	<b>32</b>	<b>4,790</b>
<b>E. Measurement at cost</b>	-	-	-	-	-	-

Total net adjustments (A1 and D1) include the amounts relating to depreciation and to adjustments recorded for the purpose of aligning the book value of an asset to its recoverable amount.

Subcaption E - Measurement at cost does not present any value since, as per instructions issued by the Bank of Italy, it must be completed only for property and equipment measured at fair value.

**11.4 Investment property: annual changes**

As at the date of the financial statements there is no investment property.

**11.5 Commitments to purchase property and equipment**

Commitments to purchase property and equipment as at 31 December 2010 came to approximately 243 million euro, mostly referred to construction of the New Headquarters.

## SECTION 12 – INTANGIBLE ASSETS - CAPTION 120

## 12.1 Intangible assets: breakdown by type of asset

(millions of euro)

	31.12.2010		31.12.2009	
	Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life
<b>A.1 Goodwill</b>	<b>X</b>	<b>6,160</b>	<b>X</b>	<b>6,160</b>
<b>A.2 Other intangible assets</b>	<b>966</b>	<b>2,009</b>	<b>1,070</b>	<b>2,009</b>
A.2.1 Assets measured at cost	966	2,009	1,070	2,009
a) Internally generated intangible assets	-	-	-	-
b) Other assets	966	2,009	1,070	2,009
A.2.2 Assets measured at fair value	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>966</b>	<b>8,169</b>	<b>1,070</b>	<b>8,169</b>

Other assets and goodwill essentially reflect components from the purchase price allocation process, as per IFRS 3, as part of the merger by incorporation of SANPAOLO IMI into Banca Intesa.

## 12.2 Intangible assets: annual changes

(millions of euro)

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		Finite useful life	Indefinite useful life	Finite useful life	Indefinite useful life	
<b>A. Gross initial carrying amount</b>	<b>6,160</b>	-	-	<b>1,573</b>	<b>2,009</b>	<b>9,742</b>
A.1 Total net adjustments	-	-	-	-503	-	-503
<b>A.2 Net initial carrying amount</b>	<b>6,160</b>	-	-	<b>1,070</b>	<b>2,009</b>	<b>9,239</b>
<b>B. Increases</b>	-	<b>6</b>	-	<b>3</b>	-	<b>9</b>
B.1 Purchases	-	6	-	3	-	9
<i>of which business combinations</i>	-	6	-	3	-	9
B.2 Increases of internally generated intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Positive fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
B.5 Positive foreign exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
<b>C. Decreases</b>	-	<b>-6</b>	-	<b>-107</b>	-	<b>-113</b>
C.1 Sales	-	-5	-	-2	-	-7
<i>of which business combinations</i>	-	-5	-	-2	-	-7
C.2 Impairment losses	-	-1	-	-105	-	-106
- Amortisation	X	-1	-	-105	-	-106
- Write-downs recognised in	-	-	-	-	-	-
<i>shareholders' equity</i>	X	-	-	-	-	-
<i>income statement</i>	-	-	-	-	-	-
C.3 Negative fair value differences recognised in	-	-	-	-	-	-
- shareholders' equity	X	-	-	-	-	-
- income statement	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale and discontinued operations	-	-	-	-	-	-
C.5 Negative foreign exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
<b>D. Net final carrying amount</b>	<b>6,160</b>	-	-	<b>966</b>	<b>2,009</b>	<b>9,135</b>
D.1 Total net adjustments	-	-	-	607	-	607
<b>E. Gross final carrying amount</b>	<b>6,160</b>	-	-	<b>1,573</b>	<b>2,009</b>	<b>9,742</b>
<b>F. Measurement at cost</b>	-	-	-	-	-	-

The amounts relating to "business combinations" refer to corporate transactions of a different nature that involved wholly-owned entities.

## 12.3 Intangible assets: other information

There were no commitments to purchase intangible assets as at 31 December 2010.

## Information on intangible assets and goodwill

Intangible assets and goodwill recognised to the Intesa Sanpaolo balance sheet derive mainly from the merger between Banca Intesa and Sanpaolo IMI completed on 1 January 2007.

Reference should be made to Part B – Information on the consolidated balance sheet – Assets of the consolidated financial statements for further details of the various components and measurement criteria.

The following table summarises the different values recorded for changes occurring during 2010.

(millions of euro)

	TOTAL 2009 financial statements	Amortisation	TOTAL 2010 financial statements
<b>BANCA DEI TERRITORI</b>			
- Intangible asset management - distribution	167	-34	133
- Intangible assets insurance - distribution	48	-14	34
- Intangible core deposits	855	-57	798
- Intangible brand name	1,507	-	1,507
- Goodwill	4,690	-	4,690
<b>CORPORATE AND INVESTMENT BANKING</b>			
- Intangible brand name	502	-	502
- Goodwill	1,470	-	1,470
<b>TOTAL</b>			
- Intangible asset management - distribution	167	-34	133
- Intangible assets insurance - distribution	48	-14	34
- Intangible core deposits	855	-57	798
- Intangible brand name	2,009	-	2,009
- Goodwill	6,160	-	6,160

Intangible assets recognised include intangible assets linked to customers, represented by the measurement of asset management and insurance portfolio accounts (for the value component attributable to distribution) and to core deposits. Such assets, all with a finite life, are originally measured by discounting the income margin cash flows over a period which expresses the residual, contractual or estimated life of accounts existing at the time of the business combination.

The brand name, an intangible asset linked to marketing, was also measured. This asset is considered to have an indefinite life since it is expected to contribute for an indefinite period of time to the formation of income flows.

For the intangible assets with a finite life, the amortisation for the year was recognised to the income statement (under caption 180. Net adjustments to/recoveries on intangible assets) for a total of 105 million euro (approximately 71 million euro net of the related tax effect).

Based on IAS 36, both intangible assets with an indefinite useful life and goodwill are submitted to impairment testing on an annual basis to verify recoverability of their value. For intangible assets with a finite useful life, impairment must be calculated each time there is evidence of impairment indicators. The recoverable amount consists of the higher of the fair value less costs to sell and the value in use.

Lastly, it should be mentioned that IAS 36, for the purpose of calculating the value in use of intangibles subject to impairment testing, states that reference must be made to cash flows for the intangible asset in its current condition (as at the impairment test date), with no distinction between cash flows for the asset initially recognised on application of IFRS 3 and those deriving from later changes, improvements or developments since its acquisition. This because it would prove difficult, especially with regard to extraordinary transactions between businesses or changes in the asset following significant turnover in volumes, customers, contracts, etc., to separate flows relating to the original asset from others.

This concept can also be applied in impairment testing of goodwill to calculate the value in use of the CGUs, for which the cash flows have to be considered with regard to all assets and liabilities of that CGU and not only the assets and liabilities for which goodwill was recognised on application of IFRS 3.

As per the 2009 financial statements, the values in use were used in the impairment tests for the 2010 financial statements, given the instability of the financial markets and the available values for calculation of the recoverable amount.

Furthermore, the methods and assumptions of the impairment test procedures for intangible assets and goodwill defined by management were approved by the Management Board prior to approval of the draft financial statements for 2010.

## Impairment testing of intangibles

### Asset management portfolio

2010 was characterised by a continuing gradual increase in volumes compared to the end of 2009, in continuity with the recovery of asset-management activity that began more significantly in the second half of 2009. The trend for the year showed signs of a recovery in the main indicators for the sector compared to the situation in the previous year.

Nonetheless, on a conservative basis, considering the uncertain economic and capital market context seen in 2010, the arrangement employed in preparing the financial statements for previous years was replicated by conducting impairment tests on the basis of year-end figures. It should be recalled that the 2009 impairment test yielded positive results, meaning that it was not necessary to recognise impairment beyond depreciation and amortisation, whereas an impairment loss of 223 million euro gross of the tax effect (and of 152 million euro net of the tax effect) was identified in 2008.

For the 2010 financial statements, the amortisation for the year of the asset concerned was recognised to the income statement and, in consideration of the abovementioned indicators, impairment testing was then performed on the Eurizon Capital portfolio for the amount attributable to Parent Company distribution activity.

The result of the impairment test showed that the asset management intangible value is higher than the carrying value. Therefore, no recognition of impairment in the income statement is necessary for 2010.

### **Insurance portfolio**

The insurance portfolio also felt the impact of the financial crisis, though to a lesser extent than asset management, with volumes and profitability showing a significant recovery during 2009 and in the current year.

For the 2010 financial statements, the amortisation for the year of the asset concerned was recognised to the income statement and, despite the absence of any significant indicators of impairment, impairment testing was performed by means of a new measurement of the asset. The measurement was made in reference to the Eurizon Vita and Eurizon Life portfolios for the value component attributable to Parent Company distribution activity.

Impairment testing showed that the value of these intangible assets is higher than the amount recorded in the Parent Company's financial statements after deducting related amortisation and, therefore, no impairment need be recognised to the income statement.

### **Core deposits**

"Core deposits" are "customer-related intangibles", generally recorded in business combinations between banks. The intangible value of core deposits stems from the future benefits for the acquirer deriving from the lower funding cost compared to market parameters and from the more stable form of funding. Basically, the acquirer may use funding for its lending and investment activities which it pays less than the market interest rate.

For the 2010 financial statements the amortisation of the asset for the year was recognised to the income statement. In addition, as these are intangible assets with a finite life, as mentioned previously the existence of impairment indicators has to be verified; in this case impairment testing has to be performed. The area of reference for the purpose of impairment testing is represented by the contract types considered in the initial measurement of intangible assets for the balances as at 31 December 2010.

As already reported in Part B – Information on the consolidated balance sheet – Assets of the consolidated financial statements, no indicators were detected to imply that the intangible asset is impaired.

### **Brand name**

IFRS 3 considers the "brand name" a marketing-related intangible asset, which may be recorded at the time of purchase price allocation in business combinations.

For this purpose please note that the term "brand" is used in accounting standards with an extensive meaning and not as a synonym of trademark (the logo and the name). It is considered a general marketing term which defines a set of complementary intangible assets (in addition to the name and the logo, also the competencies, consumer trust, service quality, etc.) which concur to form brand equity.

The value recorded in the Intesa Sanpaolo financial statements refers to the Sanpaolo IMI brand recognised at the time of the Banca Intesa-Sanpaolo IMI merger.

As this intangible asset has no independent cash flows, for impairment testing purposes for the 2010 financial statements it was included in the verification of the retention of goodwill for the various CGUs and therefore reference should be made to Part B – Information on the consolidated balance sheet – Assets of the consolidated financial statements.

### **Impairment of CGUs and goodwill**

To verify impairment of intangible assets with an indefinite life (including goodwill) that do not generate cash flows unless jointly with other business, for the purpose of IAS 36, the estimate of value in use requires the preliminary assignment of such intangible assets to relatively independent organisational units, able to generate cash flows strongly independent of those produced in other business areas, but interdependent within the business unit generating them. In IAS/IFRS terminology such business units are known as Cash Generating Units (CGUs).

Specifically, the allocation of goodwill as at the date of the business combination takes into account the benefits produced by the synergies expected from the combination.

The CGUs of the Intesa Sanpaolo Group that have benefitted over time from the synergies created by the business combinations implemented and which have to various extents included goodwill values are:

- Banca dei Territori;
- Corporate & Investment Banking;
- Public Finance;
- Eurizon Capital;
- Banca Fideuram;
- International Subsidiary Banks.

More specifically, goodwill recognised to the Intesa Sanpaolo financial statements is in part attributed to the Banca dei Territori CGU and in part to the Corporate & Investment Banking CGU.

As CGU identification requires an analysis of the management characteristics and reporting methods used by management, and as the logic for strategic decision-making by management of the Parent Company is that of the Group as a whole and not only that of the Parent Company as an individual entity, the CGUs are identified in the consolidated financial statements.

Furthermore, as illustrated in the Accounting Policies, controlling investments are not treated, for impairment test purposes, as single assets to be individually subjected to testing. The definition of CGU, considering the organisational model adopted by Intesa Sanpaolo, disregards the breakdown of the legal entities, as the investments are combined, together with the operations

conducted directly by the Parent Company, into CGUs that are larger or that have a different structure. Therefore, the impairment test carried out at the consolidated level is also relevant at the separate financial statements level.

For an illustration of the impairment testing of this component, reference should be made to Part B - Information on the consolidated balance sheet - Assets of the consolidated financial statements.

A comparison of the values in use calculated and the book values of intangible assets with indefinite life, goodwill and controlling investments did not identify any impairment requirements.

## SECTION 13 – TAX ASSETS AND LIABILITIES – CAPTION 130 OF ASSETS AND CAPTION 80 OF LIABILITIES

### 13.1 Deferred tax assets: breakdown

(millions of euro)

Corresponding caption in income statement	31.12.2010		31.12.2009	
	IRES (27,5%)	IRAP (4,80%)	IRES (27,5%)	IRAP (4,80%)
<b>A. Temporary deductible differences</b>				
Adjustment to/Impairment of loans deductible in future years	477	-	447	-
<i>of which pertaining to countries of foreign branches</i>	4	-	4	-
Provisions for future charges	346	-	331	-
Higher tax value of equity investments, securities and other assets	67	2	64	2
<i>of which pertaining to countries of foreign branches</i>	1	-	1	-
Extraordinary charges for incentive-driven exit plans	-	-	-	-
Other	1,627	280	1,893	313
<b>B. Taxable temporary differences</b>				
Costs deducted off balance sheet (art. 109 TUIR)	4	8	3	7
Capital gains in instalments	196	-	294	1
Lower tax value of equity investments, securities and other assets	93	28	94	28
Other	45	7	59	8
<b>TOTAL</b>	<b>2,179</b>	<b>239</b>	<b>2,285</b>	<b>271</b>
<b>Corresponding caption in Shareholders' equity</b>				
Cash flow hedge	153	27	135	24
Recognition of actuarial gains/losses	-	-	-	-
Assets available for sale	15	2	-	-
Other reserves	3	1	-	-
<b>TOTAL</b>	<b>171</b>	<b>30</b>	<b>135</b>	<b>24</b>
<b>Total deferred tax assets</b>	<b>2,350</b>	<b>269</b>	<b>2,420</b>	<b>295</b>

## 13.2 Deferred tax liabilities: breakdown

(millions of euro)

Corresponding caption in income statement	31.12.2010		31.12.2009	
	IRES (27,5%)	IRAP (4,80%)	IRES (27,5%)	IRAP (4,80%)
<b>A. Taxable temporary differences</b>				
Costs deducted off balance sheet (art. 109 TUIR)	97	10	36	-
Lower tax value of securities and other assets <i>of which pertaining to countries of foreign branches</i>	273	8	276	8
Other	67	17	54	18
<b>B. Temporary deductible differences</b>				
years	-	-	-	-
Higher tax value of securities and other assets	-	-	-	-
Other	-	-	-	-
<b>TOTAL</b>	<b>437</b>	<b>35</b>	<b>366</b>	<b>26</b>
<b>Corresponding caption in Shareholders' equity</b>	<b>IRES (27,5%)</b>	<b>IRAP (4,80%)</b>	<b>IRES (27,5%)</b>	<b>IRAP (4,80%)</b>
Cash flow hedge	-	-	-	-
Reserve pursuant to Law 169/83	4	-	4	-
Reserve pursuant to Law 213/98	8	-	8	-
Assets available for sale	5	9	29	3
<b>TOTAL</b>	<b>17</b>	<b>9</b>	<b>41</b>	<b>3</b>
<b>Total deferred tax liabilities</b>	<b>454</b>	<b>44</b>	<b>407</b>	<b>29</b>

## 13.3 Changes in deferred tax assets (through profit and loss)

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Initial amount</b>	<b>2,556</b>	<b>2,128</b>
<b>2. Increases</b>	<b>810</b>	<b>1,359</b>
2.1 Deferred tax assets recognised in the period	284	274
a) related to previous years	110	-
b) due to changes in accounting criteria	-	-
c) writebacks	-	-
d) other	174	274
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	526	1,085
2.4 Business combinations	-	-
<b>3. Decreases</b>	<b>-948</b>	<b>-931</b>
3.1 Deferred tax assets eliminated in the period	-511	-295
a) reversals	-511	-295
b) write-offs due to expired recoverability	-	-
c) changes in accounting criteria	-	-
d) other	-	-
3.2 Tax rate reductions	-	-
3.3 Other decreases	-437	-561
3.4 Business combinations	-	-75
<b>4. Final amount</b>	<b>2,418</b>	<b>2,556</b>

Other increases refer to write-off of netting against deferred tax liabilities performed as at 31 December 2009 for 494 million euro.

Other decreases as at 31 December 2010 refer to the netting of deferred tax liabilities for the year of 381 million euro.

**13.4 Changes in deferred tax liabilities (through profit and loss)**

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Initial amount</b>	<b>392</b>	<b>930</b>
<b>2. Increases</b>	<b>589</b>	<b>1,165</b>
2.1 Deferred tax liabilities recognised in the period	85	27
<i>a) related to previous years</i>	-	-
<i>b) due to changes in accounting criteria</i>	-	-
<i>c) other</i>	85	27
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	504	1,135
2.4 Business combinations	-	3
<b>3. Decreases</b>	<b>-509</b>	<b>-1,703</b>
3.1 Deferred tax liabilities eliminated in the period	-117	-1,174
<i>a) reversals</i>	-116	-1,174
<i>b) due to changes in accounting criteria</i>	-	-
<i>c) other</i>	-1	-
3.2 Tax rate reductions	-	-
3.3 Other decreases	-392	-511
3.4 Business combinations	-	-18
<b>4. Final amount</b>	<b>472</b>	<b>392</b>

Other increases refer to write-off of netting against deferred tax assets performed as at 31 December 2009 for 494 million euro.

Other decreases as at 31 December 2010 refer to the netting of deferred tax assets for the year of 381 million euro.

**13.5 Changes in deferred tax assets (recorded in equity)**

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Initial amount</b>	<b>159</b>	<b>181</b>
<b>2. Increases</b>	<b>98</b>	<b>40</b>
2.1 Deferred tax assets recognised in the period	57	20
<i>a) related to previous years</i>	-	-
<i>b) due to changes in accounting criteria</i>	-	-
<i>c) other</i>	57	20
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	37	20
2.4 Business combinations	4	-
<b>3. Decreases</b>	<b>-56</b>	<b>-62</b>
3.1 Deferred tax assets eliminated in the period	-11	-10
<i>a) reversals</i>	-3	-
<i>b) write-offs</i>	-	-
<i>c) due to changes in accounting criteria</i>	-	-
<i>d) other</i>	-8	-10
3.2 Tax rate reductions	-	-
3.3 Other decreases	-45	-52
3.4 Business combinations	-	-
<b>4. Final amount</b>	<b>201</b>	<b>159</b>



**13.6 Changes in deferred tax liabilities (recorded in equity)**

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Initial amount</b>	<b>44</b>	<b>18</b>
<b>2. Increases</b>	<b>74</b>	<b>60</b>
2.1 Deferred tax liabilities recognised in the period	37	1
<i>a) related to previous years</i>	-	-
<i>b) due to changes in accounting criteria</i>	-	-
<i>c) other</i>	37	1
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	37	59
2.4 Business combinations	-	-
<b>3. Decreases</b>	<b>-92</b>	<b>-34</b>
3.1 Deferred tax liabilities eliminated in the period	-46	-2
<i>a) reversals</i>	-4	-1
<i>b) due to changes in accounting criteria</i>	-	-
<i>c) other</i>	-42	-1
3.2 Tax rate reductions	-	-
3.3 Other decreases	-46	-32
3.4 Business combinations	-	-
<b>4. Final amount</b>	<b>26</b>	<b>44</b>

**Probability test on deferred taxation**

IAS 12 requires that deferred tax assets and liabilities be recognised according to the following criteria:

- taxable temporary differences: a deferred tax liability must be recognised for all taxable temporary differences;
- deductible temporary differences: a deferred tax asset must be recognised for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised. Deferred tax assets not recognised in a given year - inasmuch as the requirements for recognition have not been met - must be recognised during the year in which those requirements are met.

The carrying amount of deferred tax assets must therefore be tested each year to determine whether it is reasonably certain that taxable income will be earned in the future and thus that the deferred tax assets may be recovered.

Given the significant amount of deferred tax assets recorded in Intesa Sanpaolo's financial statements, including the 2010 financial statements, as for previous financial statements, an analysis was conducted to verify projections of future profitability sufficient to ensure the recovery of those deferred tax assets and thus justify recognising and continuing to carrying them (a procedure known as a "probability test").

In detail, the test consisted of:

- a) analysing the deferred tax assets and liabilities carried in the financial statements, distinguishing them by type of origin and thus by foreseeable recovery timing;
- b) forecasting the Company's future profitability in order to verify the capacity of recovery of the deferred tax assets recognised.

As almost all Italian companies of the Group participate in the national tax consolidation programme, the analysis highlighted a taxable base that was more than sufficient and adequate to recover the deferred tax assets carried in the Parent Company's financial statements as at 31 December 2010.

**13.7 Other information**

There is no other information to be provided in addition to that already contained in this Section.

**SECTION 14 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES -  
CAPTION 140 OF ASSETS AND CAPTION 90 OF LIABILITIES**
**14.1 Non-current assets held for sale and discontinued operations: breakdown by type of asset**

(millions of euro)

	31.12.2010	31.12.2009
<b>A. Non-current assets held for sale</b>		
A.1 Financial assets	-	-
A.1 Equity investments	-	529
A.2 Property and equipment	13	-
A.3 Intangible assets	-	-
A.4 Other non-current assets	-	-
<b>Total A</b>	<b>13</b>	<b>529</b>
<b>B. Discontinued operations</b>		
B.1 Financial assets held for trading	-	-
B.2 Financial assets designated at fair value through profit and loss	-	-
B.3 Financial assets available for sale	-	-
B.4 Investments held to maturity	-	-
B.5 Due from banks	-	5,151
B.6 Loans to customers	-	437
B.7 Equity investments	-	-
B.8 Property and equipment	-	-
B.9 Intangible assets	-	159
B.10 Other	-	174
<b>Total B</b>	<b>-</b>	<b>5,921</b>
<b>C. Liabilities associated with non-current assets held for sale</b>		
C.1 Debts	-	-
C.2 Securities	-	-
C.3 Other	-	-
<b>Total C</b>	<b>-</b>	<b>-</b>
<b>D. Liabilities associated with discontinued operations</b>		
D.1 Due to banks	-	445
D.2 Due to customers	-	4,987
D.3 Securities issued	-	-
D.4 Financial liabilities held for trading	-	-
D.5 Financial liabilities designated at fair value through profit and loss	-	-
D.6 Allowances	-	1
D.7 Other	-	288
<b>Total D</b>	<b>-</b>	<b>5,721</b>

Property and equipment refer to buildings in Berlin and Frankfurt classified under discontinued operations.

**14.2 Other information**

There is no information further to that already indicated in the previous table.

**14.3 Information on companies subject to significant influence not carried at equity**

No interest income on financial lease receivables was recorded.

## SECTION 15 – OTHER ASSETS – CAPTION 150

## 15.1 Other assets: breakdown

(millions of euro)

	<b>TOTAL</b>
Amounts to be debited - under processing	798
Amounts to be debited - deriving from securities transactions	1
Bank cheques drawn on third parties to be settled	1
Transit items	82
Checks and other instruments held	6
Leasehold improvements	47
Due from Group companies on fiscal consolidation	77
Other	2,947
<b>TOTAL 31.12.2010</b>	<b>3,959</b>
<b>TOTAL 31.12.2009</b>	<b>7,660</b>

## LIABILITIES

### SECTION 1 – DUE TO BANKS – CAPTION 10

#### 1.1 Due to banks: breakdown

	(millions of euro)	
	31.12.2010	31.12.2009
<b>1. Due to Central Banks</b>	<b>8,592</b>	<b>7,732</b>
<b>2. Due to banks</b>	<b>85,223</b>	<b>85,428</b>
2.1 Current accounts and deposits	6,847	11,648
2.2 Time deposits	63,401	65,005
2.3 Loans	14,961	8,739
2.3.1 Repurchase agreements	11,451	5,839
2.3.2 Other	3,510	2,900
2.4 Debts for commitments to repurchase own equity instruments	-	-
2.5 Other debts	14	36
<b>TOTAL</b>	<b>93,815</b>	<b>93,160</b>
<b>Fair value</b>	<b>93,718</b>	<b>93,126</b>

The illustration of the criteria to determine fair value is contained in Part A – Accounting policies.  
Reverse repurchase agreements related to financial assets sold not derecognised are detailed in Part E – Section C.2.

#### 1.2 Breakdown of caption 10 Due to banks: subordinated debts

The complete list of subordinated debts is presented in Part F – Information on capital. As at 31 December 2010 Intesa Sanpaolo had no subordinated debts to banks.

#### 1.3 Breakdown of caption 10 Due to banks: structured debts

As at 31 December 2010 Intesa Sanpaolo has structured debts totalling 26 million euro.

#### 1.4 Due to banks with specific hedges

	(millions of euro)	
	31.12.2010	31.12.2009
<b>1. Due to banks with specific fair value hedges</b>	<b>4,876</b>	<b>3,267</b>
a) Interest rate risk	4,610	3,068
b) Foreign exchange risk	-	-
c) Various risks	266	199
<b>2. Due to banks with specific cash flow hedges</b>	<b>-</b>	<b>45</b>
a) Interest rate risk	-	45
b) Foreign exchange risk	-	-
c) Other	-	-
<b>TOTAL</b>	<b>4,876</b>	<b>3,312</b>

#### 1.5 Financial lease payables

Intesa Sanpaolo has no financial leases with banks.

**SECTION 2 – DUE TO CUSTOMERS – CAPTION 20****2.1 Due to customers: breakdown**

	(millions of euro)	
	31.12.2010	31.12.2009
1. Current accounts and deposits	80,787	82,961
2. Time deposits	22,067	19,788
3. Loans	13,696	9,480
3.1 Repurchase agreements	8,516	4,230
3.2 Other	5,180	5,250
4. Debts for commitments to repurchase own equity instruments	-	-
5. Other debts	2,157	714
<b>TOTAL</b>	<b>118,707</b>	<b>112,943</b>
<b>Fair value</b>	<b>118,683</b>	<b>112,943</b>

Reverse repurchase agreements related to assets sold not derecognised are detailed in Part E - Section C.2.

Loans - other includes 1,646 million euro regarding the exposure on the sale of loans related to the Sec 3 securitisation. For additional details, see Part E – Section C of the Notes.

**2.2 Breakdown of caption 20 Due to customers: subordinated debts**

The complete list of subordinated debts is presented in Part F – Information on capital. The amount included under Due to customers totalled 528 million euro.

**2.3 Breakdown of caption 20 Due to customers: structured debts**

As at 31 December 2010 Intesa Sanpaolo had no structured debts to customers.

**2.4 Due to customers with specific hedges**

	(millions of euro)	
	31.12.2010	31.12.2009
<b>1. Due to banks with specific fair value hedges</b>	<b>528</b>	<b>1,595</b>
a) Interest rate risk	528	1,595
b) Foreign exchange risk	-	-
c) Various risks	-	-
<b>2. Due to banks with specific cash flow hedges</b>	<b>-</b>	<b>-</b>
a) Interest rate risk	-	-
b) Foreign exchange risk	-	-
c) Other	-	-
<b>TOTAL</b>	<b>528</b>	<b>1,595</b>

**2.5 Financial lease payables****2.5.1 Financial lease payables: breakdown by time interval**

	(millions of euro)	
	31.12.2010	31.12.2009
<b>Finance lease payables</b>		
a) within 1 year	1	-
b) between 1 and 5 years	3	2
c) over 5 years	3	5
<b>TOTAL</b>	<b>7</b>	<b>7</b>

## SECTION 3 – SECURITIES ISSUED - CAPTION 30

## 3.1 Securities issued: breakdown

(millions of euro)

	31.12.2010				31.12.2009			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>A. Securities</b>								
1. bonds	113,076	44,459	66,129	-	119,296	41,311	77,537	-
1.1 structured	11,379	70	11,089	-	15,880	-	15,855	-
1.2 other	101,697	44,389	55,040	-	103,416	41,311	61,682	-
2. other	15,177	-	15,177	-	18,217	-	18,217	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	15,177	-	15,177	-	18,217	-	18,217	-
<b>TOTAL</b>	<b>128,253</b>	<b>44,459</b>	<b>81,306</b>	<b>-</b>	<b>137,513</b>	<b>41,311</b>	<b>95,754</b>	<b>-</b>

Embedded derivatives that have satisfied the conditions set forth by IAS 39 as at their issue date for separation from the host contract as at 31 December 2010 have a negative fair value of 656 million euro.

The illustration of the criteria to determine fair value is contained in Part A – Accounting policies.

## 3.2 Breakdown of caption 30 Securities issued: subordinated securities

The complete list of subordinated securities is presented in Part F – Information on capital. Securities issued includes subordinated securities amounting to 23,019 million euro.

## 3.3 Breakdown of caption 30 Securities issued: securities with specific hedges

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Securities with specific fair value hedges</b>	<b>78,079</b>	<b>82,317</b>
a) Interest rate risk	73,654	79,760
b) Foreign exchange risk	-	-
c) Various risks	4,425	2,557
<b>2. Securities with specific cash flow hedges</b>	<b>104</b>	<b>-</b>
a) Interest rate risk	104	-
b) Foreign exchange risk	-	-
c) Other	-	-
<b>TOTAL</b>	<b>78,183</b>	<b>82,317</b>

## SECTION 4 – FINANCIAL LIABILITIES HELD FOR TRADING – CAPTION 40

## 4.1 Financial liabilities held for trading: breakdown

(millions of euro)

	31.12.2010					31.12.2009				
	Nominal or notional value	Fair value			Fair value (*)	Nominal or notional value	Fair value			Fair value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
<b>A. CASH LIABILITIES</b>										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	186	185	-	-	185	89	94	-	-	-
3. Debt securities	-	-	-	-	X	-	-	-	-	X
3.1 Bonds	-	-	-	-	X	-	-	-	-	X
3.1.1 structured	-	-	-	-	X	-	-	-	-	X
3.1.2 other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
3.2.1 structured	-	-	-	-	X	-	-	-	-	X
3.2.2 other	-	-	-	-	X	-	-	-	-	X
<b>Total A</b>	<b>186</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>185</b>	<b>89</b>	<b>94</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. DERIVATIVES</b>										
1. Financial derivatives	X	-	9,595	81	X	X	-	9,570	-	X
1.1 Trading	X	-	8,877	3	X	X	-	8,678	-	X
1.2 Fair value option	X	-	12	-	X	X	-	12	-	X
1.3 Other	X	-	706	78	X	X	-	880	-	X
2. Credit derivatives	X	90	144	432	X	X	-	341	458	X
2.1 Trading	X	90	144	432	X	X	-	341	458	X
2.2 Fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
<b>Total B</b>	<b>X</b>	<b>90</b>	<b>9,739</b>	<b>513</b>	<b>X</b>	<b>X</b>	<b>-</b>	<b>9,911</b>	<b>458</b>	<b>X</b>
<b>TOTAL (A+B)</b>	<b>X</b>	<b>275</b>	<b>9,739</b>	<b>513</b>	<b>X</b>	<b>X</b>	<b>94</b>	<b>9,911</b>	<b>458</b>	<b>X</b>

(\*) Fair value calculated excluding changes in creditworthiness of the issuer after issue date.

The caption A.2 Due to customers consists entirely of short positions.

## 4.2 Breakdown of caption 40 Financial liabilities held for trading: subordinated liabilities

Intesa Sanpaolo has no subordinated liabilities classified under Financial liabilities held for trading.

## 4.3 Breakdown of caption 40 Financial liabilities held for trading: structured debts

Intesa Sanpaolo has no structured debts classified under Financial liabilities held for trading.

## 4.4 Financial cash liabilities (excluding "short selling") held for trading: annual changes

Financial cash liabilities held for trading is exclusively made up of short positions.

## SECTION 5 – FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS – CAPTION 50

Not applicable to Intesa Sanpaolo.

## SECTION 6 - HEDGING DERIVATIVES – CAPTION 60

## 6.1. Hedging derivatives: breakdown by type of hedge and hierarchical level

(millions of euro)

	Fair value 31.12.2010			Notional value	Fair value 31.12.2009			Notional value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>A. Financial derivatives</b>	-	<b>2,281</b>	-	<b>51,007</b>	-	<b>2,127</b>	-	<b>44,810</b>
1. Fair value	-	1,308	-	46,463	-	1,598	-	40,519
2. Cash flows	-	973	-	4,544	-	529	-	4,291
3. Foreign investments	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	-	-	-	-	-	-	-	-
1. Fair value	-	-	-	-	-	-	-	-
2. Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>2,281</b>	-	<b>51,007</b>	-	<b>2,127</b>	-	<b>44,810</b>

## 6.2. Hedging derivatives: breakdown by hedged portfolio and type of hedge

(millions of euro)

Operations/Type of hedge	Fair value						Cash flow		Foreign investm.
	Specific					Generic	Specific	Generic	
	interest rate risk	foreign exchange risk	credit risk	price risk	various risks				
1. Financial assets available for sale	-	-	-	-	-	X	-	X	X
2. Loans	201	-	-	X	-	X	-	X	X
3. Investments held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	19	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	<b>201</b>	-	-	-	-	<b>19</b>	-	-	-
1. Financial liabilities	561	-	-	X	403	X	2	X	X
2. Portfolio	X	X	X	X	X	124	X	971	X
<b>Total liabilities</b>	<b>561</b>	-	-	-	<b>403</b>	<b>124</b>	<b>2</b>	<b>971</b>	-
1. Forecast transactions	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	X	-	-

The table indicates negative fair values of hedging derivatives, broken down in relation to asset or liability hedged and type of hedge.

These mainly refer to specific fair value hedges of liabilities issued and generic cash flow hedge derivatives of portfolios of liabilities. These cash flow hedges refer to floating rate securities used to fund fixed rate investments.

There are also specific fair value hedges of loans and generic fair value hedges of core deposits.

## SECTION 7 - FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS – CAPTION 70

## 7.1. Fair value change of financial liabilities in hedged portfolios: breakdown by hedged portfolios

(millions of euro)

	31.12.2010	31.12.2009
1. Positive fair value change of financial liabilities	1,133	1,275
2. Negative fair value change of financial liabilities	-92	-109
<b>TOTAL</b>	<b>1,041</b>	<b>1,166</b>



**7.2. Financial liabilities hedged by macrohedging of interest rate risk: breakdown**

(millions of euro)

	31.12.2010	31.12.2009
1. Debts	-	-
2. Portfolio	22,525	26,263
<b>TOTAL</b>	<b>22,525</b>	<b>26,263</b>

The balance of the changes in value of liabilities subject to macrohedging (MCH) against interest rate risk is recorded in this caption. Taking advantage of the option that emerged in the definition of the IAS 39 carve out, the Bank adopted the above macrohedging only for the hedging of core deposits.

**SECTION 8 – TAX LIABILITIES – CAPTION 80**

For information on this section, see Section 13 of Assets.

**SECTION 9 - LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS – CAPTION 90**

There are no liabilities associated with non-current assets held for sale and discontinued operations as at the reference date.

**SECTION 10 – OTHER LIABILITIES – CAPTION 100****10.1 Other liabilities: breakdown**

(millions of euro)

	31.12.2010
Due to suppliers	393
Amounts due to third parties	76
Transit items	78
Adjustments for portfolio items to be settled	172
Amounts to be credited and items under processing	1,268
Personnel charges	459
Due to social security entities	117
Guarantees given and commitments	259
Due to Group companies on fiscal consolidation	244
Due to tax authorities	132
Other	1,265
<b>TOTAL 31.12.2009</b>	<b>4,463</b>
<b>TOTAL 31.12.2008</b>	<b>7,725</b>

## SECTION 11 – EMPLOYEE TERMINATION INDEMNITIES – CAPTION 110

## 11.1 Employee termination indemnities: annual changes

	(millions of euro)	
	31.12.2010	31.12.2009
<b>A. Initial amount</b>	<b>602</b>	<b>861</b>
<b>B. Increases</b>	<b>90</b>	<b>129</b>
B.1 Provisions in the year	26	30
B.2 Other	64	99
<i>of which business combinations</i>	-	41
<b>C. Decreases</b>	<b>-86</b>	<b>-388</b>
C.1 Benefits paid	-69	-77
C.2 Other	-17	-311
<i>of which business combinations</i>	-	-257
<b>D. Final amount</b>	<b>606</b>	<b>602</b>

C.1 refers to benefits paid as at 31 December 2010.

## 11.2 Other information

The value of employee termination indemnities qualifying as unfunded defined benefit plans totalled 578 million euro at the end of 2010, while at the end of 2009 it amounted to 606 million euro.

Actuarial gains not recognised in the income statement, in application of the "corridor approach", totalled 28 million euro.

## SECTION 12 – ALLOWANCES FOR RISKS AND CHARGES – CAPTION 120

## 12.1 Allowances for risks and charges: breakdown

	(millions of euro)	
	31.12.2010	31.12.2009
<b>1. Post employment benefits</b>	<b>277</b>	<b>264</b>
<b>2. Other allowances for risks and charges</b>	<b>1,400</b>	<b>1,471</b>
2.1 Legal disputes	579	666
2.2 Personnel charges	266	236
2.3 Other	555	569
<b>TOTAL</b>	<b>1,677</b>	<b>1,735</b>

The contents of 2. Other allowances for risks and charges are illustrated in point 12.4 below.

**12.2 Allowances for risks and charges: annual changes**

(millions of euro)

	Post employment benefits	Other allowances	Total
<b>A. Initial amount</b>	<b>264</b>	<b>1,471</b>	<b>1,735</b>
<b>B. Increases</b>	<b>41</b>	<b>465</b>	<b>506</b>
B.1 Provisions in the year	28	420	448
B.2 Time value changes	12	16	28
B.3 Changes due to discount rate variations	-	2	2
B.4 Other	1	27	28
<i>of which business combinations</i>	-	-	-
<b>C. Decreases</b>	<b>-28</b>	<b>-536</b>	<b>-564</b>
C.1 Uses in the year	-25	-303	-328
C.2 Changes due to discount rate variations	-	-	-
C.3 Other	-3	-233	-236
<i>of which business combinations</i>	-	-	-
<b>D. Final amount</b>	<b>277</b>	<b>1,400</b>	<b>1,677</b>

B.1 Provisions in the year consist of 201 million euro to caption 160 of the income statement and other income statement captions for the remaining amount.

The decrease in "Other allowances" includes transfer to other liabilities of the certain portion of charges recorded for incentive-driven exit plans.

**12.3 Post employment defined benefit plans****1. Illustration of the funds**

As already illustrated in Part A – Accounting policies, for defined benefit plans, the liability of the Bank, according to IAS 19 "Employee Benefits", is determined via the "projected unit credit method" by an independent actuary.

The defined benefit plans, in which Intesa Sanpaolo S.p.A. is jointly responsible, can be distinguished in:

- internal supplementary pension funds;
- external supplementary pension funds.

Internal funds include:

- Supplementary pension fund for tax-collection personnel formerly employed by Cariplo: the fund was established in implementation of collective agreements to guarantee the payment of integrations for personnel formerly in service at Cariplo passed to Esatri Esazione Tributi S.p.A. and operates solely via defined benefits in favour of employees already retired as at 31 December 2000. The size of the integration is determined, on the basis of payment criteria and in compliance with the principle of capitalisation, from the conversion of the capital matured by each plan participant at the time of retirement;
- Supplementary pension fund for employees of Mediocredito Lombardo "Trattamento integrativo delle pensioni di legge a favore dei dipendenti del Mediocredito Lombardo": the fund involves all employees of Mediocredito Lombardo S.p.A. in service on 1 January 1967 or employed until 28 April 1993. Starting from 24 April 1993, with the enactment of the Law introducing pension funds (Legislative Decree 124 of 21 April 1993), personnel hired by Mediocredito Lombardo no longer joined this fund. The supplementary pension is determined as the difference between 80% of the last theoretical wage for pension purposes, adjusted to consider if the employee matured or not 35 years of service at the company and the size of the pension matured according to the law; in any case the supplementary pension may not exceed an amount determined annually. An agreement was signed with Trade Unions in 2006 that set out the transformation of the regime for beneficiaries in service from "defined benefit" to "defined contribution". For employees in service and so-called "deferred beneficiaries" (who ceased service but have a right to future supplementary benefits) a lump sum has been identified which, based on the options exercised by the beneficiaries, was transferred to supplementary pension funds or collected by beneficiaries. After this transaction, the "employee in service" section was extinguished. The agreement with Trade Unions also provides for a process – still to be activated – destined for proposal to pensioners, exceptionally involving one-off payments to liquidate their pension position;
- Supplementary pension fund for top management of Banca Commerciale Italiana "Trattamento pensionistico complementare per i membri della Direzione Centrale della Banca Commerciale Italiana": the fund refers to integrative provisions allocated until a certain date on the basis of an institutive resolution made by the Board of Directors on 30 October 1963 in favour of top management of Banca Commerciale Italiana. The benefit is determined on the basis of a coefficient which is the combination of two parameters, age and period in the specific post. The integration is the difference between the total guaranteed pension treatment (measured by multiplying the coefficient by the annual compensation received at the cease of service with the exclusion of any variable components) and the gross annual pension, matured on the basis of the "Assicurazione generale obbligatoria" (AGO), and of "Fondo di Previdenza Integrativo Aziendale". In 2006, following the start of the liquidation of "Fondo pensione per il personale della Banca Commerciale Italiana", the Bank took over the charge corresponding to the difference between the value of the benefit borne by AGO and the higher value of the contractual commitment for the beneficiaries requesting liquidation;

- three defined benefit plans in force at the London branch, relating to the former Cariplo, Banca Commerciale Italiana and Banco Ambrosiano Veneto branches. The private pension funds have been set up by the UK employers to integrate the levels of the local state pension, which has always been very low. The London branches of Banca Commerciale Italiana, Cariplo and Banco Ambrosiano Veneto set up defined benefit plans for their employees at the time of their opening, under the form of Trusts incorporated under English law and managed by Boards of Trustees, appointed partly by the employers and partly by beneficiaries. Such funds are operational for employees hired until the end of 1999 for Banco Ambrosiano Veneto and Cariplo and until the end of 2000 for Banca Commerciale Italiana. In general, all funds guarantee a pension payable when the beneficiary turns 65 and the benefit is determined, with different rules for the various funds, on the basis of the annual gross wage received in the last year of service.

External funds include:

- Supplementary pension fund for employees of Istituto Bancario San Paolo di Torino “Cassa di Previdenza Integrativa per il Personale dell’Istituto Bancario San Paolo di Torino”, a fund with legal status, full economic independence and independent asset management;
- Complementary pension fund for the Employees of Banco di Napoli “Fondo di Previdenza Complementare per il Personale del Banco di Napoli – Sezione A”, an entity with legal status and independent asset management. The fund includes the following: employees enrolled in the plan and other beneficiaries from the former Banco di Napoli; retired employees receiving Supplementary Pension Cheques, formerly the SANPAOLO IMI internal fund; employees of the Cassa di Risparmio di Bologna, formerly enrolled in the Complementary Pension Fund for Employees of that bank, transferred to the Complementary Pension Fund for the Employees of Banco di Napoli in 2004; current and retired employees of Banca Popolare dell’Adriatico, formerly enrolled in the Company Pension Fund for employees of the former Banca Popolare dell’Adriatico, transferred to the Fund in question on 30 June 2006; and retired employees enrolled in the former Carive internal fund, transferred to the Fund in question on 1 January 2008;
- pension fund for employees of former Crediop hired before 30 September 1989, a fund with legal status and full economic independence;
- pension fund for the employees of Cariplo, a fund with legal status and full economic independence, whose aim is to guarantee supplementary pension treatment in addition to AGO cheques to former Cariplo employees already retired on 30 June 1998;
- a defined benefit plan at the New York branch: the fund was established in 1977 by the branch of Banca Commerciale Italiana and guarantees a pension treatment to all the employees resident in the United States who have been in service at the Bank for at least 5 years. The benefit is considered to be matured even if the employment relationship ceases in advance. The benefit is calculated on the basis of the highest average wage considering three consecutive years out of the last 10 years of service, or, if the employment relationship ceases before, on the basis of the average wage in the last three years of service. The fund is no longer managed by the New York branch, but has been fully transferred to the Prudential Fund (a defined benefit plan that manages the positions of members).

## 2. Changes in the year of the funds

(millions of euro)

Defined benefit obligations	31.12.2010			31.12.2009		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
<b>Initial amount</b>	<b>606</b>	<b>160</b>	<b>2,598</b>	<b>848</b>	<b>140</b>	<b>2,585</b>
Current service costs	2	1	19	-	1	18
Recognised past service costs	-	-	-	-	-	-
Unrecognised past service costs	-	-	-	-	-	-
Interest costs	24	7	119	30	8	123
Recognised actuarial losses	-	-	2	-	-	18
Unrecognised actuarial losses	-	1	1	18	17	91
Positive exchange differences	-	2	1	-	3	-
Increases - business combinations	-	-	-	41	-	-
Participants' contributions	-	-	-	-	-	-
Recognised actuarial gains	-	-	-6	-	-	-
Unrecognised actuarial gains	-33	-3	-90	-	-	-
Negative exchange differences	-	-	-	-	-	-
Benefits paid	-69	-9	-203	-77	-9	-237
Decreases - business combinations	-	-	-	-257	-	-
Curtailments of the fund	-	-	-	-	-	-
Settlements of the fund	-	-	-	-	-	-
Other increases	64	-	40	57	-	-
Other decreases	-16	-14	-	-54	-	-
<b>Final amount</b>	<b>578</b>	<b>145</b>	<b>2,481</b>	<b>606</b>	<b>160</b>	<b>2,598</b>
<b>Total unrecognised actuarial gains</b>	<b>-33</b>	<b>-3</b>	<b>-90</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total unrecognised actuarial losses</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>18</b>	<b>17</b>	<b>91</b>

Liabilities of the defined benefit obligations pension plan	31.12.2010			31.12.2009		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
Unfunded plans	578	44	-	606	50	-
Partly funded plans	-	-	-	-	-	-
Wholly funded plans	-	101	2,481	-	110	2,598

On the basis of actuarial calculations, the present value of the defined benefit obligations, excluding Employee termination indemnities, was as follows.

## Internal plans:

- 27 million euro referred to the Supplementary pension fund for tax-collection personnel formerly employed by Cariplo, entirely contributed by Intesa Sanpaolo S.p.A.;
- 31 million euro referred to the Supplementary pension fund for top management of Banca Commerciale Italiana, entirely contributed by Intesa Sanpaolo S.p.A.;
- 13 million euro referred to the Supplementary pension fund for employees of Mediocredito Lombardo, entirely contributed by Intesa Sanpaolo S.p.A.;
- 74 million euro referred to defined benefit plans at the London branch, entirely contributed by Intesa Sanpaolo S.p.A.

## External plans:

- 1,126 million euro referred to the Pension fund "Cassa di Previdenza" for employees of Istituto Bancario San Paolo di Torino (976 million euro pertaining to Intesa Sanpaolo S.p.A.);
- 533 million euro referred to the Complementary Pension Fund for the Employees of Banco di Napoli (361 million euro pertaining to Intesa Sanpaolo S.p.A.);
- 31 million euro referred to Pension fund for employees of former Crediop hired before 30 September 1989; entirely contributed by Intesa Sanpaolo S.p.A.;
- 776 million euro referred to Pension fund for employees of Cariplo, entirely contributed by Intesa Sanpaolo S.p.A.;
- 15 million euro referred to defined benefit plans at the New York branch, entirely contributed by Intesa Sanpaolo S.p.A..

**3. Changes in the year of plan assets and other information**

(millions of euro)

Plan assets	31.12.2010		31.12.2009	
	Internal plans	External plans	Internal plans	External plans
<b>Initial amount</b>	<b>93</b>	<b>2,410</b>	<b>81</b>	<b>2,411</b>
Expected return	5	109	5	114
Recognised actuarial losses	-	-23	-	-2
Unrecognised actuarial losses	-1	-7	-1	-13
Positive exchange differences	1	1	3	-
Increases- business combinations	-	-	-	-
Employer contributions	3	-	2	1
Participants' contributions	-	-	-	-
Recognised actuarial gains	-	3	-	4
Unrecognised actuarial gains	3	-	7	51
Negative exchange differences	-	-	-	-
Decreases - business combinations	-	-	-	-
Benefits paid	-4	-203	-5	-237
Curtailments of the fund	-	-	-	-
Settlements of the fund	-	-	-	-
Other changes	-15	83	1	81
<b>Final amount</b>	<b>85</b>	<b>2,373</b>	<b>93</b>	<b>2,410</b>
<b>Total unrecognised actuarial gains</b>	<b>3</b>	<b>-</b>	<b>7</b>	<b>51</b>
<b>Total unrecognised actuarial losses</b>	<b>-1</b>	<b>-7</b>	<b>-1</b>	<b>-13</b>

The final amount of internal plans was broken down as follows:

- 24 million euro referred to Supplementary pension fund for tax-collection personnel formerly employed by Cariplo;
- 61 million euro referred to defined benefit plans at the London branch;

The final amount of external plans was broken down as follows:

- 909 million euro referred to the Pension Fund (Cassa di Previdenza) for employees of the Istituto Bancario San Paolo di Torino;
- 558 million euro referred to the Complementary Pension Fund for the Employees of Banco di Napoli;
- 32 million euro referred to the Pension fund for employees of former Crediop hired before 30 September 1989;
- 858 million euro referred to the Pension fund for employees of Cariplo.
- 16 million euro referred to defined benefit plans at the New York branch.

(millions of euro)

	31.12.2010				31.12.2009			
	Internal plans	%	External plans	%	Internal plans	%	External plans	%
Equities and equity funds	41	48.2	418	17.6	38	40.9	341	14.1
Debt securities and bond investment funds	25	29.4	1,320	55.6	26	28.0	1,454	60.3
Real estate assets and equity shareholdings in real estate companies	5	5.9	467	19.7	3	3.2	469	19.5
Insurance activities	-	-	-	-	15	16.1	-	-
Other assets	14	16.5	168	7.1	11	11.8	146	6.1
<b>TOTAL</b>	<b>85</b>	<b>100.0</b>	<b>2,373</b>	<b>100.0</b>	<b>93</b>	<b>100.0</b>	<b>2,410</b>	<b>100.0</b>

#### 4. Reconciliation of present value of the defined benefit obligation, present value of plan assets and assets and liabilities recognised in the balance sheet

(millions of euro)

	31.12.2010			31.12.2009		
	Employee termination indemnities	Internal plans	External plans	Employee termination indemnities	Internal plans	External plans
1. Present value of the defined benefit obligations	578	145	2,481	606	160	2,598
2. Fair value of the plan assets	-	-85	-2,373	-	-93	-2,410
<b>A. Fund status</b>	<b>578</b>	<b>60</b>	<b>108</b>	<b>606</b>	<b>67</b>	<b>188</b>
1. Unrecognised actuarial gains (sum of cumulated gains)	28	3	-	-	1	1
2. Unrecognised actuarial losses (sum of cumulated losses)	-	-4	-105	-4	-9	-107
3. Unrecognised past service costs	-	-	-	-	-	-
4. Unrecognised assets because not reimbursable	-	-	205	-	-	113
5. Fair value of assets reimbursable by third parties	-	-	-	-	-	-
<b>B. Total</b>	<b>28</b>	<b>-1</b>	<b>100</b>	<b>-4</b>	<b>-8</b>	<b>7</b>
<b>Recognised assets</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>-</b>
<b>Recognised liabilities</b>	<b>606</b>	<b>82</b>	<b>208</b>	<b>602</b>	<b>90</b>	<b>195</b>

In internal funds, both assets and liabilities are recorded in the financial statements of the Bank which stipulated the agreements which regulate the Funds, with the exception of actuarial gains/losses which are divided between the Banks jointly responsible. The portions of liabilities posted by Intesa Sanpaolo S.p.A. totalled:

- 24 million euro referred to the Supplementary pension fund for tax-collection personnel formerly employed by Cariplo;
- 32 million euro referred to the Supplementary pension fund for top management of Banca Commerciale Italiana;
- 15 million euro referred to the Supplementary pension fund for employees of Mediocredito Lombardo;
- 11 million euro referred to defined benefit plans at the London branch.

Concerning external funds, the portions of liabilities posted by Intesa Sanpaolo totalled:

- 177 million euro referred to the Pension Fund (Cassa di Previdenza) for employees of the Istituto Bancario San Paolo di Torino;
- 1 million euro referred to defined benefit plans at the New York branch.

For the Pension fund for employees of Cariplo, no liability is recorded since plan assets exceed the liability to beneficiaries.

In addition to the liabilities described above, additional provisions for risks and charges were made in order to cover risks as follows:

- 5 million euro to cover forecasts of liquidation of several minor funds
- 12 million euro to cover settlement of the technical imbalance of the former Credioop Fund (1 million) and the former Banco di Napoli Fund (11 million), given the immediate coverage obligation envisaged by the articles of association of the funds.

#### 5. Description of the main actuarial assumptions

Actuarial assumptions	31.12.2010				31.12.2009			
	Discount rate	Expected yield rates	Expected increase in salaries (a)	Annual inflation rate	Discount rate	Expected yield rates	Expected increase in salaries	Annual inflation rate
<b>EMPLOYEE TERMINATION INDEMNITIES</b>	4.6%	X	3.5%	2.0%	4.0%	X	3.5%	2.0%
<b>INTERNAL PLANS</b>	4.1%	2.1%	1.4%	2.0%	4.8%	5.3%	3.8%	2.4%
<b>EXTERNAL PLANS</b>	6.6%	6.4%	2.0%	2.0%	4.6%	4.8%	1.5%	2.0%

<sup>(a)</sup> Net of career developments.

**12.4 Allowances for risks and charges – Other allowances**

(millions of euro)

	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>2. Other allowances</b>		
2.1 legal disputes	579	666
2.2 personnel charges	266	236
<i>incentive-driven exit plans</i>	-	150
<i>employee seniority bonuses</i>	79	77
<i>other personnel expenses</i>	187	9
2.3 other risks and charges	555	569
<i>customers' complaints on Cirio, Argentina and Parmalat placements</i>	-	8
<i>other</i>	555	561
<b>TOTAL</b>	<b>1,400</b>	<b>1,471</b>

Other allowances refers to:

- Legal disputes: the allowance was set up mainly to cover expected outlay for litigation and other revocatory action;
- Personnel charges: the allowance includes charges for employee seniority bonuses, calculated on the basis of actuarial assumptions, provisions for annual bonuses and VAP premiums and other charges;
- Other risks and charges: these refer to provisions to cover tax litigations, frauds and other litigation charges.

**SECTION 13 – REDEEMABLE SHARES – CAPTION 140**

Caption not applicable to Intesa Sanpaolo.



## SECTION 14 – PARENT COMPANY'S SHAREHOLDERS' EQUITY – CAPTIONS 130, 150, 160, 170, 180, 190 AND 200

## 14.1 Share capital and Treasury shares: breakdown

For information of this section, see point 14.3 below.

## 14.2 Share capital – Parent Company's number of shares: annual changes

	Ordinary	Other
<b>A. Initial number of shares</b>	<b>11,849,332,367</b>	<b>932,490,561</b>
- fully paid-in	11,849,332,367	932,490,561
- not fully paid-in	-	-
<b>A.1 Treasury shares (-)</b>	<b>-76,327</b>	-
<b>A.2 Shares outstanding: initial number</b>	<b>11,849,256,040</b>	<b>932,490,561</b>
<b>B. Increases</b>	<b>76,327</b>	-
B.1 New issues	-	-
- for consideration	-	-
<i>business combinations</i>	-	-
<i>conversion of bonds</i>	-	-
<i>exercise of warrants</i>	-	-
<i>other</i>	-	-
- for free	-	-
<i>in favour of employees</i>	-	-
<i>in favour of directors</i>	-	-
<i>other</i>	-	-
B.2 Sale of treasury shares	76,327	-
B.3 Other	-	-
<b>C. Decreases</b>	-	-
C.1 Annulment	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of companies	-	-
C.4 Other	-	-
<b>D. Shares outstanding: final number</b>	<b>11,849,332,367</b>	<b>932,490,561</b>
D.1 Treasury shares (+)	-	-
D.2 Final number of shares	11,849,332,367	932,490,561
- fully paid-in	11,849,332,367	932,490,561
- not paid-in	-	-

## 14.3 Share capital: other information

The share capital of the Bank as at 31 December 2010 amounted to 6,647 million euro, divided into 11,849,332,367 ordinary shares and 932,490,561 non-convertible savings shares, with a nominal value of 0.52 euro each. Each ordinary share gives the right to one vote in the Shareholders' Meeting.

Savings shares, which may be in bearer form, entitle the holder to attend and vote at the Special Meeting of savings shareholders.

Savings shares must be attributed a preferred dividend up to 5% of the nominal value of the share. If in one year the dividend is less than 5% of the nominal value of the non-convertible savings shares, the difference will be added to the preferred dividend paid in the following two accounting periods. Furthermore, retained earnings made available for distribution by the Shareholders' Meeting, net of the above dividend, will be allocated to all shares so that the dividend per non-convertible savings share will be 2% of nominal value higher than for ordinary shares.

In case of distribution of reserves the savings shares have the same rights as other shares. In the case of liquidation of the Company, savings shares shall have pre-emptive rights with regard to the reimbursement of the entire nominal value of the shares.

At the date of these financial statements the share capital was fully paid-in and liberated.

Entries made in accordance with IFRS 3 regarding the merger between Banca Intesa and SANPAOLO IMI generated a reserve of 31,093 million euro, equal to the difference between the acquisition cost of the Sanpaolo IMI Group and the nominal value of the shares issued to service the exchange.

In the 2007 financial statements it was reported under share premium reserve, based on the opinions expressed by legal experts.

This reserve will be reported differently should the Law or Supervisory Authorities indicate a different solution.

**14.4 Reserves from retained earnings: other information**

Reserves amounted to 5,709 million euro and included: legal reserve, extraordinary reserve, concentration reserves (Law 218 of 30 July 1990, art. 7, par. 3, and Law 218 of 30 July 1990, par. 7) and other reserves.

The legal reserve, set up as provided for by law, must be at least one fifth of share capital; in the past it was set up by allocating each year at least one twentieth of net income for the year. Should the reserve decrease, it must be reintegrated by allocating at least one twentieth of net income for the year.

Concentration reserves ex Law 218 of 30 July 1990 were set up at the time of reorganisations or concentrations carried out pursuant to the aforementioned law.

Other reserves included reserves pertaining to branches abroad and other reserves set up in the past following specific legal provisions.

Valuation reserves amounted to 896 million euro and included valuation reserves of financial assets available for sale and of cash flow hedge derivatives, as well as legally-required revaluations.

(millions of euro)

	Amount as at 31.12.2010	Principal	Portion of net income	Portion of net income subject to a suspended tax regime (a)	Portion available (b)	Uses in the past three years
<b>Shareholders' equity</b>						
– Share capital	6,647	4,281	1,375	991	-	
– Share premium reserve (c)	33,271	5,727	27,032	512	A, B, C	
– Legal reserve	1,329	85	1,244	-	A(1), B	
– Extraordinary reserve	3,674	-	3,674	-	A, B, C	
– Concentration reserve (Law 218 of 30/7/1990, art. 7, par. 3)	232	-	-	232	A, B(2), C(3)	
– Concentration reserve (Law 218 of 30/7/1990, art. 7)	302	-	-	302	A, B(2), C(3)	
– Legal Reserve Branches Abroad	18	18	-	-	A, B, C	
– Reserve for stock option plans	13	13	-	-	A	
– Oper. reserve under common control	52	-	52	-	A, B, C	
– Tax rate revision reserve on FTA real estate	25	-	25	-	A, B, C	
– Other reserves	64	-	62	2	A, B, C	
<b>Valuation reserves</b>						
– Revaluation reserve (Law 576 of 2/12/1975)	3	-	-	3	A, B(2), C(3)	
– Revaluation reserve (Law 72 of 19/3/1983)	143	-	-	143	A, B(2), C(3)	
– Revaluation reserve (Law 408 of 29/12/1990)	7	-	-	7	A, B(2), C(3)	
– Revaluation reserve (Law 413 of 30/12/1991)	379	-	-	379	A, B(2), C(3)	
– Revaluation reserve (Law 342 of 22/11/2000)	455	-	-	455	A, B(2), C(3)	
– AFS valuation reserve	286	-	286	-	(4)	
– CFH valuation reserve	-377	-	-377	-	(4)	
– Treasury shares	-	-	-	-	-	
<b>Total Capital and Reserves</b>	<b>46,523</b>	<b>10,124</b>	<b>33,373</b>	<b>3,026</b>	-	
Non-distributable portion (d)	32,610	-	-	-	-	

(a) Restricted reserves for tax purposes pursuant to art. 109, par. 4 of the Combined Tax Regulations as amended by Legislative Decree 247/2005 amount to 190 million euro.

(b) A = capital increase; B = loss coverage; C = distribution to shareholders.

(c) Before there is a legislative clarification, the reserve is considered non-distributable for the portion of 31,093 million euro originated by the merger with Sanpaolo IMI.

(d) In accordance with art. 16, par. 1 of Legislative Decree 87/92, the non-distributable portion refers to revaluation reserves, share premium reserve for 31,093 million euro (merger reserve) and valuation reserves, which can be decreased only in compliance with the provisions of art. 2445 of the Italian Civil Code, as well as a share of net income for 49 million euro corresponding to capital gains recognised in the income statement of the previous year, net of the related tax charge, arising from application of the fair value criterion, pursuant to art 6, par. 1, letter a) of Legislative Decree 38/2005.

(1) May be used to increase capital (A) for the portion exceeding one fifth of the share capital.

(2) In case of use of the reserve to cover losses, net income may not be distributed unless the reserve is integrated or correspondingly reduced.

(3) The reserve, if it is not recorded under shareholders' equity, may be reduced only in compliance with the provisions of par. 2 and 3 of art. 2445 of the Italian Civil Code. If it is distributed to shareholders it concurs to form the Company's taxable income.

(4) The reserve is unavailable pursuant to art. 6 of Legislative Decree 38/2005.

The valuation reserves have been included under retained earnings reserves given that these are either reserves destined to be reversed to the income statement at the time of sale or discharge of the corresponding assets or liabilities, i.e. reserves essentially similar to retained earnings reserves.

**14.5 Equity instruments: breakdown and annual changes**

Not applicable to Intesa Sanpaolo.

**14.6 Other information**

There is no other information to be provided in addition to that already contained in this Section.

**OTHER INFORMATION****1. Guarantees and commitments**

	(millions of euro)	
	31.12.2010	31.12.2009
<b>1) Financial guarantees given</b>	<b>44,050</b>	<b>43,408</b>
a) Banks	15,983	16,738
b) Customers	28,067	26,670
<b>2) Commercial guarantees given</b>	<b>27,082</b>	<b>27,128</b>
a) Banks	4,310	3,670
b) Customers	22,772	23,458
<b>3) Irrevocable commitments to lend funds</b>	<b>41,158</b>	<b>28,418</b>
a) Banks	6,156	2,972
- of certain use	4,761	599
- of uncertain use	1,395	2,373
b) Customers	35,002	25,446
- of certain use	4,133	755
- of uncertain use	30,869	24,691
<b>4) Underlying commitments on credit derivatives: protection sales</b>	<b>11,196</b>	<b>16,602</b>
<b>5) Assets pledged as collateral of third party commitments</b>	<b>74</b>	<b>1</b>
<b>6) Other commitments</b>	<b>431</b>	<b>529</b>
<b>TOTAL</b>	<b>123,991</b>	<b>116,086</b>

**2. Assets pledged as collateral of liabilities and commitments**

	(millions of euro)	
	31.12.2010	31.12.2009
1. Financial assets held for trading	8,019	1,762
2. Financial assets designated at fair value through profit and loss	-	-
3. Financial assets available for sale	6,113	3,964
4. Investments held to maturity	256	204
5. Due from banks	3,424	232
6. Loans to customers	7,342	1,500
7. Property and equipment	-	163
<b>TOTAL</b>	<b>25,154</b>	<b>7,825</b>

**3. Information on operating leases**

The costs recorded during the year for motor vehicles and office equipment include potential lease payments of 3 million euro.

Future minimum lease payments for motor vehicles and office equipment totalled approximately 11 million euro.

**4. Management and dealing on behalf of third parties**

(millions of euro)

	31.12.2010	31.12.2009
<b>1. Trading on behalf of customers</b>		
a) Purchases	914	599
1. settled	914	599
2. to be settled	-	-
b) Sales	932	619
1. settled	932	619
2. to be settled	-	-
<b>2. Portfolio management</b>		
a) individual	-	165
b) collective	-	-
<b>3. Custody and administration of securities</b>		
a) third party securities held in deposit: related to depositary bank activities (excluding portfolio management)		
1. securities issued by the reporting bank	-	59,126
2. other securities	-	624
b) third party securities held in deposit (excluding portfolio management): other	657,254	628,015
1. securities issued by the reporting bank	104,524	117,051
2. other securities	552,730	510,964
c) third party securities deposited with third parties	637,570	663,477
d) portfolio securities deposited with third parties	75,229	51,504
<b>4. Other</b>	<b>61,833</b>	<b>54,591</b>

Caption 3. Custody and administration of securities recorded a significant decline due to disposal of the Securities Service business, completed on 17 May 2010.

**Note regarding financial payables**

For details, reference should be made to the relevant section of the Notes to the Consolidated Financial Statements.

# Part C – Information on the Parent Company's income statement

## SECTION 1 – INTEREST – CAPTIONS 10 AND 20

### 1.1 Interest and similar income: breakdown

	(millions of euro)				
	Debt securities	Loans	Other transactions	2010	2009
1. Financial assets held for trading	326	-	-	326	359
2. Financial assets designated at fair value through profit and loss	-	-	-	-	9
3. Financial assets available for sale	263	1	-	264	353
4. Investments held to maturity	13	-	-	13	35
5. Due from banks	182	1,142	-	1,324	1,825
6. Loans to customers	117	4,277	4	4,398	6,258
7. Hedging derivatives	X	X	2,313	2,313	1,752
8. Other assets	X	X	11	11	15
<b>TOTAL</b>	<b>901</b>	<b>5,420</b>	<b>2,328</b>	<b>8,649</b>	<b>10,606</b>

Interest and similar income also includes interest income on securities relating to repurchase agreements.

### 1.2. Interest and similar income: differentials on hedging transactions

	(millions of euro)	
	2010	2009
A. Positive differentials on hedging transactions	2,814	3,657
B. Negative differentials on hedging transactions	-501	-1,905
<b>BALANCE (A - B)</b>	<b>2,313</b>	<b>1,752</b>

### 1.3 Interest and similar income: other information

#### 1.3.1 Interest income on foreign currency financial assets

As at 31 December 2010, interest income on foreign currency financial assets amounted to 478 million euro.

#### 1.3.2 Interest income on financial lease receivables

No interest income on financial lease receivables was recorded.

### 1.4 Interest and similar expense: breakdown

	(millions of euro)				
	Debts	Securities	Other transactions	2010	2009
1. Due to Central Banks	48	X	-	48	22
2. Due to banks	1,349	X	2	1,351	2,063
3. Due to customers	388	X	-	388	699
4. Securities issued	X	4,098	-	4,098	4,352
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities designated at fair value through profit and loss	-	-	-	-	-
7. Other liabilities and allowances	X	X	3	3	-1
8. Hedging derivatives	X	X	-	-	-
<b>TOTAL</b>	<b>1,785</b>	<b>4,098</b>	<b>5</b>	<b>5,888</b>	<b>7,135</b>

"2. Due to banks" and "3. Due to customers" also include interest expense on repurchase agreements, even if the transaction referred to securities recorded under assets.

**1.5 Interest and similar expense: differentials on hedging transactions**

Information on differentials on hedging transactions is illustrated in table 1.2, since the balance is included under interest income.

**1.6 Interest and similar expense: other information****1.6.1 Interest expense on foreign currency financial liabilities**

Interest and similar expense as at 31 December 2010 included 314 million euro relative to financial liabilities in foreign currency.

**1.6.2 Interest expense on financial lease payables**

The amount of interest expense on financial lease payables as at 31 December 2010 was immaterial.

**SECTION 2 – NET FEE AND COMMISSION INCOME - CAPTIONS 40 AND 50****2.1 Fee and commission income: breakdown**

(millions of euro)

	2010	2009
<b>A) Guarantees given</b>	<b>295</b>	<b>253</b>
<b>B) Credit derivatives</b>	<b>6</b>	<b>-</b>
<b>C) Management, dealing and consultancy services</b>	<b>997</b>	<b>962</b>
1. trading in financial instruments	1	6
2. currency dealing	33	35
3. portfolio management	-	-
3.1. individual	-	-
3.2. collective	-	-
4. custody and administration of securities	65	51
5. depositary bank	3	-
6. placement of securities	381	392
7. reception and transmission of orders	78	75
8. consultancy services	-	3
8.1. on investments	-	-
8.2. on financial structure	-	3
9. distribution of third party services	436	400
9.1. portfolio management	56	40
9.1.1. individual	55	40
9.1.2. collective	1	-
9.2. insurance products	312	302
9.3. other products	68	58
<b>D) Collection and payment services</b>	<b>151</b>	<b>154</b>
<b>E) Servicing related to securitisations</b>	<b>1</b>	<b>10</b>
<b>F) Services related to factoring</b>	<b>-</b>	<b>-</b>
<b>G) Tax collection services</b>	<b>-</b>	<b>-</b>
<b>H) Management of multilateral trading facilities</b>	<b>-</b>	<b>-</b>
<b>I) Management of current accounts</b>	<b>393</b>	<b>407</b>
<b>J) Other services</b>	<b>597</b>	<b>620</b>
<b>TOTAL</b>	<b>2,440</b>	<b>2,406</b>

J) Other services mostly recorded fees on credit and debit cards of 210 million euro, commissions on medium-/long-term loans of 222 million euro and commissions on short-term loans of 96 million euro.

**2.2 Fee and commission income: distribution channels of products and services**

	(millions of euro)	
	2010	2009
<b>A) Group branches</b>	<b>817</b>	<b>792</b>
1. portfolio management	-	-
2. placement of securities	381	392
3. third party services and products	436	400
<b>B) "Door-to-door" sales</b>	-	-
1. portfolio management	-	-
2. placement of securities	-	-
3. third party services and products	-	-
<b>C) Other distribution channels</b>	-	-
1. portfolio management	-	-
2. placement of securities	-	-
3. third party services and products	-	-

**2.3 Fee and commission expense: breakdown**

	(millions of euro)	
	2010	2009
<b>A) Guarantees received</b>	<b>50</b>	<b>41</b>
<b>B) Credit derivatives</b>	<b>3</b>	<b>9</b>
<b>C) Management, dealing and consultancy services</b>	<b>50</b>	<b>31</b>
1. trading in financial instruments	3	8
2. currency dealing	2	2
3. portfolio management:	-	-
3.1 own portfolio	-	-
3.2 third party portfolio	-	-
4. custody and administration of securities	44	21
5. placement of financial instruments	1	-
6. "door-to-door" sale of financial instruments, products and services	-	-
<b>D) Collection and payment services</b>	<b>56</b>	<b>57</b>
<b>E) Other services</b>	<b>165</b>	<b>149</b>
<b>TOTAL</b>	<b>324</b>	<b>287</b>

E) Other services includes 105 million euro fees on credit and debit cards, 24 million euro intermediation on other banking operations and 31 million euro services rendered by resident banks.

## SECTION 3 – DIVIDEND AND SIMILAR INCOME - CAPTION 70

## 3.1 Dividend and similar income: breakdown

(millions of euro)

	2010		2009	
	Dividends	Income from quotas of UCI	Dividends	Income from quotas of UCI
A. Financial assets held for trading	-	-	-	-
B. Financial assets available for sale	38	-	30	-
C. Financial assets designated at fair value through profit and loss	-	7	-	-
D. Equity investments	1,512	X	1,349	X
<b>TOTAL</b>	<b>1,550</b>	<b>7</b>	<b>1,379</b>	<b>-</b>

D – Equity investments includes the dividends distributed by:

- Banca IMI S.p.A. for 452 million euro;
- Banco di Napoli S.p.A. for 215 million euro;
- Cassa di Risparmio di Firenze S.p.A. for 197 million euro;
- Eurizon Capital SGR S.p.A. for 113 million euro;
- Banca Fideuram S.p.A. for 102 million euro;
- Intesa Sanpaolo Bank Ireland Plc. for 68 million euro;
- Mediocredito Italiano S.p.A. for 57 million euro;
- Intesa Sanpaolo Private Banking S.p.A. for 53 million euro;
- Moneta S.p.A. for 32 million euro;
- Banca Infrastrutture Innovazione e Sviluppo S.p.A. for 29 million euro;
- Mediofactoring S.p.A. for 29 million euro;
- Banca di Credito Sardo S.p.A. for 28 million euro;
- Iml Investimenti S.p.A. for 16 million euro;
- Other equity investments for 121 million euro.



## SECTION 4 – PROFITS (LOSSES) ON TRADING - CAPTION 80

## 4.1 Profits (Losses) on trading: breakdown

	(millions of euro)				
	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
<b>1. Financial assets held for trading</b>	<b>149</b>	<b>66</b>	<b>-83</b>	<b>-90</b>	<b>42</b>
1.1 Debt securities	65	62	-79	-87	-39
1.2 Equities	-	-	-	-	-
1.3 Quotas of UCI	84	4	-4	-3	81
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>3. Financial assets and liabilities: foreign exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>108</b>
<b>4. Derivatives</b>	<b>4,878</b>	<b>7,286</b>	<b>-4,825</b>	<b>-7,406</b>	<b>-101</b>
4.1 Financial derivatives	4,416	7,067	-4,380	-7,219	-150
- On debt securities and interest rates	4,264	5,713	-4,213	-5,879	-115
- On equities and stock indexes	80	96	-95	-86	-5
- On currencies and gold	X	X	X	X	-34
- Other	72	1,258	-72	-1,254	4
4.2 Credit derivatives	462	219	-445	-187	49
<b>TOTAL</b>	<b>5,027</b>	<b>7,352</b>	<b>-4,908</b>	<b>-7,496</b>	<b>49</b>

Net result includes profits, losses, revaluations and write-downs on currency and gold derivatives.

## SECTION 5 – FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING - CAPTION 90

## 5.1 Fair value adjustments in hedge accounting: breakdown

	(millions of euro)	
	2010	2009
<b>A. Income from:</b>		
A.1 fair value hedge derivatives	2,885	1,142
A.2 financial assets hedged (fair value)	625	592
A.3 financial liabilities hedged (fair value)	4,064	3,581
A.4 cash flow hedge: derivatives	-	-
A.5 currency assets and liabilities	-	-
<b>Total income from hedging (A)</b>	<b>7,574</b>	<b>5,315</b>
<b>B. Expenses for:</b>		
B.1 fair value hedge derivatives	-3,223	-868
B.2 financial assets hedged (fair value)	-487	-581
B.3 financial liabilities hedged (fair value)	-3,912	-3,846
B.4 cash flow hedge: derivatives	-	-
B.5 currency assets and liabilities	-	-
<b>Total expense from hedging (B)</b>	<b>-7,622</b>	<b>-5,295</b>
<b>C. Fair value adjustments in hedge accounting (A - B)</b>	<b>-48</b>	<b>20</b>

## SECTION 6 – PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE - CAPTION 100

## 6.1 Profits (Losses) on disposal or repurchase: breakdown

(millions of euro)

	2010			2009		
	Profits	Losses	Net result	Profits	Losses	Net result
<b>Financial assets</b>						
1. Due from banks	-	-7	-7	-	-	-
2. Loans to customers	36	-20	16	20	-16	4
3. Financial assets available for sale	18	-7	11	39	-4	35
3.1 Debt securities	15	-6	9	1	-1	-
3.2 Equities	3	-1	2	38	-3	35
3.3 Quotas of UCI	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Investments held to maturity	-	-	-	-	-	-
<b>Total assets</b>	<b>54</b>	<b>-34</b>	<b>20</b>	<b>59</b>	<b>-20</b>	<b>39</b>
<b>Financial liabilities</b>						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	3	-6	-3	12	-1	11
<b>Total liabilities</b>	<b>3</b>	<b>-6</b>	<b>-3</b>	<b>12</b>	<b>-1</b>	<b>11</b>

Profits on disposal of equities classified as financial assets available for sale include the results of the sale of:

- Investindustrial LP, for 1 million euro;
- Sviluppo TM S.p.A. for 1 million euro;
- other minority interests for 1 million euro.

**SECTION 7 – PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE  
– CAPTION 110**
**7.1 Profits (losses) on financial assets/liabilities designated at fair value: breakdown**

	(millions of euro)				
	Revaluations	Profits on trading	Write-downs	Losses on trading	Net result
<b>1. Financial assets</b>	<b>28</b>	-	<b>-9</b>	-	<b>19</b>
1.1 Debt securities	2	-	-9	-	-7
1.2 Equities	-	-	-	-	-
1.3 Quotas of UCI	26	-	-	-	26
1.4 Loans	-	-	-	-	-
<b>2. Financial liabilities</b>	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
<b>3. Foreign currency financial assets and liabilities: foreign exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	-
<b>4. Credit and financial derivatives</b>	<b>6</b>	-	<b>-6</b>	-	-
<b>TOTAL</b>	<b>34</b>	-	<b>-15</b>	-	<b>19</b>

**SECTION 8 – NET LOSSES/RECOVERIES ON IMPAIRMENT – CAPTION 130**
**8.1 Net impairment losses on loans: breakdown**

	Impairment losses			Recoveries				2010	2009
	Individual		Collective	Individual		Collective			
	write-offs	other		of interest	other	of interest	other		
A. Due from banks	-	-7	-6	-	-	-	1	-12	-13
- Loans	-	-7	-1	-	-	-	-	-8	-13
- Debt securities	-	-	-5	-	-	-	1	-4	-
B. Loans to customers	-11	-1,200	-16	102	365	-	9	-751	-1,194
- Loans	-11	-1,200	-12	102	365	-	9	-747	-1,186
- Debt securities	-	-	-4	-	-	-	-	-4	-8
<b>C. Total</b>	<b>-11</b>	<b>-1,207</b>	<b>-22</b>	<b>102</b>	<b>365</b>	-	<b>10</b>	<b>-763</b>	<b>-1,207</b>

**8.2 Net impairment losses on financial assets available for sale: breakdown**

	Impairment losses		Recoveries		2010	2009
	Individual		Individual			
	write-offs	other	of interest	other		
A. Debt securities	-	-4	-	-	-4	-1
B. Equities	-	-23	X	X	-23	-67
C. Quotas of UCI	-	-1	X	-	-1	-
D. Due from banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
<b>F. Total</b>	-	<b>-28</b>	-	-	<b>-28</b>	<b>-68</b>

The valuation of equities classified under financial assets available for sale led to impairment losses in 2010 mostly referred to:

- Milano Assicurazioni S.p.A. for 6 million euro;
- Società per il Mercato dei Titoli di Stato - MTS S.p.A. for 4 million euro;
- Telecom Italia S.p.A. for 3 million euro;
- Molmed – Molecular Medicine S.p.A. for 2 million euro;
- Edison S.p.A. for 1 million euro;
- Parmalat S.p.A. for 1 million euro;

- Gabetti Property Solutions S.p.A. for 1 million euro;
- Aedes S.p.A. for 1 million euro;
- Olcese S.p.A.- under extraordinary administration for 1 million euro;
- other minority interests for 3 million euro.

### 8.3 Net impairment losses on investments held to maturity: breakdown

As at 31 December 2010, Intesa Sanpaolo did not record any impairment losses on investments held to maturity.

### 8.4 Net impairment losses on other financial activities: breakdown

	Impairment losses				Recoveries				(millions of euro)	
	Individual		Collective	Individual		Collective		2010	2009	
	write-offs	other		of interest	other	of interest	other			
A. Guarantees given	-	-1	-5	-	1	-	8	3	-38	
B. Credit derivatives	-	-	-	-	-	-	-	-	-	
C. Commitments to lend funds	-	-	-	-	-	-	-	-	-	
D. Other operations	-	-	-	-	-	-	-	-	-	
<b>E. Total</b>	<b>-</b>	<b>-1</b>	<b>-5</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>8</b>	<b>3</b>	<b>-38</b>	

## SECTION 9 - ADMINISTRATIVE EXPENSES - CAPTION 150

### 9.1 Personnel expenses: breakdown

	(millions of euro)	
	2010	2009
<b>1) Personnel employed</b>	<b>2,174</b>	<b>2,436</b>
a) wages and salaries	1,518	1,667
b) social security charges	391	441
c) termination indemnities	63	68
d) supplementary benefits	-	-
e) provisions for termination indemnities	26	30
f) provisions for post employment benefits:	40	30
- <i>defined contribution plans</i>	-	-
- <i>defined benefit plans</i>	40	30
g) payments to external pension funds:	90	102
- <i>defined contribution plans</i>	90	101
- <i>defined benefit plans</i>	-	1
h) costs from share-based payments	-	-
i) other benefits in favour of employees	46	98
<b>2) Other non-retired personnel</b>	<b>5</b>	<b>5</b>
<b>3) Directors and statutory auditors</b>	<b>10</b>	<b>10</b>
<b>4) Early retirement costs</b>	<b>-</b>	<b>-</b>
<b>5) Recovery of expenses for employees of the Bank seconded to other entities</b>	<b>-91</b>	<b>-94</b>
<b>6) Reimbursement of expenses for employees of other entities seconded to the Bank</b>	<b>39</b>	<b>47</b>
<b>TOTAL</b>	<b>2,137</b>	<b>2,404</b>

Provisions to employee termination indemnities determined on the basis of Art. 2120 of the Italian Civil Code amounted to 20 million euro.

**9.2 Average number of employees by categories**

	20010	2009
<b>Personnel employed</b>	<b>26,718</b>	<b>30,504</b>
a) managers	470	512
b) total officers	11,112	12,424
c) other employees	15,136	17,568
<b>Other personnel</b>	<b>30</b>	<b>37</b>
<b>TOTAL</b>	<b>26,748</b>	<b>30,541</b>

**9.3 Post employment defined benefit plans: total expense**

(millions of euro)

	2010			2009		
	Employee Termination Indemnities	Internal plans	External plans	Employee Termination Indemnities	Internal plans	External plans
Current service cost	-2	-1	-19	-	-1	-18
Financial costs of determining the present value of the defined benefit obligations	-24	-7	-119	-30	-8	-123
Expected return from the fund's assets	-	5	109	-	5	114
Reimbursement from third parties	-	-	-	-	-	-
Actuarial gains recognised	-	-	6	-	-	-
Actuarial losses recognised	-	-	-2	-	-	-
Past service cost	-	-	-	-	-	-
Curtailment of the fund	-	-	-	-	-	-
Settlement of the fund	-	-	-	-	-	-
Assets incurred in the year and not recognised	-	-	-	-	-	-

**9.4 Other benefits in favour of employees**

Other benefits in favour of employees include contributions for Cassa Assistenza and lunch vouchers.

**9.5 Other administrative expenses: breakdown**

	(millions of euro)	
	2010	2009
Expenses for maintenance of information technology and electronic equipment	57	259
Telephonic, teletransmission and transmission expenses	17	22
<b>Information technology expenses</b>	<b>74</b>	<b>281</b>
Rentals and service charges - real estate	149	212
Security services	19	23
Cleaning of premises	23	25
Expenses for maintenance of real estate assets, furniture and equipment	42	28
Energy costs	46	64
Property costs	3	-
<b>Management of real estate assets</b>	<b>282</b>	<b>352</b>
Printing, stationery and consumables expenses	20	34
Transport and related services expenses (including counting of valuables)	45	49
Information expenses	28	21
Postal and telegraphic expenses	58	62
Other rental charges	12	16
<b>General structure costs</b>	<b>163</b>	<b>182</b>
Expenses for consultancy fees	128	144
Legal and judiciary expenses	95	94
Insurance premiums - banks and customers	24	25
<b>Professional and legal expenses</b>	<b>247</b>	<b>263</b>
<b>Advertising and promotional expenses</b>	<b>79</b>	<b>84</b>
<b>Services rendered by third parties</b>	<b>38</b>	<b>58</b>
<b>Indirect personnel costs</b>	<b>63</b>	<b>71</b>
<b>Costs reimbursed to Group companies</b>	<b>858</b>	<b>669</b>
<b>Other costs</b>	<b>43</b>	<b>43</b>
<b>Indirect taxes and duties</b>	<b>258</b>	<b>271</b>
<b>Recovery of other expenses</b>	<b>-14</b>	<b>-10</b>
<b>TOTAL</b>	<b>2,091</b>	<b>2,264</b>

Administrative expenses for 2010, included in tables 9.1 "Personnel expenses: breakdown" and 9.5 "Other administrative expenses: breakdown", include 65 million euro merger and restructuring-related charges, gross of the tax effect detailed below.

*Merger and restructuring-related charges: breakdown*

	(millions of euro)	
	2010	2009
<b>Personnel expenses</b>	<b>14</b>	<b>41</b>
- expenses for incentive-driven exit plans	14	41
<b>Other administrative expenses</b>	<b>51</b>	<b>149</b>
- information technology expenses	38	126
- management of real estate assets	-	-
- professional and legal expenses	4	17
- advertising and promotional expenses	-	-
- indirect personnel costs	-	2
- other costs	9	4
<b>TOTAL</b>	<b>65</b>	<b>190</b>

**SECTION 10 - NET PROVISIONS FOR RISKS AND CHARGES - CAPTION 160****10.1 Net provisions for risks and charges: breakdown**

	(millions of euro)		
	Provisions	Uses	2010
Net provisions for legal disputes	-107	11	-96
Net provisions for other personnel charges	-	-	-
Net provisions for risks and charges	-130	25	-105
<b>TOTAL</b>	<b>-237</b>	<b>36</b>	<b>-201</b>

"Net provisions for risks and charges", which amounted to 201 million euro, recorded the provisions attributable to the year relating to:

- litigation, including revocatory actions and other disputes;
  - guarantees issued for the sale of equity investments and other loan transactions.
- The above provisions include the interest expense due to time value (11 million euro).

**SECTION 11 – NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY AND EQUIPMENT – CAPTION 170****11.1 Net adjustments to property and equipment: breakdown**

	(millions of euro)			
	Depreciation	Impairment losses	Recoveries	Net result
<b>A. Property and equipment</b>				
A.1 Owned	-109	-5	-	-114
- used in operations	-109	-5	-	-114
- investment	-	-	-	-
A.2 Acquired under finance lease	-	-	-	-
- used in operations	-	-	-	-
- investment	-	-	-	-
<b>TOTAL</b>	<b>-109</b>	<b>-5</b>	<b>-</b>	<b>-114</b>

For the determination of impairment losses, see the illustration provided in Part A – Accounting policies.

## SECTION 12 – NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS – CAPTION 180

## 12.1 Net adjustments to intangible assets: breakdown

	(millions of euro)			
	Amortisation	Impairment losses	Recoveries	Net result
<b>A. Intangible assets</b>				
A.1 Owned	-106	-	-	-106
- internally generated	-1	-	-	-1
- other	-105	-	-	-105
A.2 Acquired under finance lease	-	-	-	-
<b>TOTAL</b>	<b>-106</b>	<b>-</b>	<b>-</b>	<b>-106</b>

## SECTION 13 – OTHER OPERATING EXPENSES (INCOME) - CAPTION 190

## 13.1 Other operating expenses: breakdown

	(millions of euro)	
	2010	2009
Charges for litigations and provisions for customer restorations	1	1
Burglaries and robberies	6	7
Amortisation of leasehold improvements	20	26
Other non-recurring expenses	39	42
Other	1	2
<b>TOTAL</b>	<b>67</b>	<b>78</b>

## 13.2 Other operating income: breakdown

	(millions of euro)	
	2010	2009
Income on securitisations	-	-
Recovery of insurance costs	1	-
Recovery of other expenses	-	-
Recovery of taxes and interest of previous years	-	-
Cheques prescribed	-	-
Recovery of rents paid	37	37
Recovery of services rendered to Group companies	195	377
Recovery of services rendered to third parties	5	7
Recovery of taxes and duties	215	228
Other	95	98
<b>Total</b>	<b>548</b>	<b>747</b>



**SECTION 14 – PROFITS (LOSSES) ON EQUITY INVESTMENTS – CAPTION 210****14.1 Profits (Losses) on disposal of equity investments: breakdown**

	(millions of euro)	
	2010	2009
A. Revenues	19	149
1. Revaluations	9	-
2. Profits on disposal	10	146
3. Write-backs	-	-
4. Other	-	3
B. Charges	-12	-122
1. Write-downs	-	-
2. Impairment losses	-11	-122
3. Losses on disposal	-1	-
4. Other	-	-
<b>Net result</b>	<b>7</b>	<b>27</b>

"Revaluations" of 9 million euro relate to F.I.L.A. Fabbrica Italiana Lapis e Affini S.p.A. and are due to the company's reclassification under "Assets available for sale" following the sale of half the investment held in such company.

"Profits on disposal" mainly refer to the sale of 50% of F.I.L.A. Fabbrica Italiana Lapis e Affini S.p.A. for 9 million euro and other minority interests for 1 million euro.

"Impairment losses" refer mainly to the subsidiaries NH Italia S.r.l. for 5 million euro, R.C.N. Finanziaria S.p.A. for 5 million euro, Newcocot S.p.A. for 1 million euro.

**SECTION 15 - VALUATION DIFFERENCES ON PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE - CAPTION 220**

Not applicable to Intesa Sanpaolo.

**SECTION 16 – GOODWILL IMPAIRMENT - CAPTION 230****16.1 Goodwill impairment: breakdown**

Intesa Sanpaolo did not record any goodwill impairment.

**SECTION 17 – PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS - CAPTION 240****17.1 Profits (Losses) on disposal of investments: breakdown**

	(millions of euro)	
	2010	2009
A. Real estate assets	1	1
- profits on disposal	1	1
- losses on disposal	-	-
B. Other assets	-	-
- profits on disposal	-	-
- losses on disposal	-	-
<b>Net result</b>	<b>1</b>	<b>1</b>

## SECTION 18 - TAXES ON INCOME FROM CONTINUING OPERATIONS - CAPTION 260

## 18.1 Taxes on income from continuing operations: breakdown

	(millions of euro)	
	2010	2009
1. Current taxes (-)	-63	-920
2. Changes in current taxes of previous years (+/-)	116	-1
3. Reduction in current taxes of the year (+)	-	-
4. Changes in deferred tax assets (+/-)	-227	-21
5. Changes in deferred tax liabilities (+/-)	32	1,147
<b>6. Taxes on income for the year (-) (-1+/-2+3+/-4+/-5)</b>	<b>-142</b>	<b>205</b>

## 18.2 Reconciliation of theoretical tax charge to total income tax expense for the period

	(millions of euro)	
	2010	2009
Income before tax from continuing operations	1,523	1,537
Income before tax from discontinued operations	973	153
<b>Theoretical taxable income</b>	<b>2,496</b>	<b>1,690</b>

	(millions of euro)	
		%
<b>Income tax - Theoretical tax expense</b>	<b>784</b>	<b>31.4</b>
<b>Increases of taxes</b>	<b>208</b>	<b>8.4</b>
Greater base and actual IRAP rate	63	2.5
Non-deductible interest expense	46	1.9
Non-deductible costs (losses on equity investments, ICI [local property tax], personnel costs, etc.)	88	3.5
Other	11	0.5
<b>Decreases of taxes</b>	<b>-824</b>	<b>-33</b>
Non-taxed gains on equity investments	-245	-9.8
Tax-exempt portion of dividends	-405	-16.2
Other	-174	-7.0
<b>Total change in taxes</b>	<b>-616</b>	<b>-24.6</b>
<b>Taxes on income for the period</b>	<b>168</b>	<b>6.8</b>
<b>of which: - taxes on income from continuing operations</b>	<b>142</b>	<b>9.3</b>
<b>- taxes on income from discontinued operations</b>	<b>27</b>	<b>-</b>

**SECTION 19 – INCOME (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS - CAPTION 280****19.1 Income (Loss) after tax from discontinued operations: breakdown**

	(millions of euro)	
	2010	2009
1. Income	72	263
2. Charges	-32	-180
3. Valuation differences on discontinued operations and related liabilities	-	-
4. Profits (Losses) on disposal	933	70
5. Taxes and duties	-27	-52
<b>Income (Loss)</b>	<b>946</b>	<b>101</b>

**19.2 Breakdown of taxes on discontinued operations**

	(millions of euro)	
	2010	2009
1. Current taxes (-)	-27	-52
2. Changes in deferred tax assets (+/-)	-	-
3. Changes in deferred tax liabilities (-/+)	-	-
<b>4. Income taxes (-1 +/-2 +/-3)</b>	<b>-27</b>	<b>-52</b>

**SECTION 20 – OTHER INFORMATION**

There is no information further to that already provided in the previous sections.

**SECTION 21 – EARNINGS PER SHARE****Earnings per share**

For details, reference should be made to the relevant section of the Notes to the consolidated financial statements.

## Part D - Comprehensive income

### DETAILED STATEMENT OF COMPREHENSIVE INCOME

(millions of euro)

	Gross amount	Income tax	Net amount
<b>10. NET INCOME (LOSS)</b>	<b>X</b>	<b>X</b>	<b>2,327</b>
<b>Other comprehensive income</b>			
20. Financial assets available for sale:	-80	35	-45
a) fair value changes	-80	34	-46
b) reversal to income statement	-	1	1
- impairment losses	10	-2	8
- gains/losses from disposals	-10	3	-7
c) other changes	-	-	-
30. Property and equipment	-	-	-
40. Intangible assets	-	-	-
50. Hedges of foreign investments:	-	-	-
a) fair value changes	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
60. Cash flow hedges:	-67	22	-45
a) fair value changes	207	-67	140
b) reversal to income statement	-274	89	-185
c) other changes	-	-	-
70. Foreign exchange differences:	-	-	-
a) fair value changes	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
80. Non current assets held for sale:	-	-	-
a) fair value changes	-	-	-
b) reversal to income statement	-	-	-
c) other changes	-	-	-
90. Actuarial gains (losses) on defined benefit plans	-	-	-
100. Share of valuation reserves connected with investments carried at equity:	-	-	-
a) fair value changes	-	-	-
b) reversal to income statement	-	-	-
- impairment losses	-	-	-
- gains/losses from disposals	-	-	-
c) other changes	-	-	-
<b>110. Total other comprehensive income</b>	<b>-147</b>	<b>57</b>	<b>-90</b>
<b>120. TOTAL COMPREHENSIVE INCOME</b>	<b>X</b>	<b>X</b>	<b>2,237</b>

## Part E – Information on risks and relative hedging policies

This part of the Notes to the Parent Company's financial statements provides the quantitative information on risks relative to the Parent Company, Intesa Sanpaolo. For qualitative information on management and monitoring of risks, see Part E of the Notes to the consolidated financial statements.

### SECTION 1 – CREDIT RISK

#### QUANTITATIVE INFORMATION

##### A. CREDIT QUALITY

For the purposes of quantitative information about credit quality, the term "credit exposures" is understood to exclude equities and quotas of UCI, whereas "exposures" includes these items.

##### A.1. Performing and non-performing credit exposures: amounts, adjustments, changes, economic and geographical breakdown

In the tables in this section, the information related to country risk is not presented separately in compliance with the methodological decision for collective measurement of performing loans based on parameters that include "country risk".

##### A.1.1. Breakdown of credit exposures by portfolio classification and credit quality (book values)

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures	Other Assets	Total
1. Financial assets held for trading	-	35	7	4	28,650	28,696
2. Financial assets available for sale	1	-	-	-	11,285	11,286
3. Investments held to maturity	-	-	-	-	853	853
4. Due from banks	7	47	-	-	116,831	116,885
5. Loans to customers	2,092	2,750	2,537	350	170,671	178,400
6. Financial assets designated at fair value through profit and loss	-	-	-	-	177	177
7. Financial assets under disposal	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	-	5,550	5,550
<b>Total 31.12.2010</b>	<b>2,100</b>	<b>2,832</b>	<b>2,544</b>	<b>354</b>	<b>334,017</b>	<b>341,847</b>
<b>Total 31.12.2009</b>	<b>1,563</b>	<b>4,134</b>	<b>1,985</b>	<b>750</b>	<b>337,971</b>	<b>346,403</b>

##### A.1.2. Breakdown of credit exposures by portfolio classification and credit quality (gross and net values)

(millions of euro)

	Non-performing assets			Performing			Total (net exposure)
	Gross exposure	Individual adjustments	Net exposure	Gross exposure	Collective adjustments	Net exposure	
1. Financial assets held for trading	66	-20	46	X	X	28,650	28,696
2. Financial assets available for sale	1	-	1	11,285	-	11,285	11,286
3. Investments held to maturity	-	-	-	853	-	853	853
4. Due from banks	78	-24	54	116,857	-26	116,831	116,885
5. Loans to customers	13,362	-5,633	7,729	171,451	-780	170,671	178,400
6. Financial assets designated at fair value through profit and loss	-	-	-	X	X	177	177
7. Financial assets under disposal	-	-	-	-	-	-	-
8. Hedging derivatives	-	-	-	X	X	5,550	5,550
<b>Total 31.12.2010</b>	<b>13,507</b>	<b>-5,677</b>	<b>7,830</b>	<b>300,446</b>	<b>-806</b>	<b>334,017</b>	<b>341,847</b>
<b>Total 31.12.2009</b>	<b>13,499</b>	<b>-5,067</b>	<b>8,432</b>	<b>304,271</b>	<b>-817</b>	<b>337,971</b>	<b>346,403</b>

In accordance with regulations, "Individual adjustments" include the impairment losses recognised to account for counterparty risk (known as "credit risk adjustment") on non-performing derivative contracts in the amount of 20 million euro (24 million euro as at 31 December 2009).

Within performing exposures, as at 31 December 2010, exposures renegotiated under collective agreements amounted to 1,978 million euro in gross terms and 1,964 million euro in net terms. Other performing exposures therefore came to 298,468 million euro in gross terms and 332,053 million euro in net terms.

Other performing exposures include 100 million euro in assets past due at up to three months, 22 million euro in assets past due at three to six months and 9 million euro in assets past due at more than six months. The share of the debt associated with those assets not yet past due came to 581 million euro, 218 million euro and 245 million euro, respectively.

#### A.1.3. On- and off-balance sheet credit exposures to banks: gross and net values

(millions of euro)

	Gross exposure	Individual adjustments	Collective adjustments	Net exposure
<b>A. ON-BALANCE SHEET EXPOSURES</b>				
a) Doubtful loans	24	-17	X	7
b) Substandard loans	54	-7	X	47
c) Restructured exposures	-	-	X	-
d) Past due exposures	-	-	X	-
e) Other assets	124,584	X	-26	124,558
<b>TOTAL A</b>	<b>124,662</b>	<b>-24</b>	<b>-26</b>	<b>124,612</b>
<b>B. OFF-BALANCE SHEET EXPOSURES</b>				
a) Non-performing	4	-	X	4
b) Other	31,142	X	-21	31,121
<b>TOTAL B</b>	<b>31,146</b>	<b>-</b>	<b>-21</b>	<b>31,125</b>
<b>TOTAL (A + B)</b>	<b>155,808</b>	<b>-24</b>	<b>-47</b>	<b>155,737</b>

On-balance sheet exposures include all on-balance sheet financial assets claimed from banks, irrespective of their portfolio of allocation: trading, available for sale, held to maturity, loans and receivables, assets designated at fair value through profit and loss or assets under disposal.

Off-balance sheet exposures include all financial activities that are not on the balance sheet (guarantees given, commitments, derivatives, etc.) but entail the assumption of credit risk, regardless of the purpose of such activities (trading, hedging, etc.).

#### A.1.4. On-balance sheet credit exposures to banks: changes in gross non-performing exposures

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
<b>A. Initial gross exposure</b>				
- of which exposures sold not derecognised	25	-	-	-
<b>B. Increases</b>				
B.1 inflows from performing exposures	6	54	-	4
B.2 transfers from other non-performing exposure categories	2	50	-	4
B.3 other increases	-	-	-	-
B.4 business combinations	4	4	-	-
<b>C. Decreases</b>				
C.1 outflows to performing exposures	-7	-	-	-4
C.2 write-offs	-	-	-	-1
C.3 repayments	-3	-	-	-
C.4 credit disposals	-3	-	-	-3
C.5 transfers to other non-performing exposure categories	-	-	-	-
C.6 other decreases	-	-	-	-
C.7 business combinations	-1	-	-	-
<b>D. Final gross exposure</b>				
- of which exposures sold not derecognised	24	54	-	-
	-	-	-	-

**A.1.5. On-balance sheet credit exposures to banks: changes in total adjustments**

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
<b>A. Initial total adjustments</b>	<b>18</b>	-	-	-
- of which exposures sold not derecognised	-	-	-	-
<b>B. Increases</b>	<b>2</b>	<b>7</b>	-	-
B.1 impairment losses	1	7	-	-
B.2 transfers from other non-performing exposure categories	-	-	-	-
B.3 other increases	1	-	-	-
B.4 business combinations	-	-	-	-
<b>C. Decreases</b>	<b>-3</b>	-	-	-
C.1 recoveries on impairment losses	-	-	-	-
C.2 recoveries on repayments	-	-	-	-
C.3 write-offs	-3	-	-	-
C.4 transfers to other non-performing exposure categories	-	-	-	-
C.5 other decreases	-	-	-	-
C.6 business combinations	-	-	-	-
<b>D. Final total adjustments</b>	<b>17</b>	<b>7</b>	-	-
- of which exposures sold not derecognised	-	-	-	-

**A.1.6. On- and off-balance sheet credit exposures to customers: gross and net values**

(millions of euro)

	Gross exposure	Individual adjustments	Collective adjustments	Net exposure
<b>A. ON-BALANCE SHEET EXPOSURES</b>				
a) Doubtful loans	6,832	-4,739	X	2,093
b) Substandard loans	3,458	-708	X	2,750
c) Restructured exposures	2,685	-148	X	2,537
d) Past due exposures	388	-38	X	350
e) Other assets	195,139	X	-780	194,359
<b>TOTAL A</b>	<b>208,502</b>	<b>-5,633</b>	<b>-780</b>	<b>202,089</b>
<b>B. OFF-BALANCE SHEET EXPOSURES</b>				
a) Non-performing	868	-99	X	769
b) Other	98,644	X	-159	98,485
<b>TOTAL B</b>	<b>99,512</b>	<b>-99</b>	<b>-159</b>	<b>99,254</b>
<b>TOTAL (A + B)</b>	<b>308,014</b>	<b>-5,732</b>	<b>-939</b>	<b>301,343</b>

On-balance sheet exposures include all on-balance sheet financial assets claimed from customers, irrespective of their portfolio of allocation: trading, available for sale, held to maturity, loans and receivables, assets designated at fair value through profit and loss or assets under disposal.

Off-balance sheet exposures include all financial activities that are not on the balance sheet (guarantees given, commitments, derivatives, etc.) but entail the assumption of credit risk, regardless of the purpose of such activities (trading, hedging, etc.).

Non-performing loans include 311 million euro in exposures (including 59 million euro in doubtful loans, 12 million euro in substandard loans and 239 million euro in restructured loans) associated with pool transactions (IBLOR structures) undertaken by the Bank in the capacity of fronting bank, associated with cash collateral among deposits on the liabilities side.

**A.1.7. On-balance sheet credit exposures to customers: changes in gross non-performing exposures**

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
<b>A. Initial gross exposure</b>	<b>5,522</b>	<b>5,059</b>	<b>2,066</b>	<b>783</b>
- of which exposures sold not derecognised	5	22	1	3
<b>B. Increases</b>	<b>2,082</b>	<b>2,800</b>	<b>1,132</b>	<b>2,103</b>
B.1 inflows from performing exposures	115	1,314	3	1,861
B.2 transfers from other non-performing exposure categories	1,668	1,188	1,049	27
B.3 other increases	285	291	80	213
B.4 business combinations	14	7	-	2
<b>C. Decreases</b>	<b>-772</b>	<b>-4,401</b>	<b>-513</b>	<b>-2,498</b>
C.1 outflows to performing exposures	-19	-734	-272	-1,113
C.2 write-offs	-323	-49	-11	-1
C.3 repayments	-358	-921	-100	-202
C.4 credit disposals	-39	-83	-	-
C.5 transfers to other non-performing exposure categories	-16	-2,607	-127	-1,182
C.6 other decreases	-17	-7	-3	-
C.7 business combinations	-	-	-	-
<b>D. Final gross exposure</b>	<b>6,832</b>	<b>3,458</b>	<b>2,685</b>	<b>388</b>
- of which exposures sold not derecognised	9	24	-	2

**A.1.8. On-balance sheet credit exposures to customers: changes in total adjustments**

(millions of euro)

	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures
<b>A. Initial total adjustments</b>	<b>3,967</b>	<b>960</b>	<b>83</b>	<b>39</b>
- of which exposures sold not derecognised	1	3	-	-
<b>B. Increases</b>	<b>1,362</b>	<b>629</b>	<b>125</b>	<b>116</b>
B.1 impairment losses	609	493	17	107
B.2 transfers from other non-performing exposure categories	534	110	107	7
B.3 other increases	212	25	1	2
B.4 business combinations	7	1	-	-
<b>C. Decreases</b>	<b>-590</b>	<b>-881</b>	<b>-60</b>	<b>-117</b>
C.1 recoveries on impairment losses	-114	-143	-27	-8
C.2 recoveries on repayments	-123	-58	-1	-3
C.3 write-offs	-323	-49	-11	-1
C.4 transfers to other non-performing exposure categories	-8	-624	-21	-105
C.5 other decreases	-22	-7	-	-
C.6 business combinations	-	-	-	-
<b>D. Final total adjustments</b>	<b>4,739</b>	<b>708</b>	<b>148</b>	<b>38</b>
- of which exposures sold not derecognised	2	3	-	-

The "other increases" mainly include the verification of interest due and the increases in the balances of the funds in foreign currency following the change in the exchange rate.

The amounts relating to "business combinations" refer to corporate transactions of a different nature that involved subsidiaries.

**Conversion of loans into equity instruments**

During the year, loans were converted into equity instruments as part of restructuring agreements for non-performing positions. For further information, reference should be made to the corresponding section of Notes to the consolidated financial statements.

**A.2. Classification of exposures based on external and internal ratings****A.2.1. Breakdown of on- and off-balance sheet credit exposures by external rating classes**

Intesa Sanpaolo uses the ratings supplied by the following external rating agencies for all portfolios subject to reporting: Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings.

Where two ratings are available for a single customer, the more conservative is adopted; where three ratings are available, the middle rating is adopted.

The Class 6 rating column includes non-performing loans.

For the mapping of the risk classes and agency ratings employed, see the corresponding section of the Notes to the consolidated financial statements.



(millions of euro)

	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
<b>A. On-balance sheet exposures</b>	<b>122,351</b>	<b>41,419</b>	<b>5,490</b>	<b>1,528</b>	<b>366</b>	<b>7,900</b>	<b>147,647</b>	<b>326,701</b>
<b>B. Derivatives</b>	<b>1,378</b>	<b>3,757</b>	<b>59</b>	<b>18</b>	<b>18</b>	<b>46</b>	<b>1,187</b>	<b>6,463</b>
B.1. Financial derivatives	1,359	3,667	59	18	18	46	1,166	6,333
B.2. Credit derivatives	19	90	-	-	-	-	21	130
<b>C. Guarantees given</b>	<b>29,470</b>	<b>5,643</b>	<b>3,600</b>	<b>589</b>	<b>38</b>	<b>329</b>	<b>31,462</b>	<b>71,131</b>
<b>D. Commitments to lend funds</b>	<b>10,497</b>	<b>7,831</b>	<b>7,029</b>	<b>1,117</b>	<b>542</b>	<b>404</b>	<b>25,365</b>	<b>52,785</b>
<b>Total</b>	<b>163,696</b>	<b>58,650</b>	<b>16,178</b>	<b>3,252</b>	<b>964</b>	<b>8,679</b>	<b>205,661</b>	<b>457,080</b>

#### A.2.2. Breakdown of on- and off-balance sheet exposures by internal rating classes

Intesa Sanpaolo has obtained authorisation for the use of the advanced rating approach (AIRB, Advanced Internal Rating Based) to determine the Regulatory Corporate portfolio's capital requirements effective the report as at 31 December 2010. Recognition of the IRB approach for the retail mortgages segment was also obtained in June.

Ratings for the Corporate and Retail Mortgage segment, as well as all ratings used in credit risk management systems, have been employed in preparing the table. Unrated exposures essentially consist of segments not yet covered by internal models (loans to individuals) and counterparties for which the roll-out of new models is still underway.

(millions of euro)

	Internal rating classes							Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Non-performing exposures		
<b>A. On-balance sheet exposures</b>	<b>105,772</b>	<b>58,090</b>	<b>65,896</b>	<b>40,259</b>	<b>14,639</b>	<b>1,390</b>	<b>7,784</b>	<b>32,871</b>	<b>326,701</b>
<b>B. Derivatives</b>	<b>3,712</b>	<b>1,217</b>	<b>602</b>	<b>411</b>	<b>217</b>	<b>64</b>	<b>46</b>	<b>194</b>	<b>6,463</b>
B.1. Financial derivatives	3,691	1,133	595	411	217	64	46	176	6,333
B.2. Credit derivatives	21	84	7	-	-	-	-	18	130
<b>C. Guarantees given</b>	<b>19,928</b>	<b>23,653</b>	<b>15,144</b>	<b>6,366</b>	<b>1,839</b>	<b>255</b>	<b>329</b>	<b>3,617</b>	<b>71,131</b>
<b>D. Commitments to lend funds</b>	<b>8,908</b>	<b>8,402</b>	<b>15,467</b>	<b>5,533</b>	<b>2,064</b>	<b>140</b>	<b>398</b>	<b>11,873</b>	<b>52,785</b>
<b>Total</b>	<b>138,320</b>	<b>91,362</b>	<b>97,109</b>	<b>52,569</b>	<b>18,759</b>	<b>1,849</b>	<b>8,557</b>	<b>48,555</b>	<b>457,080</b>

## A.3. Breakdown of guaranteed credit exposures by type of guarantee

## A.3.1. Guaranteed credit exposures to banks

(millions of euro)

	GUARANTEED ON-BALANCE SHEET CREDIT EXPOSURES				GUARANTEED OFF-BALANCE SHEET CREDIT EXPOSURES				TOTAL
	Totally guaranteed		Partly guaranteed		Totally guaranteed		Partly guaranteed		
	of which non-performing		of which non-performing		of which non-performing		of which non-performing		
<b>NET EXPOSURE</b>	<b>6,915</b>	-	<b>230</b>	<b>44</b>	<b>557</b>	-	<b>5</b>	-	<b>7,707</b>
<b>COLLATERAL<sup>(1)</sup></b>									
Real estate assets	-	-	-	-	-	-	-	-	-
Securities	6,779	-	-	-	-	-	-	-	6,779
Other	-	-	-	-	551	-	-	-	551
<b>GUARANTEES<sup>(1)</sup></b>									
Credit derivatives									
<i>Credit-linked notes</i>	-	-	-	-	-	-	-	-	-
<i>Other derivatives</i>									
- <i>Governments and Central Banks</i>	-	-	-	-	-	-	-	-	-
- <i>Other public entities</i>	-	-	-	-	-	-	-	-	-
- <i>Banks</i>	-	-	-	-	-	-	-	-	-
- <i>Other counterparties</i>	-	-	-	-	-	-	-	-	-
Guarantees given									
<i>Governments and Central Banks</i>	-	-	8	-	-	-	-	-	8
<i>Other public entities</i>	-	-	-	-	-	-	-	-	-
<i>Banks</i>	68	-	6	-	6	-	-	-	80
<i>Other counterparties</i>	68	-	90	-	-	-	1	-	159
<b>TOTAL</b>	<b>6,915</b>	-	<b>104</b>	-	<b>557</b>	-	<b>1</b>	-	<b>7,577</b>

<sup>(1)</sup> Fair value of the guarantee or, if difficult to determine, contractual value, the latter stated - as required by the regulations - up to the net exposure value.

## A.3.2. Guaranteed credit exposures to customers

(millions of euro)

	GUARANTEED ON-BALANCE SHEET CREDIT EXPOSURES				GUARANTEED OFF-BALANCE SHEET CREDIT EXPOSURES				TOTAL
	Totally guaranteed		Partly guaranteed		Totally guaranteed		Partly guaranteed		
	of which non-performing		of which non-performing		of which non-performing		of which non-performing		
<b>NET EXPOSURE</b>	<b>81,727</b>	<b>4,231</b>	<b>7,611</b>	<b>1,617</b>	<b>9,870</b>	<b>179</b>	<b>1,965</b>	<b>97</b>	<b>101,173</b>
<b>COLLATERAL<sup>(1)</sup></b>									
Real estate assets	89,065	3,941	403	36	5,842	92	108	7	95,418
Securities	6,710	86	1,238	887	632	14	57	5	8,637
Other	889	226	249	105	221	4	74	14	1,433
<b>GUARANTEES<sup>(1)</sup></b>									
Credit derivatives									
<i>Credit-linked notes</i>	-	-	-	-	-	-	-	-	-
<i>Other derivatives</i>									
- <i>Governments and Central Banks</i>	-	-	-	-	-	-	-	-	-
- <i>Other public entities</i>	-	-	-	-	-	-	-	-	-
- <i>Banks</i>	-	-	-	-	-	-	-	-	-
- <i>Other counterparties</i>	-	-	-	-	-	-	-	-	-
Guarantees given									
<i>Governments and Central Banks</i>	741	-	8	-	248	-	-	-	997
<i>Other public entities</i>	10	-	2	-	-	-	-	-	12
<i>Banks</i>	100	2	212	1	94	-	22	6	428
<i>Other counterparties</i>	14,402	812	3,264	190	5,483	84	447	35	23,596
<b>TOTAL</b>	<b>111,917</b>	<b>5,067</b>	<b>5,376</b>	<b>1,219</b>	<b>12,520</b>	<b>194</b>	<b>708</b>	<b>67</b>	<b>130,521</b>

<sup>(1)</sup> Fair value of the guarantee or, if difficult to determine, contractual value, the latter stated - as required by the regulations - up to the net exposure value.

**B. BREAKDOWN AND CONCENTRATION OF CREDIT EXPOSURES****B.1. Breakdown of on- and off-balance sheet credit exposures to customers by sector (book value)**

	ON-BALANCE SHEET EXPOSURES					Total on-balance sheet exposures	OFF-BALANCE SHEET EXPOSURES				Total off-balance sheet exposures	(millions of euro)	
	Doubtful loans	Substandard loans	Restructured exposures	Past due exposures	Other exposures		Doubtful loans	Substandard loans	Other non-performing assets	Other exposures		Total 31.12.2010	Total 31.12.2009
<b>GOVERNMENTS</b>													
Net exposure	-	-	-	-	23,300	23,300	-	-	-	1,955	1,955	25,255	14,963
Individual adjustments	-	-	-	-	X	-	-	-	X	-	-	-	-1
Collective adjustments	X	X	X	X	-2	-2	X	X	X	-	-	-2	-
<b>OTHER PUBLIC ENTITIES</b>													
Net exposure	-	3	-	-	775	778	-	-	7	2,697	2,704	3,482	3,308
Individual adjustments	-1	-2	-	-	X	-3	-	-	X	-	-	-3	-3
Collective adjustments	X	X	X	X	-9	-9	X	X	X	-9	-9	-18	-17
<b>FINANCIAL INSTITUTIONS</b>													
Net exposure	20	156	20	25	54,105	54,326	-	16	22	20,212	20,250	74,576	75,361
Individual adjustments	-272	-19	-2	-1	X	-294	-	-1	-	X	-1	-295	-351
Collective adjustments	X	X	X	X	-44	-44	X	X	X	-5	-5	-49	-73
<b>INSURANCE COMPANIES</b>													
Net exposure	-	-	-	-	2,692	2,692	1	-	-	1,814	1,815	4,507	4,291
Individual adjustments	-	-	-	-	X	-	-	-	X	-	-	-	-
Collective adjustments	X	X	X	X	-1	-1	X	X	X	-18	-18	-19	-4
<b>NON-FINANCIAL COMPANIES</b>													
Net exposure	1,467	1,961	2,485	285	78,243	84,441	87	226	408	68,011	68,732	153,173	151,785
Individual adjustments	-3,917	-549	-146	-33	X	-4,645	-25	-55	-18	X	-98	-4,743	-4,037
Collective adjustments	X	X	X	X	-652	-652	X	X	X	-122	-122	-774	-799
<b>OTHER COUNTERPARTIES</b>													
Net exposure	606	630	32	40	35,244	36,552	-	2	-	3,796	3,798	40,350	39,926
Individual adjustments	-549	-138	-	-4	X	-691	-	-	-	X	-	-691	-743
Collective adjustments	X	X	X	X	-72	-72	X	X	X	-5	-5	-77	-62

**B.2. Breakdown of on- and off-balance sheet credit exposures to customers by geographical area (book value)**

	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD		(millions of euro)	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
<b>A. ON-BALANCE SHEET EXPOSURES</b>												
A.1. Doubtful loans	2,086	-4,436	4	-264	1	-6	2	-32	-	-	-	-1
A.2. Substandard loans	2,688	-691	58	-15	3	-1	1	-1	-	-	-	-
A.3. Restructured exposures	2,399	-127	109	-11	26	-10	3	-	-	-	-	-
A.4. Past due exposures	212	-23	2	-	-	-	136	-15	-	-	-	-
A.5. Other exposures	170,165	-633	13,797	-94	5,636	-28	3,935	-19	826	-	-	-6
<b>Total A</b>	<b>177,550</b>	<b>-5,910</b>	<b>13,970</b>	<b>-384</b>	<b>5,666</b>	<b>-45</b>	<b>4,077</b>	<b>-67</b>	<b>826</b>	<b>-</b>	<b>-</b>	<b>-7</b>
<b>B. OFF-BALANCE SHEET EXPOSURES</b>												
B.1. Doubtful loans	87	-25	1	-	-	-	-	-	-	-	-	-
B.2. Substandard loans	197	-51	46	-4	1	-	-	-	-	-	-	-
B.3. Other non-performing assets	370	-17	10	-2	49	-	8	-	-	-	-	-
B.4. Other exposures	43,692	-136	27,525	-14	25,796	-6	1,277	-3	195	-	-	-
<b>Total B</b>	<b>44,346</b>	<b>-229</b>	<b>27,582</b>	<b>-20</b>	<b>25,846</b>	<b>-6</b>	<b>1,285</b>	<b>-3</b>	<b>195</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) 31.12.2010</b>	<b>221,896</b>	<b>-6,139</b>	<b>41,552</b>	<b>-404</b>	<b>31,512</b>	<b>-51</b>	<b>5,362</b>	<b>-70</b>	<b>1,021</b>	<b>-</b>	<b>-</b>	<b>-7</b>
<b>TOTAL 31.12.2009</b>	<b>211,554</b>	<b>-5,441</b>	<b>41,284</b>	<b>-455</b>	<b>31,727</b>	<b>-117</b>	<b>4,349</b>	<b>-70</b>	<b>720</b>	<b>-</b>	<b>-</b>	<b>-7</b>

**B.3. Breakdown of relations with customers resident in Italy by geographical area (book value)**

(millions of euro)

	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH AND ISLANDS	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
<b>A. ON-BALANCE SHEET EXPOSURES</b>								
A.1. Doubtful loans	1,371	-2,886	104	-85	430	-1,022	181	-443
A.2. Substandard loans	1,880	-500	63	-13	401	-98	344	-80
A.3. Restructured exposures	2,028	-95	260	-1	99	-27	12	-4
A.4. Past due exposures	148	-16	4	-	34	-3	26	-4
A.5. Other exposures	100,224	-460	2,907	-15	59,301	-110	7,733	-48
<b>Total A</b>	<b>105,651</b>	<b>-3,957</b>	<b>3,338</b>	<b>-114</b>	<b>60,265</b>	<b>-1,260</b>	<b>8,296</b>	<b>-579</b>
<b>B. OFF-BALANCE SHEET EXPOSURES</b>								
B.1. Doubtful loans	34	-7	12	-1	38	-4	3	-13
B.2. Substandard loans	152	-19	4	-22	33	-9	8	-1
B.3. Other non-performing assets	296	-12	35	-	18	-2	21	-3
B.4. Other exposures	23,432	-71	3,030	-19	15,726	-36	1,504	-10
<b>Total B</b>	<b>23,914</b>	<b>-109</b>	<b>3,081</b>	<b>-42</b>	<b>15,815</b>	<b>-51</b>	<b>1,536</b>	<b>-27</b>
<b>TOTAL (A+B) 31.12.2010</b>	<b>129,565</b>	<b>-4,066</b>	<b>6,419</b>	<b>-156</b>	<b>76,080</b>	<b>-1,311</b>	<b>9,832</b>	<b>-606</b>
<b>TOTAL 31.12.2009</b>	<b>142,742</b>	<b>-3,577</b>	<b>6,726</b>	<b>-118</b>	<b>52,141</b>	<b>-1,180</b>	<b>9,945</b>	<b>-566</b>

**B.4. Breakdown of on- and off-balance sheet credit exposures to banks by geographical area (book value)**

(millions of euro)

	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
<b>A. ON-BALANCE SHEET EXPOSURES</b>										
A.1. Doubtful loans	-	-	4	-12	-	-	3	-5	-	-
A.2. Substandard loans	47	-7	-	-	-	-	-	-	-	-
A.3. Restructured exposures	-	-	-	-	-	-	-	-	-	-
A.4. Past due exposures	-	-	-	-	-	-	-	-	-	-
A.5. Other exposures	98,883	-3	18,696	-6	2,003	-4	4,261	-12	715	-1
<b>Total A</b>	<b>98,930</b>	<b>-10</b>	<b>18,700</b>	<b>-18</b>	<b>2,003</b>	<b>-4</b>	<b>4,264</b>	<b>-17</b>	<b>715</b>	<b>-1</b>
<b>B. OFF-BALANCE SHEET EXPOSURES</b>										
B.1. Doubtful loans	-	-	-	-	-	-	4	-	-	-
B.2. Substandard loans	-	-	-	-	-	-	-	-	-	-
B.3. Other non-performing assets	-	-	-	-	-	-	-	-	-	-
B.4. Other exposures	8,200	-1	20,068	-7	425	-1	2,008	-11	420	-1
<b>Total B</b>	<b>8,200</b>	<b>-1</b>	<b>20,068</b>	<b>-7</b>	<b>425</b>	<b>-1</b>	<b>2,012</b>	<b>-11</b>	<b>420</b>	<b>-1</b>
<b>TOTAL (A+B) 31.12.2010</b>	<b>107,130</b>	<b>-11</b>	<b>38,768</b>	<b>-25</b>	<b>2,428</b>	<b>-5</b>	<b>6,276</b>	<b>-28</b>	<b>1,135</b>	<b>-2</b>
<b>TOTAL 31.12.2009</b>	<b>122,253</b>	<b>-3</b>	<b>33,905</b>	<b>-25</b>	<b>2,811</b>	<b>-11</b>	<b>4,561</b>	<b>-23</b>	<b>1,003</b>	<b>-2</b>

**B.5. Breakdown of relations with banks resident in Italy by geographical area (book value)**

(millions of euro)

	NORTH-WEST		NORTH-EAST		CENTRE		SOUTH AND ISLANDS	
	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments	Net exposure	Total adjustments
<b>A. ON-BALANCE SHEET EXPOSURES</b>								
A.1. Doubtful loans	-	-	-	-	-	-	-	-
A.2. Substandard loans	47	-7	-	-	-	-	-	-
A.3. Restructured exposures	-	-	-	-	-	-	-	-
A.4. Past due exposures	-	-	-	-	-	-	-	-
A.5. Other exposures	36,274	-2	11,930	-1	48,235	-	2,444	-
<b>Total A</b>	<b>36,321</b>	<b>-9</b>	<b>11,930</b>	<b>-1</b>	<b>48,235</b>	<b>-</b>	<b>2,444</b>	<b>-</b>
<b>B. OFF-BALANCE SHEET EXPOSURES</b>								
B.1. Doubtful loans	-	-	-	-	-	-	-	-
B.2. Substandard loans	-	-	-	-	-	-	-	-
B.3. Other non-performing assets	-	-	-	-	-	-	-	-
B.4. Other exposures	3,621	-	763	-1	3,790	-	26	-
<b>Total B</b>	<b>3,621</b>	<b>-</b>	<b>763</b>	<b>-1</b>	<b>3,790</b>	<b>-</b>	<b>26</b>	<b>-</b>
<b>TOTAL (A+B) 31.12.2010</b>	<b>39,942</b>	<b>-9</b>	<b>12,693</b>	<b>-2</b>	<b>52,025</b>	<b>-</b>	<b>2,470</b>	<b>-</b>
<b>TOTAL 31.12.2009</b>	<b>50,516</b>	<b>-2</b>	<b>4,942</b>	<b>-</b>	<b>64,531</b>	<b>-1</b>	<b>2,264</b>	<b>-</b>

**B.6. Large risks**

Large risks	
a) Book value (millions of euro)	304,380
b) Weighted value (millions of euro)	7,549
b) Number	5

On the basis of the updates to Bank of Italy Circular 263 of 27 December 2006 and the subsequent regulatory clarification provided by the Supervisory Authority effective for financial statements ending 31 December 2010, the number of large risks presented in the table was determined at 31 December 2010 by reference to unweighted "exposures", including those towards the Group's counterparties, in excess of 10% of regulatory capital, where "exposures" are defined as the sum of on-balance sheet assets at risk and off-balance sheet transactions (excluding those deducted from regulatory capital) with a customer or a group of related customers, without applying weighting factors.

Accordingly, the new presentation criteria set out above result in the inclusion in the financial statement table for large risks of entities that - even with a weighting of 0% - present an unweighted exposure in excess of 10% of capital valid for the purposes of large risks.

As at 31 December 2009, in accordance with the regulations in force at the time, the number of large risks was determined by considering only those exposed positions that - after applying the weighting factors specified by the regulations - were in excess of 10% of regulatory capital valid for the purposes of large risks.

## C. SECURITISATIONS AND ASSET SALES

### C.1. Securitisations

#### Qualitative information

The qualitative information is contained in Part E of the Notes to the consolidated financial statements.

#### Quantitative information

##### C.1.1. Breakdown of exposures deriving from securitisations by quality of underlying asset

###### On-balance sheet

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	exposure		exposure		exposure	
	gross	net	gross	net	gross	net
<b>A. Originated underlying assets</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>8</b>	<b>75</b>	<b>75</b>
a) Non-performing	-	-	7	7	28	28
b) Other	4	4	1	1	47	47
<b>B. Third party underlying assets</b>	<b>2,102</b>	<b>2,102</b>	<b>435</b>	<b>425</b>	<b>14</b>	<b>14</b>
a) Non-performing	-	-	-	-	-	-
b) Other	2,102	2,102	435	425	14	14
<b>TOTAL</b>	<b>2,106</b>	<b>2,106</b>	<b>443</b>	<b>433</b>	<b>89</b>	<b>89</b>

Part of the positions shown in the table above has been included within the structured credit products: 2,109 million euro of gross exposures and 2,104 million euro net, in any case almost entirely attributable to exposures not included under the US subprime category. For further information on the relative economic and risk effects, see Part E of the Notes to the consolidated financial statements.

###### Off- balance sheet

(millions of euro)

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	exposure		exposure		exposure		exposure		exposure		exposure	
	gross	net	gross	net	gross	net	gross	net	gross	net	gross	net
<b>A. Originated underlying assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
a) Non-performing	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>B. Third party underlying assets</b>	<b>78</b>	<b>42</b>	-	-	-	-	<b>2,329</b>	<b>2,329</b>	-	-	-	-
a) Non-performing	-	-	-	-	-	-	-	-	-	-	-	-
b) Other	78	42	-	-	-	-	2,329	2,329	-	-	-	-
<b>TOTAL</b>	<b>78</b>	<b>42</b>	-	-	-	-	<b>2,329</b>	<b>2,329</b>	-	-	-	-

**C.1.2. Breakdown of exposures deriving from main "originated" securitisations by type of securitised asset and by type of exposure****On-balance sheet**

(millions of euro)

	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
<b>A. Fully derecognised</b>	-	-	7	-8	51	-6
A.1 Intesa Sec 2						
- performing residential mortgages	-	-	-	-	21	-
A.2 Intesa Sec						
- performing mortgages	-	-	-	-	1	-1
A.3 Intesa Sec Npl						
- doubtful mortgages	-	-	7	-8	29	-5
<b>B. Partly derecognised</b>	-	-	-	-	-	-
<b>C. Not derecognised</b>	4	2	1	1	24	-
C.1 Intesa Sec 3						
- performing residential mortgages	-	-	-	-	24	-
C.2 Da Vinci						
- loans to the aircraft sector	4	2	1	1	-	-
<b>TOTAL</b>	<b>4</b>	<b>2</b>	<b>8</b>	<b>-7</b>	<b>75</b>	<b>-6</b>

The securitisations in the above table include those for which the Group availed itself of the exemption from compliance to IAS/IFRS permitted on first-time adoption by IFRS 1. Based on this exemption, assets or liabilities sold and derecognised, based on previous accounting principles and deriving from securitisations prior to 1 January 2004, have not been recorded in the financial statements, even if derecognition does not meet the requirements of IAS 39.

**Off-balance sheet**

This type of exposure did not exist as at 31 December 2010.

### C.1.3. Breakdown of exposures deriving from main "third party" securitisations by type of securitised asset and by type of exposure

#### On-balance sheet

	(millions of euro)					
	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
A.1 TCWGP						
- Project Finance loans	662	-	-	-	-	-
A.2 AYT Cedula						
- Residential mortgages	194	-	-	-	-	-
A.3 Duchess (*)						
- CLOs	155	-4	-	-	-	-
A.4 Romulus						
- ABCP	130	-	-	-	-	-
A.5 Geldilux						
- Corporate loans	99	-	-	-	-	-
A.6 Soc. Cart. Crediti INPS						
- Social security benefits	55	-	-	-	-	-
A.7 Summer street (*)						
- Structured finance CDOs	55	2	-	-	-	-
A.8 Zoo						
- CDO cash	48	-	-	-	-	-
A.9 UCI 17 FTA						
- RMBSs	36	-	-	-	-	-
A.10 Stone Tower (*)						
- CLOs	36	-1	-	-	-	-
A.11 Amstel Corporate						
- SMEs	29	-	-	-	-	-
A.12 TBRNA						
- Preference shares	26	-2	-	-	-	-
A.13 Fxtora						
- CDO Cash	25	-	-	-	-	-
A.14 TITULIZACION DE ACTIVOS						
- RMBSs	22	-	4	-	-	-
A.15 Granite Master Issue Plc						
- RMBSs	-	-	29	-	-	-
A.16 Residual portfolio divided in 277 securities	530	-3	392	11 (**)	14	-
<b>TOTAL</b>	<b>2,102</b>	<b>-8</b>	<b>425</b>	<b>11</b>	<b>14</b>	<b>-</b>

(\*) Position included in packages, whose credit risk is entirely hedged by a specific credit default swap (CDS). The adjustment highlighted was, therefore, practically identical to the positive fair value of the derivative. For further information on the relevant economic and risk impacts, see the paragraph on structured credit products in Part E of the Notes to the consolidated financial statements.

(\*\*) Of which 17 million euro related to securities included in packages.

The table below shows the breakdown of the residual portfolio divided into 277 securities by type of underlying asset.

	(millions of euro)					
	On-balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries	Book value	Adjust./ recoveries
RMBSs	142	-1	232	16	8	-
CMBSs	115	-	109	-	-	-
Other ABSs (CLO/CMO/CFO)	82	-	6	-	-	-
SMEs	51	-	23	-1	-	-
CDO cash	31	-	9	-4	-	-
Commercial and residential mortgages	21	-2	-	-	6	-
Credit cards	11	-	-	-	-	-
CBOS	11	-	-	-	-	-
CLOs	10	-	-	-	-	-
ABS CDOs	8	-	-	-	-	-
Retail financing	7	-	3	-	-	-
Car loans	5	-	3	-	-	-
Personal loans	4	-	2	-	-	-
Loans deriving from leasing contracts	3	-	5	-	-	-
Loans to research	3	-	-	-	-	-
Other assets	26	-	-	-	-	-
<b>TOTAL</b>	<b>530</b>	<b>-3</b>	<b>392</b>	<b>11</b>	<b>14</b>	<b>-</b>



## Off- balance sheet

(millions of euro)

	Guarantees given						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries	Net exposure	Adjust./ recoveries
A.1 Duomo - Asset Backed Securities and Collateralised debt obligations	-	-	-	-	-	-	2,165	-	-	-	-	-
A.2 Romulus - Asset Backed Securities and Collateralised debt obligations	42	-36	-	-	-	-	164	-	-	-	-	-
<b>TOTAL</b>	<b>42</b>	<b>-36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## C.1.4. Breakdown of exposures deriving from securitisations by portfolio and by type

(millions of euro)

	On-balance sheet exposures <sup>(*)</sup>			Off-balance sheet exposures		
	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior
Financial assets held for trading	307	65	-	-	-	-
Financial assets - fair value option	-	-	1	-	-	-
Financial assets available for sale	15	10	32	-	-	-
Investments held to maturity	-	-	-	-	-	-
Loans <sup>(**)</sup>	1,780	357	32	2,371	-	-
<b>Total 31.12.2010</b>	<b>2,102</b>	<b>432</b>	<b>65</b>	<b>2,371</b>	<b>-</b>	<b>-</b>
<b>Total 31.12.2009</b>	<b>2,575</b>	<b>452</b>	<b>88</b>	<b>2,001</b>	<b>-</b>	<b>2</b>

(\*) Excluding on- and off-balance sheet exposures deriving from originated securitisations in which assets sold have not been fully derecognised for a total of 29 million euro.

(\*\*) This caption includes off-balance sheet exposures referred to "Guarantees given" and "Credit lines".

**C.1.5. Total amount of securitised assets underlying junior securities or other forms of backing**

(millions of euro)

	Traditional securitisations	Synthetic securitisations
<b>A. Originated underlying assets</b>	<b>503</b>	-
A.1 Fully derecognised	103	X
1. <i>Doubtful loans</i>	44	X
2. <i>Substandard loans</i>	1	X
3. <i>Restructured exposures</i>	-	X
4. <i>Past due exposures</i>	-	X
5. <i>Other assets</i>	58	X
A.2 Partly derecognised	-	X
1. <i>Doubtful loans</i>	-	X
2. <i>Substandard loans</i>	-	X
3. <i>Restructured exposures</i>	-	X
4. <i>Past due exposures</i>	-	X
5. <i>Other assets</i>	-	X
A.3 Not derecognised	400	-
1. <i>Doubtful loans</i>	2	-
2. <i>Substandard loans</i>	5	-
3. <i>Restructured exposures</i>	-	-
4. <i>Past due exposures</i>	-	-
5. <i>Other assets</i>	393	-
<b>B. Third party underlying assets</b>	<b>747</b>	-
B.1. Doubtful loans	-	-
B.2. Substandard loans	-	-
B.3. Restructured exposures	-	-
B.4. Past due exposures	1	-
B.5. Other assets	746	-

**C.1.6. Stakes in special purpose vehicles**

Name	Registered office	% Stake
Intesa Lease Sec Srl	Milano	60.00%
Intesa Sec Spa	Milano	60.00%
Intesa Sec 2 Srl	Milano	60.00%
Intesa Sec 3 Srl	Milano	60.00%
Intesa Sec Npl Spa	Milano	60.00%
Augusto Srl	Milano	5.00%
Colombo Srl	Milano	5.00%
Diocleziano Srl	Milano	5.00%
ISP CB Ipotecario Srl <sup>(*)</sup>	Milano	60.00%
ISP CB Pubblico Srl <sup>(*)</sup>	Milano	60.00%
ISP Sec 4 Srl <sup>(**)</sup>	Milano	100.00%

<sup>(\*)</sup> ISP CB Ipotecario and ISP CB Pubblico are not traditional securitisation vehicles which issue securities, but are involved in covered bond issues. For more information, see Section C.3 of Part E of these Notes to the Parent Company's financial statements.

<sup>(\*\*)</sup> The company ISP Sec 4 was not operative as at 31 December 2010.

**C.1.7. Servicer activities – collection of securitised loans and repayment of securities issued by special purpose vehicles**

Special purpose vehicles	Securitized assets (period-end figure) (millions of euro)		Collections of loans in the year (millions of euro)		Percentage of reimbursed securities (period-end figure)					
					Senior		Mezzanine		Junior	
	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing	Non-performing	Performing
Intesa Sec	1	-	-	5	-	100%	-	100%	-	63%
Intesa Sec 2	9	214	1	115	-	100%	-	89%	-	-
Intesa Sec 3	29	1,557	3	420	-	100%	-	32%	-	-
	<b>39</b>	<b>1,771</b>	<b>4</b>	<b>540</b>						

## C.2. Sales

## C.2.1. Financial assets sold not derecognised

	(millions of euro)								
	Debt securities	Cash assets			Derivatives	31.12.2010		31.12.2009	
		Equities	UCI	Loans		Total	of which non-performing assets	Total	of which non-performing assets
<b>FINANCIAL ASSETS HELD FOR TRADING</b>	<b>7,299</b>	-	-	-	-	<b>7,299</b>	-	<b>772</b>	-
- Financial assets sold totally recognised (book value)	7,299	-	-	-	-	7,299	-	772	-
- Financial assets sold partly recognised (book value)	-	-	-	-	-	-	-	-	-
- Financial assets sold partly recognised (full value)	-	-	-	-	-	-	-	-	-
<b>FINANCIAL ASSETS MEASURED AT FAIR VALUE</b>	-	-	-	-	<b>X</b>	-	-	<b>3,964</b>	-
- Financial assets sold totally recognised (book value)	-	-	-	-	X	-	-	3,964	-
- Financial assets sold partly recognised (book value)	-	-	-	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	-	-	-	X	-	-	-	-
<b>FINANCIAL ASSETS AVAILABLE FOR SALE</b>	<b>5,823</b>	-	-	-	<b>X</b>	<b>5,823</b>	-	-	-
- Financial assets sold totally recognised (book value)	5,823	-	-	-	X	5,823	-	-	-
- Financial assets sold partly recognised (book value)	-	-	-	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	-	-	-	X	-	-	-	-
<b>INVESTMENTS HELD TO MATURITY</b>	<b>97</b>	<b>X</b>	<b>X</b>	-	<b>X</b>	<b>97</b>	-	<b>16</b>	-
- Financial assets sold totally recognised (book value)	97	X	X	-	X	97	-	16	-
- Financial assets sold partly recognised (book value)	-	X	X	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	X	X	-	X	-	-	-	-
<b>DUE FROM BANKS</b>	<b>3,413</b>	<b>X</b>	<b>X</b>	-	<b>X</b>	<b>3,413</b>	-	<b>232</b>	-
- Financial assets sold totally recognised (book value)	3,413	X	X	-	X	3,413	-	232	-
- Financial assets sold partly recognised (book value)	-	X	X	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	X	X	-	X	-	-	-	-
<b>LOANS TO CUSTOMERS</b>	-	<b>X</b>	<b>X</b>	<b>1,583</b>	<b>X</b>	<b>1,583</b>	<b>29</b>	<b>1,949</b>	-
- Financial assets sold totally recognised (book value)	-	X	X	1,583	X	1,583	29	1,949	-
- Financial assets sold partly recognised (book value)	-	X	X	-	X	-	-	-	-
- Financial assets sold partly recognised (full value)	-	X	X	-	X	-	-	-	-
<b>Total 31.12.2010</b>	<b>16,632</b>	-	-	<b>1,583</b>	-	<b>18,215</b>	<b>29</b>	<b>X</b>	<b>X</b>
<b>Total 31.12.2009</b>	-	-	-	-	-	<b>X</b>	<b>X</b>	<b>6,933</b>	-

The financial assets sold and not derecognised included within loans to customers relate to loans sold under the SEC 3 securitisation.

**C.2.2. Financial liabilities corresponding to financial assets sold not derecognised**

(millions of euro)

	Due to customers		Due to banks		Total	Total
	Fully recognised	Partly recognised	Fully recognised	Partly recognised	31.12.2010	31.12.2009
Financial assets held for trading	2,323	-	4,980	-	7,303	907
Financial assets measured at fair value	-	-	-	-	-	-
Financial assets available for sale	2,115	-	3,680	-	5,795	3,854
Investments held to maturity	42	-	55	-	97	21
Due from banks	2,405	-	1,001	-	3,406	227
Loans to customers	1,646	-	-	-	1,646	2,033
<b>TOTAL</b>	<b>8,531</b>	<b>-</b>	<b>9,716</b>	<b>-</b>	<b>18,247</b>	<b>7,042</b>

The financial liabilities associated to financial assets sold and not derecognised relate to both securitisations and reverse repurchase agreements for securities recorded under assets. They do not, however, include reverse repurchase agreements relating to securities received under repurchase agreements.

**C.3. Covered bond transactions**

Covered bond transactions where the selling Bank and the lending Bank are the same are reported under this section.

Intesa Sanpaolo uses covered bonds mainly as a type of funding through securities guaranteed by assets originated by Intesa Sanpaolo or by other companies of the Group.

Intesa Sanpaolo has arranged two programmes for the issue of Covered Bonds (CB).

In the first programme, amounting to a maximum of 10 billion euro, the guarantor of the Covered Bonds is the vehicle ISP CB Pubblico, to which a loans portfolio was transferred, consisting of performing loans and securities to the public sector, originated by Banca Infrastrutture Innovazione e Sviluppo. Intesa Sanpaolo has carried out the following issues under this programme:

- the first, in July 2009, amounting to 3 billion euro, with maturity in October 2011. The securities are listed on the Luxembourg Stock Exchange and rated Aaa by Moody's. This issue was fully subscribed by BIIS;
- the second, in April 2010, amounting to 2 billion euro, with maturity in April 2017. The securities are also listed on the Luxembourg Stock Exchange and rated Aaa by Moody's. This issue was fully placed on the market.

In the second program, amounting to a maximum of 20 billion euro, the guarantor of the Covered Bonds is the vehicle ISP CB Ipotecario, to which triple-A-rated RMBS were transferred (RMBS issued by the vehicle Adriano Finance S.r.l.) with underlying Italian residential mortgage loans originated and transferred by Intesa Sanpaolo. Under this programme, an issue was made in October 2010 for 1 billion euro, with maturity in November 2016. The securities are listed on the Luxembourg Stock Exchange and rated Aaa by Moody's. This issue was fully placed on the market.

It should be noted that in the first few months of 2011, a further two issues of Covered Bonds were carried out under the programmes described above.

The main features of the issues are shown in the table below:

(millions of euro)

COVERED BONDS						Vehicle data		Subordinated loans <sup>(1)</sup>	Covered Bonds issued			
Vehicle	Name	Type of underlying asset	Issue	Maturity	Rating	Total assets	Cumulated losses	amount <sup>(2)</sup>	nominal amount	book value	IAS classification	Valuation
ISP CB PUBBLICO						8,200	-					
	IntesaSP TV 09-11	Performing loans and securities to the public sector	24/07/2009	06/10/2011	AAA				3,000	3,012	Securities issued	Amortised cost
	IntesaSP TV 10-17 3.25%	Performing loans and securities to the public sector	28/04/2010	28/04/2017	Aaa				2,000	2,026 <sup>(3)</sup>	Securities issued	Amortised cost
ISP CB IPOTECARIO						5,431	-	5,370				
	Intesa SP 10-15 3%	RMBSs (Performing residential mortgages)	04/11/2010	04/11/2015	Aaa				1,000	998 <sup>(3)</sup>	Securities issued	Amortised cost

<sup>(1)</sup> The item includes the subordinated loan granted by the originator to the vehicle for the purchase of the portfolio guaranteeing Covered Bonds. Such loan is subject to derecognition in the IAS-compliant financial statements of the originator. The amount of the loan facilities refers to the amounts previously disbursed as part of issue programmes of higher maximum amounts.

<sup>(2)</sup> The figure shown above also includes the amount of subordinated loans disbursed in 2010, for which no issues have yet been made.

<sup>(3)</sup> The entire amount of Covered Bonds issued by Intesa Sanpaolo was placed on the market with institutional investors and international financial intermediaries.

**D. MODELS FOR THE MEASUREMENT OF CREDIT RISK**

As at 31 December 2010, expected operating losses totalled 0.52% of disbursed loans. This risk indicator reflects the changes in the ratings models for the Corporate and Retail Mortgages segments as a result of the order validating advanced methods for the respective portfolios.

## SECTION 2 – MARKET RISKS

### 2.1. INTEREST RATE RISK AND PRICE RISK – REGULATORY TRADING BOOK

#### QUALITATIVE INFORMATION

Qualitative information about measurement criteria of financial risks of Intesa Sanpaolo's regulatory trading book is contained in Part E of the Notes to the consolidated financial statements.

#### QUANTITATIVE INFORMATION

Operational quantitative information on Intesa Sanpaolo's market risks is contained in Part E of the Notes to the consolidated financial statements.

### 2.2 INTEREST RATE RISK AND PRICE RISK - BANKING BOOK

#### QUALITATIVE INFORMATION

Qualitative information on the measurement of financial risks in Intesa Sanpaolo's banking book is contained in Part E of the Notes to the consolidated financial statements.

With regard to the hedging of foreign investments, hedges have been executed during the year to cover the foreign exchange risk related to earnings in foreign currency generated by the Parent Company's branches abroad.

#### QUANTITATIVE INFORMATION

##### Banking book: internal models and other sensitivity analysis methodologies

Interest margin sensitivity – assuming a 100 basis point increase in interest rates and a twelve-month holding period – amounted to -51 million euro at the end of 2010 (+45 million euro in the event of reduction).

The above potential impact would be reflected, in the case of invariance of the other income components, also in the Bank's year-end profit and loss net of tax.

Interest rate risk, generated by Intesa Sanpaolo's banking book, measured through shift sensitivity analysis (sensitivity of portfolio value to a parallel and uniform shift in the yield curve of  $\pm 100$  basis points), recorded an average of 210 million euro during 2010 and amounted to 174 million euro at year-end.

Interest rate risk, measured in terms of VaR (99% confidence level, 10-day holding period), amounted to an average of 45 million euro during 2010, with a minimum value of 33 million euro and a maximum value of 56 million euro. At the end of December 2010 VaR totalled 42 million euro.

Price risk generated by minority stakes in quoted companies, mostly held in the AFS (Available for Sale) category and measured in terms of VaR, recorded an average level during 2010 of 85 million euro (116 million euro at the end of 2009), with minimum and maximum values of 77 million euro and 106 million euro respectively. The VaR at the end of 2010 amounted to 79 million euro.

The table below shows a sensitivity analysis of the banking book to price risk, measuring the impact on Shareholders' Equity of a price shock for the abovementioned quoted assets recorded in the AFS portfolio.

##### Price risk: impact on Shareholders' Equity

		Impact on shareholders' equity (millions of euro)
Price shock	-10%	-69
Price shock	10%	69

## 2.3. FOREIGN EXCHANGE RISK

### QUALITATIVE INFORMATION

Qualitative information, including hedging activities of foreign exchange risk, is contained in Part E of the Notes to the consolidated financial statements.

### QUANTITATIVE INFORMATION

#### 1. Breakdown by currency of assets and liabilities and derivatives

(millions of euro)

	Currencies				
	US dollar	GB pound	Swiss franc	Yen	Other currencies
<b>A. FINANCIAL ASSETS</b>	<b>23,974</b>	<b>1,832</b>	<b>1,541</b>	<b>2,460</b>	<b>3,173</b>
A.1 Debt securities	3,643	468	90	850	956
A.2 Equities	613	141	1	-	124
A.3 Loans to banks	10,093	849	934	810	920
A.4 Loans to customers	9,625	374	516	800	1,173
A.5 Other financial assets	-	-	-	-	-
<b>B. OTHER ASSETS</b>	<b>2,460</b>	<b>671</b>	<b>17</b>	<b>128</b>	<b>167</b>
<b>C. FINANCIAL LIABILITIES</b>	<b>36,801</b>	<b>5,782</b>	<b>250</b>	<b>1,547</b>	<b>2,031</b>
C.1 Due to banks	11,820	1,047	87	542	1,397
C.2 Due to customers	16,221	1,115	163	431	207
C.3 Debt securities	8,760	3,620	-	574	427
C.4 Other financial liabilities	-	-	-	-	-
<b>D. OTHER LIABILITIES</b>	<b>887</b>	<b>25</b>	<b>4</b>	<b>53</b>	<b>138</b>
<b>E. FINANCIAL DERIVATIVES</b>					
- Options					
<i>long positions</i>	900	42	26	116	16
<i>short positions</i>	836	42	20	113	15
- Other derivatives					
<i>long positions</i>	43,958	6,463	1,199	2,606	5,891
<i>short positions</i>	32,688	3,127	2,490	3,543	6,965
<b>TOTAL ASSETS</b>	<b>71,292</b>	<b>9,008</b>	<b>2,783</b>	<b>5,310</b>	<b>9,247</b>
<b>TOTAL LIABILITIES</b>	<b>71,212</b>	<b>8,976</b>	<b>2,764</b>	<b>5,256</b>	<b>9,149</b>
<b>IMBALANCE (+/-)</b>	<b>80</b>	<b>32</b>	<b>19</b>	<b>54</b>	<b>98</b>

#### 2. Internal models and other sensitivity analysis methodologies

Management of foreign exchange risk relative to trading activities is included within the operating procedures and the estimation methodologies of the internal model based on VaR calculations, as described in Part E of the Notes to the consolidated financial statements.

Foreign exchange risk expressed by equity investments in foreign currency (banking book), including Group companies, originated a VaR (99% confidence level, 10-day holding period) amounting to 90 million euro as at 31 December 2010. This potential impact would only affect Shareholders' Equity, until disposal.

## 2.4. DERIVATIVES

## A. FINANCIAL DERIVATIVES

## A.1. Regulatory trading book: period-end and average notional amounts

(millions of euro)

	31.12.2010		31.12.2009	
	Over the counter	Central counterparties	Over the counter	Central counterparties
<b>1. Debt securities and interest rates</b>	<b>375,002</b>	<b>4,634</b>	<b>381,060</b>	<b>6,248</b>
a) Options	14,833	-	33,352	-
b) Swaps	359,875	-	347,633	-
c) Forwards	236	-	75	144
d) Futures	58	4,634	-	6,104
e) Others	-	-	-	-
<b>2. Equities and stock indices</b>	<b>2,271</b>	<b>37</b>	<b>8,658</b>	<b>35</b>
a) Options	2,175	37	8,391	35
b) Swaps	96	-	267	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
<b>3. Foreign exchange rates and gold</b>	<b>91,721</b>	<b>-</b>	<b>73,325</b>	<b>-</b>
a) Options	5,792	-	3,992	-
b) Swaps	18,761	-	20,281	-
c) Forwards	66,797	-	48,642	-
d) Futures	-	-	-	-
e) Others	371	-	410	-
<b>4. Commodities</b>	<b>2,702</b>	<b>-</b>	<b>336</b>	<b>-</b>
<b>5. Other underlying assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>471,696</b>	<b>4,671</b>	<b>463,379</b>	<b>6,283</b>
<b>AVERAGE VALUES</b>	<b>477,669</b>	<b>6,830</b>	<b>534,338</b>	<b>8,047</b>



## A.2. Banking book: period-end and average notional amounts

## A.2.1. Hedging

(millions of euro)

	31.12.2010		31.12.2009	
	Over the counter	Central counterparties	Over the counter	Central counterparties
<b>1. Debt securities and interest rates</b>	<b>148,763</b>	-	<b>150,471</b>	-
a) Options	2,068	-	450	-
b) Swaps	146,695	-	150,021	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
<b>2. Equities and stock indices</b>	-	-	-	-
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
<b>3. Foreign exchange rates and gold</b>	<b>4,625</b>	-	<b>3,750</b>	-
a) Options	-	-	-	-
b) Swaps	4,625	-	3,750	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
<b>4. Commodities</b>	-	-	-	-
<b>5. Other underlying assets</b>	-	-	-	-
<b>TOTAL</b>	<b>153,388</b>	-	<b>154,221</b>	-
<b>AVERAGE VALUES</b>	<b>151,279</b>	-	<b>152,077</b>	-

## A.2.2. Other derivatives

	31.12.2010		31.12.2009	
	Over the counter	Central counterparties	Over the counter	Central counterparties
<b>1. Debt securities and interest rates</b>	<b>21,233</b>	-	<b>5,265</b>	-
a) Options	16,699	-	3,620	-
b) Swaps	4,534	-	1,645	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
<b>2. Equities and stock indices</b>	<b>5,035</b>	-	<b>1,298</b>	-
a) Options	5,035	-	1,298	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
<b>3. Foreign exchange rates and gold</b>	-	-	-	-
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forwards	-	-	-	-
d) Futures	-	-	-	-
e) Others	-	-	-	-
<b>4. Commodities</b>	-	-	-	-
<b>5. Other underlying assets</b>	-	-	-	-
<b>TOTAL</b>	<b>26,268</b>	-	<b>6,563</b>	-
<b>AVERAGE VALUES</b>	<b>15,368</b>	-	<b>10,484</b>	-

The table above shows the financial derivatives recognised in the financial statements in the trading book, but not forming part of the regulatory trading book. In particular, the table shows the derivatives recorded separately from the combined financial instruments, the derivatives used to hedge debt securities measured at fair value through profit and loss and the put and call options relating to commitments on equity investments.

## A.3. Financial derivatives gross positive fair value – breakdown by product

(millions of euro)

	Positive fair value			
	31.12.2010		31.12.2009	
	Over the counter	Central counterparties	Over the counter	Central counterparties
<b>A. Regulatory trading book</b>	<b>8,386</b>	<b>1</b>	<b>8,405</b>	<b>1</b>
a) Options	315	1	404	1
b) Interest rate swaps	6,099	-	6,132	-
c) Cross currency swaps	1,064	-	1,161	-
d) Equity swaps	-	-	3	-
e) Forwards	810	-	688	-
f) Futures	-	-	-	-
g) Others	98	-	17	-
<b>B. Banking book - hedging</b>	<b>5,550</b>	<b>-</b>	<b>5,488</b>	<b>-</b>
a) Options	148	-	24	-
b) Interest rate swaps	5,050	-	5,337	-
c) Cross currency swaps	352	-	127	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
<b>C. Banking book - other derivatives</b>	<b>864</b>	<b>-</b>	<b>661</b>	<b>-</b>
a) Options	542	-	428	-
b) Interest rate swaps	322	-	233	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
<b>TOTAL</b>	<b>14,800</b>	<b>1</b>	<b>14,554</b>	<b>1</b>

## A.4. Financial derivatives gross negative fair value – breakdown by product

(millions of euro)

	Negative fair value			
	31.12.2010		31.12.2009	
	Over the counter	Central counterparties	Over the counter	Central counterparties
<b>A. Regulatory trading book</b>	<b>8,789</b>	-	<b>9,486</b>	-
a) Options	298	-	792	-
b) Interest rate swaps	6,287	-	6,539	-
c) Cross currency swaps	1,332	-	1,584	-
d) Equity swaps	-	-	3	-
e) Forwards	764	-	552	-
f) Futures	-	-	-	-
g) Others	108	-	16	-
<b>B. Banking book - hedging</b>	<b>2,280</b>	-	<b>2,127</b>	-
a) Options	3	-	2	-
b) Interest rate swaps	1,874	-	1,644	-
c) Cross currency swaps	403	-	481	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
<b>C. Banking book - other derivatives</b>	<b>867</b>	-	<b>70</b>	-
a) Options	540	-	26	-
b) Interest rate swaps	327	-	44	-
c) Cross currency swaps	-	-	-	-
d) Equity swaps	-	-	-	-
e) Forwards	-	-	-	-
f) Futures	-	-	-	-
g) Others	-	-	-	-
<b>TOTAL</b>	<b>11,936</b>	-	<b>11,683</b>	-

**A.5. Over the counter financial derivatives: regulatory trading book – notional amounts, gross positive and negative fair values by counterparty – contracts not included under netting arrangements**

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non- financial companies	Other counterparties
<b>1. Debt securities and interest rates</b>							
- notional amount	-	106	41,123	6,617	343	23,826	218
- positive fair value	-	18	617	188	-	830	2
- negative fair value	-	-	-986	-44	-44	-127	-1
- future exposure	-	1	98	34	1	95	1
<b>2. Equities and stock indices</b>							
- notional amount	51	-	-	116	862	-	-
- positive fair value	7	-	-	2	-	-	-
- negative fair value	-	-	-	-	-10	-	-
- future exposure	5	-	-	7	3	-	-
<b>3. Foreign exchange rates and gold</b>							
- notional amount	-	-	13,963	6,028	85	5,467	13
- positive fair value	-	-	228	110	1	208	1
- negative fair value	-	-	-420	-63	-	-75	-
- future exposure	-	-	159	129	1	75	-
<b>4. Other values</b>							
- notional amount	-	-	-	8	-	1,027	-
- positive fair value	-	-	-	-	-	21	-
- negative fair value	-	-	-	-2	-	-41	-
- future exposure	-	-	-	1	-	112	-

**A.6. Over the counter financial derivatives: regulatory trading book – notional amounts, gross positive and negative fair values by counterparty – contracts included under netting arrangements**

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non- financial companies	Other counterparties
<b>1. Debt securities and interest rates</b>							
- notional amount	-	-	291,913	10,385	96	375	-
- positive fair value	-	-	4,374	234	-	7	-
- negative fair value	-	-	-4,999	-233	-13	-5	-
<b>2. Equities and stock indices</b>							
- notional amount	-	-	1,189	-	53	-	-
- positive fair value	-	-	19	-	-	-	-
- negative fair value	-	-	-8	-	-3	-	-
<b>3. Foreign exchange rates and gold</b>							
- notional amount	-	-	62,263	2,527	-	1,375	-
- positive fair value	-	-	1,151	76	-	224	-
- negative fair value	-	-	-1,609	-23	-	-36	-
<b>4. Other values</b>							
- notional amount	-	-	1,350	-	-	317	-
- positive fair value	-	-	68	-	-	-	-
- negative fair value	-	-	-22	-	-	-25	-

**A.7. Over the counter financial derivatives: banking book – notional amounts, gross positive and negative fair values by counterparty – contracts not included under netting arrangements**

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non- financial companies	Other counterparties
<b>1. Debt securities and interest rates</b>							
- notional amount	-	-	3,897	-	-	10	9,545
- positive fair value	-	-	12	-	-	-	3
- negative fair value	-	-	-174	-	-	-1	-485
- future exposure	-	-	8	-	-	-	5
<b>2. Equities and stock indices</b>							
- notional amount	-	-	736	81	-	88	2,236
- positive fair value	-	-	1	-	-	8	-
- negative fair value	-	-	-17	-	-	-	-183
- future exposure	-	-	38	3	-	5	-
<b>3. Foreign exchange rates and gold</b>							
- notional amount	-	-	52	-	-	-	-
- positive fair value	-	-	13	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	3	-	-	-	-
<b>4. Other values</b>							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

**A.8. Over the counter financial derivatives: banking book – notional amounts, gross positive and negative fair values by counterparty – contracts included under netting arrangements**

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non- financial companies	Other counterparties
<b>1. Debt securities and interest rates</b>							
- notional amount	-	-	150,699	5,845	-	-	-
- positive fair value	-	-	5,631	215	-	-	-
- negative fair value	-	-	-1,647	-236	-	-	-
<b>2. Equities and stock indices</b>							
- notional amount	-	-	1,368	526	-	-	-
- positive fair value	-	-	123	69	-	-	-
- negative fair value	-	-	-1	-	-	-	-
<b>3. Foreign exchange rates and gold</b>							
- notional amount	-	-	4,555	18	-	-	-
- positive fair value	-	-	334	5	-	-	-
- negative fair value	-	-	-403	-	-	-	-
<b>4. Other values</b>							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

**A.9. Residual maturity of over the counter financial derivatives: notional amounts**

(millions of euro)

	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
<b>A. Regulatory trading book</b>	<b>304,404</b>	<b>116,382</b>	<b>50,910</b>	<b>471,696</b>
A.1 Financial derivatives on debt securities and interest rates	222,620	107,237	45,145	375,002
A.2 Financial derivatives on equities and stock indices	492	787	992	2,271
A.3 Financial derivatives on foreign exchange rates and gold	80,123	6,825	4,773	91,721
A.4 Financial derivatives - other	1,169	1,533	-	2,702
<b>B. Banking book</b>	<b>80,289</b>	<b>64,393</b>	<b>34,974</b>	<b>179,656</b>
B.1 Financial derivatives on debt securities and interest rates	77,387	59,072	33,537	169,996
B.2 Financial derivatives on equities and stock indices	1,647	2,903	485	5,035
B.3 Financial derivatives on foreign exchange rates and gold	1,255	2,418	952	4,625
B.4 Financial derivatives - other	-	-	-	-
<b>Total 31.12.2010</b>	<b>384,693</b>	<b>180,775</b>	<b>85,884</b>	<b>651,352</b>
<b>Total 31.12.2009</b>	<b>346,855</b>	<b>180,887</b>	<b>96,421</b>	<b>624,163</b>

**A.10. Over the counter financial derivatives: counterparty risk/financial risk – internal models**

As the Bank does not use EPE internal models for calculating counterparty risk, it has not prepared this table, rather, it has prepared table A.3 above.

**B. CREDIT DERIVATIVES****B.1. Credit derivatives: period-end and average notional amounts**

(millions of euro)

	Regulatory trading book		Banking book	
	single counterparty	more counterparties (basket)	single counterparty	more counterparties (basket)
<b>1. Protection purchases</b>				
- Credit default products	6,931	4,003	-	-
- Credit spread products	-	-	-	-
- Total rate of return swap	-	-	-	-
- Others	-	-	-	-
<b>Total 31.12.2010</b>	<b>6,931</b>	<b>4,003</b>	<b>-</b>	<b>-</b>
<b>Average values</b>	<b>8,347</b>	<b>5,434</b>	<b>-</b>	<b>-</b>
<b>Total 31.12.2009</b>	<b>9,764</b>	<b>6,865</b>	<b>-</b>	<b>-</b>
<b>2. Protection sales</b>				
- Credit default products	6,100	5,096	-	-
- Credit spread products	-	-	-	-
- Total rate of return swap	-	-	-	-
- Others	-	-	-	-
<b>Total 31.12.2010</b>	<b>6,100</b>	<b>5,096</b>	<b>-</b>	<b>-</b>
<b>Average values</b>	<b>7,264</b>	<b>6,612</b>	<b>-</b>	<b>-</b>
<b>Total 31.12.2009</b>	<b>8,428</b>	<b>8,129</b>	<b>-</b>	<b>-</b>

Part of the contracts in force as at 31 December 2010, shown in the table above, has been included within the structured credit products, namely: 1,070 million euro of protection purchases and 1,840 million euro of protection sales, in any case almost entirely attributable to exposures not included in US subprime exposures.

For further information on the relative economic and risk effects, see the chapter on market risks in the Notes to the consolidated financial statements.

**B.2. Over the counter credit derivatives: gross positive fair value – breakdown by product**

(millions of euro)

	Positive fair value	
	31.12.2010	31.12.2009
<b>A. Regulatory trading book</b>	<b>339</b>	<b>473</b>
a) Credit default products	339	473
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
<b>B. Banking book</b>	<b>-</b>	<b>-</b>
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
<b>TOTAL</b>	<b>339</b>	<b>473</b>

Part of the positive fair values, recognised as at 31 December 2010, and shown in the table above, has been included within the structured credit products, namely: 337 million euro, almost entirely attributable to positions taken to hedge the exposure in structured credit products.

For further information on the relative economic and risk effects, see the chapter on market risks in the Notes to the consolidated financial statements.



**B.3. Over the counter credit derivatives: gross negative fair value – breakdown by product**

(millions of euro)

	Negative fair value	
	31.12.2010	31.12.2009
<b>A. Regulatory trading book</b>	<b>665</b>	<b>799</b>
a) Credit default products	665	799
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
<b>B. Banking book</b>	<b>-</b>	<b>-</b>
a) Credit default products	-	-
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Others	-	-
<b>TOTAL</b>	<b>665</b>	<b>799</b>

Part of the negative fair values, recognised as at 31 December 2010, and shown in the table above, has been included within the structured credit products, namely: 663 million euro almost entirely attributable to exposures not included under the US subprime category.

For further information on the relative economic and risk effects, see the chapter on market risks in the Notes to the consolidated financial statements.

**B.4. Over the counter credit derivatives: gross (positive and negative) fair values by counterparty – contracts not included under netting arrangements**

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non- financial companies	Other counterparties
<b>REGULATORY TRADING BOOK</b>							
<b>1. Protection purchases</b>							
- notional amount	-	-	2,343	2,140	-	-	-
- positive fair value	-	-	62	53	-	-	-
- negative fair value	-	-	-8	-10	-	-	-
- future exposure	-	-	182	145	-	-	-
<b>2. Protection sales</b>							
- notional amount	-	-	2,434	2,608	-	-	-
- positive fair value	-	-	9	6	-	-	-
- negative fair value	-	-	-88	-260	-	-	-
- future exposure	-	-	1,428	2,988	-	-	-
<b>BANKING BOOK</b>							
<b>1. Protection purchases</b>							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
<b>2. Protection sales</b>							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

**B.5. Over the counter credit derivatives: gross (positive and negative) fair values by counterparty – contracts included under netting arrangements**

	(millions of euro)						
	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non- financial companies	Other counterparties
<b>REGULATORY TRADING BOOK</b>							
<b>1. Protection purchases</b>							
- notional amount	-	-	5,460	991	-	-	-
- positive fair value	-	-	174	13	-	-	-
- negative fair value	-	-	-22	-7	-	-	-
<b>2. Protection sales</b>							
- notional amount	-	-	5,173	981	-	-	-
- positive fair value	-	-	17	5	-	-	-
- negative fair value	-	-	-261	-9	-	-	-
<b>BANKING BOOK</b>							
<b>1. Protection purchases</b>							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-
<b>2. Protection sales</b>							
- notional amount	-	-	-	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-	-	-	-	-

**B.6. Residual maturity of credit derivatives: notional amounts**

	(millions of euro)			
	Up to 1 year	Between 1 and 5 years	Over 5 years	Total
<b>A. Regulatory trading book</b>				
A.1 Credit derivatives with "qualified reference obligation"	8,272	11,438	2,420	22,130
A.2 Credit derivatives with "unqualified reference obligation"	4,299	5,303	1,267	10,869
	3,973	6,135	1,153	11,261
<b>B. Banking book</b>				
B.1 Credit derivatives with "qualified reference obligation"	-	-	-	-
B.2 Credit derivatives with "unqualified reference obligation"	-	-	-	-
<b>Total 31.12.2010</b>	<b>8,272</b>	<b>11,438</b>	<b>2,420</b>	<b>22,130</b>
<b>Total 31.12.2009</b>	<b>11,674</b>	<b>16,843</b>	<b>4,669</b>	<b>33,186</b>

## C. CREDIT AND FINANCIAL DERIVATIVES

## C.1. Over the counter credit and financial derivatives: net fair values and future exposure by counterparty

(millions of euro)

	Governments and Central Banks	Public entities	Banks	Financial institutions	Insurance companies	Non- financial companies	Other counterparties
<b>1. Financial derivatives -</b>							
<b>bilateral agreements</b>	-	-	<b>8,085</b>	<b>13</b>	<b>-16</b>	<b>527</b>	-
- positive fair value	-	-	3,062	9	-	195	-
- negative fair value	-	-	-351	-30	-16	-29	-
- future exposure	-	-	4,121	17	-	278	-
- net counterparty risk	-	-	1,253	17	-	83	-
<b>2. Credit derivatives -</b>							
<b>bilateral agreements</b>	-	-	<b>-1</b>	-	-	-	-
- positive fair value	-	-	-	-	-	-	-
- negative fair value	-	-	-1	-	-	-	-
- future exposure	-	-	-	-	-	-	-
- net counterparty risk	-	-	-	-	-	-	-
<b>3. "Cross product" agreements</b>	-	-	<b>1,823</b>	<b>429</b>	-	-	-
- positive fair value	-	-	676	117	-	-	-
- negative fair value	-	-	-462	-	-	-	-
- future exposure	-	-	968	200	-	-	-
- net counterparty risk	-	-	641	112	-	-	-
<b>Total 31.12.2010</b>	-	-	<b>9,907</b>	<b>442</b>	<b>-16</b>	<b>527</b>	-

## SECTION 3 - LIQUIDITY RISK

### QUALITATIVE INFORMATION

The qualitative information is contained in Part E of the Notes to the consolidated financial statements.

### QUANTITATIVE INFORMATION

#### 1. Breakdown by contractual residual maturity of financial assets and liabilities

The breakdown by maturity of assets and liabilities is shown in the tables below according to the rules set forth in financial statement regulations (Bank of Italy circular 262 and related clarifications issued by the Supervisory Authority), using accounting information organised by contractual residual maturity.

Therefore, no operational data was used that would require, for example, the modelling of demand liabilities and the representation of cash items according to their level of liquidity.

#### Currency of denomination: Euro

	(millions of euro)									
	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
<b>Cash assets</b>	<b>31,471</b>	<b>26,289</b>	<b>11,021</b>	<b>26,040</b>	<b>31,729</b>	<b>21,780</b>	<b>17,939</b>	<b>74,693</b>	<b>51,307</b>	<b>3,365</b>
A.1 Government bonds	11	-	306	2,267	5,438	6,931	2,821	783	959	-
A.2 Other debt securities	472	10	6	3,556	2,225	281	1,870	11,088	2,806	1
A.3 Quotas of UCI	456	-	-	-	-	-	-	-	-	-
A.4 Loans	30,532	26,279	10,709	20,217	24,066	14,568	13,248	62,822	47,542	3,364
- Banks	6,106	14,663	4,095	8,782	15,701	8,884	5,123	15,810	9,474	3,276
- Customers	24,426	11,616	6,614	11,435	8,365	5,684	8,125	47,012	38,068	88
<b>Cash liabilities</b>	<b>83,366</b>	<b>10,921</b>	<b>7,581</b>	<b>16,554</b>	<b>19,289</b>	<b>20,642</b>	<b>13,140</b>	<b>78,394</b>	<b>36,351</b>	<b>4,578</b>
B.1 Deposits and current accounts	82,921	3,791	1,408	9,942	13,152	1,989	4,054	27,924	6,490	-
- Banks	3,492	1,836	1,003	7,977	11,090	1,302	3,740	27,870	6,490	-
- Customers	79,429	1,955	405	1,965	2,062	687	314	54	-	-
B.2 Debt securities	20	340	1,344	1,381	4,168	17,100	8,759	48,151	27,594	4,078
B.3 Other liabilities	425	6,790	4,829	5,231	1,969	1,553	327	2,319	2,267	500
<b>Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	7,077	2,679	6,408	7,819	3,585	6,059	2,394	2,579	-
- Short positions	-	9,532	2,020	7,913	9,974	4,329	7,674	5,350	3,312	-
C.2 Financial derivatives without exchange of capital										
- Long positions	5,704	-	-	-	-	-	-	-	-	-
- Short positions	5,868	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	36	-	-	-	-	-	-	-	-	-
- Short positions	-	36	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	10	1,832	1,000	990	1,021	1,906	4,460	364	-
- Short positions	3,972	4	-	-	761	519	1,906	4,512	384	-
C.5 Financial guarantees given	77	-	-	-	-	3	1	20	-	-

## Currency of denomination: US dollar

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
<b>Cash assets</b>	<b>1,447</b>	<b>1,974</b>	<b>1,409</b>	<b>2,760</b>	<b>3,696</b>	<b>2,860</b>	<b>1,872</b>	<b>5,178</b>	<b>2,872</b>	<b>3</b>
A.1 Government bonds	1	-	-	-	2	4	76	317	60	-
A.2 Other debt securities	5	212	-	-	11	70	191	1,346	1,346	3
A.3 Quotas of UCI	613	-	-	-	-	-	-	-	-	-
A.4 Loans	828	1,762	1,409	2,760	3,683	2,786	1,605	3,515	1,466	-
- Banks	495	1,046	390	1,401	2,730	2,187	1,271	419	174	-
- Customers	333	716	1,019	1,359	953	599	334	3,096	1,292	-
<b>Cash liabilities</b>	<b>2,250</b>	<b>13,013</b>	<b>2,172</b>	<b>5,697</b>	<b>6,929</b>	<b>2,957</b>	<b>790</b>	<b>2,848</b>	<b>15</b>	<b>-</b>
B.1 Deposits and current accounts	2,145	10,943	1,359	2,848	3,516	1,012	77	221	-	-
- Banks	959	3,779	212	798	297	37	2	221	-	-
- Customers	1,186	7,164	1,147	2,050	3,219	975	75	-	-	-
B.2 Debt securities	7	902	374	1,363	1,820	1,292	696	2,300	15	-
B.3 Other liabilities	98	1,168	439	1,486	1,593	653	17	327	-	-
<b>Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	10,128	2,111	8,028	9,737	3,359	5,259	3,938	1,663	-
- Short positions	-	7,522	1,995	5,040	6,608	2,192	5,340	2,134	1,836	-
C.2 Financial derivatives without exchange of capital										
- Long positions	512	-	-	-	-	-	-	-	-	-
- Short positions	530	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	238	-	-	-	-	-	-	-	-	-
- Short positions	-	156	7	17	39	19	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	-	1	4	154	418	594	1,157	671	-
- Short positions	214	33	-	-	147	209	584	1,141	1,033	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

## Currency of denomination: Pound sterling

	(millions of euro)									
	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
<b>Cash assets</b>	<b>59</b>	<b>65</b>	<b>9</b>	<b>234</b>	<b>227</b>	<b>182</b>	<b>13</b>	<b>778</b>	<b>130</b>	-
A.1 Government bonds	-	-	-	-	-	58	-	289	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	19	102	-
A.3 Quotas of UCI	-	-	-	-	-	-	-	-	-	-
A.4 Loans	59	65	9	234	227	124	13	470	28	-
- Banks	31	39	6	187	182	120	3	267	15	-
- Customers	28	26	3	47	45	4	10	203	13	-
<b>Cash liabilities</b>	<b>228</b>	<b>1,409</b>	<b>533</b>	<b>311</b>	<b>425</b>	<b>225</b>	<b>292</b>	<b>168</b>	<b>2,078</b>	-
B.1 Deposits and current accounts	228	1,367	32	9	210	-	2	58	-	-
- Banks	138	394	29	6	181	-	2	58	-	-
- Customers	90	973	3	3	29	-	-	-	-	-
B.2 Debt securities	-	42	375	209	198	221	290	110	2,078	-
B.3 Other liabilities	-	-	126	93	17	4	-	-	-	-
<b>Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	809	317	302	972	441	1,710	687	1,247	-
- Short positions	-	467	359	337	665	215	251	224	648	-
C.2 Financial derivatives without exchange of capital										
- Long positions	72	-	-	-	-	-	-	-	-	-
- Short positions	82	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	14	-	-	-	-	-	-	-	-	-
- Short positions	-	14	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

**Currency of denomination: Yen**

(millions of euro)

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
<b>Cash assets</b>	<b>184</b>	<b>191</b>	<b>245</b>	<b>245</b>	<b>629</b>	<b>548</b>	<b>60</b>	<b>268</b>	<b>84</b>	-
A.1 Government bonds	1	-	27	-	304	470	-	47	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Quotas of UCI	-	-	-	-	-	-	-	-	-	-
A.4 Loans	183	191	218	245	325	78	60	221	84	-
- Banks	97	138	209	113	115	19	42	52	22	-
- Customers	86	53	9	132	210	59	18	169	62	-
<b>Cash liabilities</b>	<b>168</b>	<b>285</b>	<b>284</b>	<b>81</b>	-	<b>19</b>	<b>46</b>	<b>454</b>	<b>186</b>	-
B.1 Deposits and current accounts	168	-	-	35	-	19	46	129	-	-
- Banks	87	-	-	-	-	19	46	101	-	-
- Customers	81	-	-	35	-	-	-	28	-	-
B.2 Debt securities	-	-	-	46	-	-	-	325	186	-
B.3 Other liabilities	-	285	284	-	-	-	-	-	-	-
<b>Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	633	55	527	355	218	141	500	214	-
- Short positions	-	957	594	710	847	313	95	43	29	-
C.2 Financial derivatives without exchange of capital										
- Long positions	31	-	-	-	-	-	-	-	-	-
- Short positions	31	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	211	-	-	-	-	-	-	-	-	-
- Short positions	-	211	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	12	-	4	1	-	-	-	-	-
- Short positions	16	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	1	-	-	-	-

## Currency of denomination: Swiss franc

	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
	(millions of euro)									
<b>Cash assets</b>	<b>44</b>	<b>241</b>	<b>18</b>	<b>133</b>	<b>459</b>	<b>44</b>	<b>362</b>	<b>154</b>	<b>90</b>	<b>-</b>
A.1 Government bonds	1	-	-	-	-	-	89	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Quotas of UCI	-	-	-	-	-	-	-	-	-	-
A.4 Loans	43	241	18	133	459	44	273	154	90	-
- Banks	40	193	12	94	294	19	252	-	31	-
- Customers	3	48	6	39	165	25	21	154	59	-
<b>Cash liabilities</b>	<b>125</b>	<b>24</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>
B.1 Deposits and current accounts	125	24	-	40	-	28	-	2	-	-
- Banks	62	24	-	-	-	-	-	2	-	-
- Customers	63	-	-	40	-	28	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	127	99	58	200	98	303	322	-	-
- Short positions	-	243	242	455	615	92	543	317	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	17	-	-	-	-	-	-	-	-	-
- Short positions	16	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	4	-	-	-	-	-	-	-	-	-
- Short positions	-	-	4	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	9	2	3	-	-	-	-	-	-
- Short positions	15	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-



**Currency of denomination: Other currencies**

	(millions of euro)									
	On demand	Between 1 and 7 days	Between 7 and 15 days	Between 15 days and 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years	Unspecified maturity
<b>Cash assets</b>	<b>297</b>	<b>470</b>	<b>57</b>	<b>228</b>	<b>183</b>	<b>406</b>	<b>609</b>	<b>564</b>	<b>242</b>	-
A.1 Government bonds	-	-	-	-	-	299	502	76	-	-
A.2 Other debt securities	-	-	-	-	12	28	25	13	-	-
A.3 Quotas of UCI	-	-	-	-	-	-	-	-	-	-
A.4 Loans	297	470	57	228	171	79	82	475	242	-
- Banks	289	445	30	96	31	4	14	-	12	-
- Customers	8	25	27	132	140	75	68	475	230	-
<b>Cash liabilities</b>	<b>251</b>	<b>454</b>	<b>457</b>	<b>204</b>	<b>126</b>	<b>5</b>	<b>1</b>	<b>218</b>	<b>266</b>	-
B.1 Deposits and current accounts	245	283	32	64	120	5	1	67	38	-
- Banks	169	272	29	56	68	2	-	22	38	-
- Customers	76	11	3	8	52	3	1	45	-	-
B.2 Debt securities	6	-	-	1	6	-	-	151	228	-
B.3 Other liabilities	-	171	425	139	-	-	-	-	-	-
<b>Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	1,227	244	664	550	748	1,607	690	155	-
- Short positions	-	1,951	296	1,533	813	501	1,101	697	38	-
C.2 Financial derivatives without exchange of capital										
- Long positions	83	-	-	-	-	-	-	-	-	-
- Short positions	82	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be settled										
- Long positions	240	-	-	-	-	-	-	-	-	-
- Short positions	-	240	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to lend funds										
- Long positions	-	78	11	-	-	-	-	-	-	-
- Short positions	20	69	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-

**2. Self-securitisations carried out by Intesa Sanpaolo S.p.A.**

The securitisations originated by Intesa Sanpaolo S.p.A. in which it underwrote all the securities issued by the related vehicle (self-securitisations) have not been shown in the tables of Part E, section C "Securitisation and asset sales" of the Notes to the financial statements.

In 2008, Intesa Sanpaolo S.p.A. originated three securitisations through the vehicles Adriano Finance S.r.l. and Adriano Finance 2 S.r.l..

On 4 August 2008, the securitisation of a portfolio of performing mortgages of 7,998 million euro, sold without recourse to the vehicle Adriano Finance S.r.l. on 28 March 2008 with economic effects as of 19 March was completed. The company Adriano Finance issued RMBS notes at par (Adriano Finance F/R Notes December 2055) for the same amount.

The Class A notes, eligible for ECB repurchase transactions, are listed on the Luxembourg Stock Exchange and have obtained a Triple A rating from both Standard & Poor's and Moody's agencies. The Class B notes on the other hand are unrated.

As part of the prudential enhancement of the already broad availability of the Intesa Sanpaolo Group's eligible assets for the Central Banks, in 2009 two additional securitisations of performing residential mortgages originated by Intesa Sanpaolo, respectively emanating from the former Intesa pool (issuer Adriano Finance S.r.l.) and the former Sanpaolo IMI pool (issuer Adriano Finance 2 S.r.l.) were completed. The mortgages were sold without recourse to these vehicles (both incorporated pursuant to Law 130/99).

On 18 December 2008, a securitisation of a portfolio of performing residential and commercial mortgages for 5,679 million euro was completed. The company Adriano Finance S.r.l. issued RMBS notes at par (Adriano Finance F/R Notes due December 2058) for the same amount.

The Class A notes, listed on the Luxembourg Stock Exchange and assigned a AAA rating by Standard & Poor's, are eligible for use for ECB repurchase transactions. The Class B notes are unrated.

On 31 December 2008, a securitisation of a portfolio of performing residential mortgages for an amount of 13,050 million euro was completed. The company Adriano Finance 2 S.r.l. issued RMBS notes at par (Adriano Finance F/R Notes due June 2061) for the same amount.

The Class A notes, listed on the Luxembourg Stock Exchange and assigned a AAA rating by Fitch, are eligible for use for ECB repurchase transactions. The Class B notes are unrated.

On 20 July 2009, the securitisation of a portfolio of performing residential mortgages for an amount of 5,860 million euro, sold without recourse to the vehicle Adriano Finance S.r.l. on 25 May 2009, with economic effects as of 23 May was completed. The company Adriano Finance issued a third series of RMBS notes at par (Adriano Finance F/R Notes due June 2065) for the same amount. The Class A notes, eligible for use for refinancing operations in the Eurosystem, were awarded a AAA rating from the Fitch rating agency. The Class B notes are unrated.

On 20 October 2010, Intesa Sanpaolo S.p.A. launched the inaugural issue of Covered Bonds amounting to 1 billion euro, for the Euromarket, under the issue programme for a maximum amount of 20 billion euro, backed by RMBS and mortgage loans. The

Covered Bonds are backed by all outstanding class A Adriano Finance RMBS F/R Dec 2055 securities, transferred by ISP to the vehicle ISP CB Ipotecario S.r.l. on 2 August 2010.

These transactions, broken down into tranches, are summarised in the table below:

(millions of euro)				
Vehicle	Type of security issued	Type of asset securitised	External rating	Principal as at 31.12.2010
<b>Adriano Finance S.r.l.</b>	<b>Senior</b>			<b>10,578</b>
- of which first mortgage portfolio securitised (4 August 2008) <sup>(*)</sup>		Performing mortgages	AAA/Aaa	-
- of which second mortgage portfolio securitised (Adriano bis Securitisation) (18 December 2008)		Performing residential and commercial long-term mortgages	AAA	5,281
- of which third mortgage portfolio securitised (Adriano ter Securitisation) (20 July 2009)		Performing residential mortgages	AAA	5,297
<b>Adriano Finance S.r.l.</b>	<b>Junior</b>			<b>1,401</b>
- of which first mortgage portfolio securitised (4 August 2008)		Performing mortgages	no rating	440
- of which second mortgage portfolio securitised (Adriano bis Securitisation) (18 December 2008)		Performing residential and commercial long-term mortgages	no rating	398
- of which third mortgage portfolio securitised [Adriano ter Securitisation] (20 July 2009)		Performing residential mortgages	no rating	563
<b>Adriano Finance 2 S.r.l.</b>	<b>Senior</b>	<b>Performing residential long-term mortgages</b>	<b>AAA</b>	<b>12,174</b>
<b>Adriano Finance 2 S.r.l.</b>	<b>Junior</b>	<b>Performing residential long-term mortgages</b>	<b>no rating</b>	<b>876</b>
<b>TOTAL</b>				<b>25,029</b>

<sup>(\*)</sup> The amount, totalling 7,558 million euro and used in covered bond issues, is shown in Section C.3. of Part E of these Notes to the Parent Company's financial statements.

## **SECTION 4 – OPERATIONAL RISK**

### **QUALITATIVE INFORMATION**

The qualitative information is contained in Part E of the Notes to the consolidated financial statements.

### **QUANTITATIVE INFORMATION**

From 31 December 2010, Intesa Sanpaolo uses the full AMA Method to determine its capital requirements and the resulting capital absorption amounted to around 1,060 million euro.

## Part F – Information on capital

### SECTION 1 – PARENT COMPANY'S SHAREHOLDERS' EQUITY

#### A. Qualitative information

Qualitative information on capital and capital management policies is contained in Part F of the Notes to the consolidated financial statements.

For individual banks, the minimum capital requirement, that is the ratio between regulatory capital and risk-weighted assets, must be at least equal to 8%. This capital requirement may be reduced by 25% provided that the amount of the consolidated regulatory capital, including Tier 3 capital, is equal to or higher than total consolidated capital requirements.

In order to reflect the amendments to European Directives 2009/27/EC, 2009/83/EC and 2009/111/EC ("CRD II") governing capital requirements for Banks, adjustments were made to the national provisions issued by Bank of Italy in Circular 263 of 27 December 2006 "New regulations for the prudential supervision of banks" and Circular 155 of 1991 "Instructions on the preparation of regulatory reporting on regulatory capital and capital ratios".

The changes, which aim to reinforce banks' capital quality, affected innovative and non-innovative capital instruments in terms of flexibility of payments, ability to absorb losses and the associated limits on calculability, which rise according to the capital instruments' capital quality.

The new rules also redefine the notion of capital, limiting it to ordinary shares, and thus excluding the calculability of instruments that attribute privileges in the absorption of losses to their holders. The application of the new criteria thus resulted in the exclusion of savings shares, which enjoy preferential remuneration mechanisms, from core capital. Such shares have thus been included among the non-core components of Tier 1 capital under the 30-year transitional provisions (known as "grandfathering") that call for a gradual reduction of the eligibility of instruments issued prior to 31 December 2010 that do not meet the new eligibility criteria.

#### B. Quantitative information

##### B.1. Parent Company's shareholders' equity: breakdown

	31.12.2010	31.12.2009
	(millions of euro)	
	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>1. Share capital</b>	<b>6,647</b>	<b>6,647</b>
Ordinary shares	6,162	6,162
Savings shares	485	485
<b>2. Share premium reserve</b>	<b>33,271</b>	<b>33,271</b>
<b>3. Reserves</b>	<b>5,709</b>	<b>5,038</b>
retained earnings:	5,610	4,939
a) legal reserve	1,329	1,329
b) statutory reserve	-	-
c) treasury shares	-	-
d) other	4,281	3,610
other	99	99
<b>4. Equity instruments</b>	-	-
<b>5. (Treasury shares)</b>	-	-
<b>6. Valuation reserves:</b>	<b>896</b>	<b>986</b>
Financial assets available for sale	286	331
Property and equipment	-	-
Intangible assets	-	-
Hedges of foreign investments	-	-
Cash flow hedges	-377	-332
Foreign exchange differences	-	-
Non current assets held for sale	-	-
Actuarial gains (losses) on defined benefit plans	-	-
Share of valuation reserves connected with investments carried at equity	-	-
Legally-required revaluations	987	987
<b>7. Net income (loss)</b>	<b>2,327</b>	<b>1,843</b>
<b>Total</b>	<b>48,850</b>	<b>47,785</b>

**B.2. Valuation reserves of financial assets available for sale: breakdown**

(millions of euro)

	Total as at 31.12.2010		Total as at 31.12.2009	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	11	-47	79	-40
2. Equities	392	-71	303	-12
3. Quotas of UCI	2	-	3	-1
4. Loans	13	-14	13	-14
<b>Total</b>	<b>418</b>	<b>-132</b>	<b>398</b>	<b>-67</b>

**B.3. Valuation reserves of financial assets available for sale: annual changes**

(millions of euro)

	Debt securities	Equities	Quotas of UCI	Loans
<b>1. Initial amount</b>	<b>39</b>	<b>291</b>	<b>2</b>	<b>-1</b>
<b>2. Positive fair value differences</b>	<b>19</b>	<b>180</b>	<b>2</b>	<b>-</b>
2.1 Fair value increases	13	174	2	-
2.2 Reversal to the income statement of negative reserves	6	6	-	-
- impairment	3	6	-	-
- disposal	3	-	-	-
2.3 Other changes	-	-	-	-
<b>3. Negative fair value differences</b>	<b>-94</b>	<b>-150</b>	<b>-2</b>	<b>-</b>
3.1 Fair value decreases	-85	-148	-2	-
3.2 Impairment losses	-	-1	-	-
3.3 Reversal to the income statement of positive reserves: disposal	-9	-7	-	-
3.4 Other changes	-	-	-	-
<b>4. Closing amount</b>	<b>-36</b>	<b>321</b>	<b>2</b>	<b>-1</b>

## SECTION 2 – REGULATORY CAPITAL AND CAPITAL RATIOS

## 2.1. Regulatory capital

## A. Qualitative information

As at 31 December 2010 Regulatory capital has been calculated on the basis of instructions included in Circular 155/91 of the Bank of Italy (Instructions on the preparation of reporting on regulatory capital and capital ratios) as modified by the 13<sup>th</sup> update of 9 February 2011.

Further details on qualitative information on regulatory capital and capital ratios are contained in Part F of the Notes to the consolidated financial statements.

## 1. Tier 1 capital

Characteristics of subordinated instruments	Interest rate	S t e p - u p	Issue date	Expiry date	Early redemption	C u r r e n c y	Original amount in currency (millions)	Contribution to regulatory capital (millions of euro)
Subordinated deposit (*)	6.988% fixed rate; from 12/07/2011 3-month Euribor + 2.60%	YES	12-Jul-2001	perpetual	12-Jul-2011	Euro	500	500
Subordinated bonds (*)	up to 24/9/2018 (excluded): 8.698%; thereafter 3-month Euribor + 5.05%	YES	24-Sep-2008	perpetual	24-Sep-2018	Euro	250	250
Subordinated bonds (*)	up to 20/6/2018 (excluded): 8.047%; thereafter 3-month Euribor + 4.10%	YES	20-Jun-2008	perpetual	20-Jun-2018	Euro	1,250	1,250
Subordinated bonds (*)	up to 14/10/2019: 8.375%; thereafter 3-month Euribor + 6.87%	YES	14-Oct-2009	perpetual	14-Oct-2019	Euro	1,500	1,500
Subordinated bonds	9.5% fixed rate	NO	01-Oct-2010	perpetual	01-Jun-2021	Euro	1,000	1,000
<b>Total innovative and non-innovative equity instruments (Tier I)</b>								<b>4,500</b>

(\*) Securities subject to grandfathering, calculated in Tier I capital in application of the transitional arrangements envisaged by Title I, Chapter 2, Section II, paragraph 1.4.1 of Circular No. 263 of 27 December 2006 – 5th update of 22 December 2010, "New regulations for the prudential supervision of banks".

## 2. Tier 2 capital

Characteristics of subordinated instruments	Interest rate	S t e p - u p	Issue date	Expiry date	Early redemption	C u r r e n c y	Original amount in currency (millions)	Contribution to regulatory capital (millions of euro)
Subordinated bonds	6.625% fixed rate	NO	08-May-2008	08-May-2018	NO	Euro	1,250	1,243
Subordinated bonds	6.16% fixed rate	NO	27-Jun-2008	27-Jun-2018	NO	Euro	120	120
<b>Total hybrid instruments (Upper Tier 2)</b>								<b>1,363</b>
Subordinated bonds	8% for 1st coupon, 6.375% for 2nd and 3rd coupons, 13.8% thereafter less 2 times the 12-month Libor (max 5.3%-min 4.5%)	NO	16-Jun-1998	17-Jun-2013	NO	Lit	500,000	106
Subordinated bonds	8% for 1st coupon, 6.375% for 2nd and 3rd coupons, 13.8% thereafter less 2 times the 12-month Libor (max 5.3%-min 4.5%)	NO	30-Jun-1998	01-Jul-2013	NO	Lit	200,000	44
Subordinated bonds	8% 1st coupon, 5% 2nd coupon, 4% 3rd coupon, thereafter 70% of 10-year swap rate	NO	09-Mar-1999	09-Mar-2014	NO	Lit	480,000	168
Subordinated bonds	8% 1st coupon, 5.5% 2nd coupon, 4% 3rd coupon, thereafter 65% of 10-year swap rate with minimum 4%	NO	15-Jul-1999	15-Jul-2014	NO	Euro	250	175
Subordinated bonds	6.11% fixed rate; as of 23/2/05 97% of 30-year Euro Swap mid rate	NO	23-Feb-2000	23-Feb-2015	NO	Euro	65	65
Subordinated bonds	92% of 30-year Euro Swap mid rate: never less than that of previous coupon	NO	12-Mar-2001	23-Feb-2015	NO	Euro	50	50
Subordinated bonds	5.35% fixed rate	NO	09-Apr-2001	09-Apr-2011	NO	Euro	125	25
Subordinated bonds	5.20% fixed rate	NO	15-Jan-2002	15-Jan-2012	NO	Euro	266	106
Subordinated bonds	5.50% fixed rate	NO	12-Apr-2002	12-Apr-2012	NO	Euro	126	49

Characteristics of subordinated instruments	Interest rate	S t e p - u p	Issue date	Expiry date	Early redemption	C u r r e n c y	Original amount in currency (millions)	Contribution to regulatory capital (millions of euro)
Subordinated bonds	3-month Euribor + 0.25%	YES	08-Feb-2006	08-Feb-2016	08-Feb-2011	Euro	1,500	1,494
Subordinated bonds	5.50% fixed rate; from 19/12/2011 3-month Sterling LIBOR + 0.99	YES	19-Jul-2006	19-Dec-2016	19-Dec-2011	Gbp	1,000	1,160
Subordinated bonds	6.375% fixed rate; from 12/11/2012 3-month Sterling LIBOR	YES	12-Oct-2007	12-Oct-2017	12-Oct-2012	Gbp	250	290
Subordinated bonds	4.8%	NO	28-Mar-2008	28-Mar-2015	NO	Euro	800	800
Subordinated bonds	5.75% fixed rate; from 28/5/2013 3-month Euribor + 1.98%	YES	28-May-2008	28-May-2018	28-May-2013	Euro	1,000	998
Subordinated bonds	4.00%	NO	30-Sep-2008	30-Sep-2015	NO	Euro	1,097	1,049
Subordinated bonds	6.16% fixed rate	NO	29-Oct-2008	29-Oct-2015	NO	Euro	382	382
Subordinated bonds	6.25% fixed rate	NO	12-Nov-2008	12-Nov-2015	NO	Euro	545	545
Subordinated bonds	5.87% fixed rate	NO	26-Nov-2008	26-Nov-2015	NO	Euro	415	415
Subordinated bonds	quarterly interests according to the formula: (3-month Euribor + 4%) <sup>1</sup> / <sub>4</sub>	NO	24-Feb-2009	24-Feb-2016	NO	Euro	635	635
Subordinated bonds	quarterly interests according to the formula: (3-month Euribor + 4%) <sup>1</sup> / <sub>4</sub>	NO	12-Mar-2009	12-Mar-2016	NO	Euro	165	165
Subordinated bonds	5% fixed rate	NO	23-Sep-2009	23-Sep-2019	NO	Euro	1,500	1,489
Subordinated bonds	5.15% fixed rate	NO	16-Jul-2010	16-Jul-2020	NO	Euro	1,250	1,246
Subordinated bonds	quarterly interests according to the formula: (3-month Euribor + 1.6%) <sup>1</sup> / <sub>4</sub>	NO	30-Sep-2010	30-Sep-2017	NO	Euro	805	805
Subordinated bonds	quarterly interests according to the formula: (3-month Euribor + 1.60%) <sup>1</sup> / <sub>4</sub>	NO	10-Nov-2010	10-Nov-2017	NO	Euro	479	479
Notes	5.375% p.a.	NO	13-Dec-2002	13-Dec-2012	NO	Euro	300	120
Notes	up to 18/03/2019 (excluded): 5.625% p.a. thereafter: 3-month Sterling LIBOR + 1.125% p.a.	YES	18-Mar-2004	18-Mar-2024	18-Mar-2019	Gbp	165	192
Notes	up to 28/06/2011 (excluded): 3-month Euribor + 0.30% p.a. thereafter: 3-month Euribor + 0.90% p.a.	YES	28-Jun-2004	28-Jun-2016	28-Jun-2011	Euro	700	699
Notes	up to 2/3/2015 (excluded): 3.75% p.a. thereafter: 3-month Euribor + 0.89% p.a.	YES	02-Mar-2005	02-Mar-2020	02-Mar-2015	Euro	500	497
Notes	up to 20/2/2013 (excluded): 3-month Euribor + 0.25% p.a. thereafter: 3-month Euribor + 0.85% p.a.	YES	20-Feb-2006	20-Feb-2018	20-Feb-2013	Euro	750	749
Notes	up to 19/4/2011 (excluded): 3-month Euribor + 0.20% p.a. thereafter: 3-month Euribor + 0.80% p.a.	YES	19-Apr-2006	19-Apr-2016	19-Apr-2011	Euro	500	492
Notes	up to 26/6/2013 (excluded): 4.375% p.a. thereafter: 3-month Euribor + 1.00% p.a.	YES	26-Jun-2006	26-Jun-2018	26-Jun-2013	Euro	500	500
<b>Total eligible subordinated liabilities (Lower Tier 2)</b>								<b>15,989</b>
<b>TOTAL</b>								<b>21,852</b>

**B. Quantitative information**

(millions of euro)

	31.12.2010	31.12.2009
<b>A. Tier 1 capital before the application of prudential filters</b>	<b>42,438</b>	<b>40,937</b>
B. Tier 1 capital prudential filters	-470	-447
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-470	-447
<b>C. Tier 1 before items to be deducted (A+B)</b>	<b>41,968</b>	<b>40,490</b>
<b>D. Items to be deducted from Tier 1</b>	<b>1,489</b>	<b>591</b>
<b>E. Total Tier 1 capital (C-D)</b>	<b>40,479</b>	<b>39,899</b>
<b>F. Tier 2 capital before the application of prudential filters</b>	<b>18,924</b>	<b>16,753</b>
<b>G. Tier 2 capital prudential filters</b>	<b>-82</b>	<b>-96</b>
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-82	-96
<b>H. Tier 2 before items to be deducted (F+G)</b>	<b>18,842</b>	<b>16,657</b>
<b>I. Items to be deducted from Tier 2</b>	<b>1,489</b>	<b>591</b>
<b>L. Total Tier 2 capital (H-I)</b>	<b>17,353</b>	<b>16,066</b>
<b>M. Items to be deducted from total Tier 1 and Tier 2 capital</b>	<b>3,635</b>	<b>3,721</b>
<b>N. Regulatory capital (E+L-M)</b>	<b>54,197</b>	<b>52,244</b>
<b>O. Tier 3 capital</b>	<b>-</b>	<b>-</b>
<b>P. Regulatory capital including Tier 3 (N+O)</b>	<b>54,197</b>	<b>52,244</b>

**2.2. Capital adequacy****A. Qualitative information**

The "New regulations for the prudential supervision of Banks" (Bank of Italy Circular 263 of 27 December 2006), which adopt the provisions on the International convergence of capital measurement and capital standards (Basel 2), allow banks to adopt internal risk measurement systems for calculating capital requirements for credit risk.

Following the obtainment of authorisation from the Supervisory Authority, Intesa Sanpaolo began to calculate the capital requirements for credit risk and counterparty risk, respectively, according to the IRB approach for the Retail Mortgage segment (Residential mortgages for private individuals) effective from 30 June 2010 and the Advanced Internal Rating Based approach (AIRB) for the regulatory portfolio "Exposures to corporates" effective from 31 December 2010. The latter approach is based on the use of internal estimates of both PD - probability of default and LGD - loss given default.

Under the above mentioned Supervisory instructions, the bank must hold total capital equivalent to at least 8% of the total risk-weighted assets (total capital ratio) in relation to the typical risks associated with banking and financial activities (credit and counterparty risks, market risks and operational risks), weighted on the basis of regulatory segmentation of borrowing counterparties and taking into account credit risk mitigation techniques. This capital requirement may be reduced by 25% provided that the amount of the consolidated regulatory capital, including Tier 3 capital, is equal to or higher than total consolidated capital requirements.

Furthermore, banks must comply with capital requirements on market risks calculated on the whole trading portfolio separately for the various types of risk: position risk on debt securities and equities, settlement risk and concentration risk. Moreover, with reference to the entire financial statements, foreign exchange risk and position risk on commodities must be calculated.

The use of internal models to determine the capital requirement for market risks is permitted; in particular, Intesa Sanpaolo applies the internal model to calculate generic position risk (price fluctuation risk) and specific risk (issuer risk) for equities, generic position risk for debt securities and the specific risk of some types of credit derivatives in the trading book, while standard methodologies are used for other risks. Counterparty risk is calculated independently of the portfolio of allocation.

Moreover, a specific capital requirement pertaining to operational risk has been established, in order to address the increased exposure of banks to this type of risk and upgrade the units for the management and control of intermediaries.

With regard to operational risks, following the completion of implementation of the AMA approach, authorisation from the Bank of Italy was obtained for the use of the internal Advanced Measurement Approach (AMA) in the calculation of the capital requirements.

For the assessment of capital soundness, more rigorous ratios are also used: the Tier 1 capital ratio, represented by the ratio between Tier 1 capital and risk-weighted assets, and the Core Tier 1 capital ratio, represented by the ratio between Tier 1 capital (net of preference shares and savings shares) and risk-weighted assets.

As indicated in the table on the composition of regulatory capital and capital ratios, as at 31 December 2010, Intesa Sanpaolo had a Tier 1 ratio (Tier 1 capital/risk-weighted assets) equal to 24.9% and a Total capital ratio (regulatory capital/risk-weighted assets) equal to 33.4%.



**B. Quantitative information**

(millions of euro)

	Unweighted amounts		Weighted amounts/requirements	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
<b>A. RISK ASSETS</b>				
<b>A.1 Credit and counterparty risk</b>	<b>452,206</b>	<b>455,329</b>	<b>194,831</b>	<b>201,513</b>
1. Standard methodology	292,395	338,451	93,551	99,121
2. Methodology based on internal ratings	155,547	113,906	96,573	100,518
2.1 Base	7,283	113,906	23,159	100,518
2.2 Advanced	148,264	-	73,414	-
3. Securitisations	4,264	2,972	4,707	1,874
<b>B. CAPITAL REQUIREMENTS</b>				
<b>B.1 Credit and counterparty risks</b>			<b>15,586</b>	<b>16,121</b>
<b>B.2 Market risk</b>			<b>669</b>	<b>686</b>
1. Standard methodology			610	655
2. Internal models			59	31
3. Concentration risk			-	-
<b>B.3 Operational risk</b>			<b>1,065</b>	<b>955</b>
1. Base methodology			-	-
2. Standard methodology			-	219
3. Advanced methodology			1,065	736
<b>B.4 Other capital requirements</b>			-	-
<b>B.5 Other calculation elements</b>			<b>-4,330</b>	<b>-4,440</b>
<b>B.6 Total capital requirements</b>			<b>12,990</b>	<b>13,322</b>
<b>C. RISK-WEIGHTED ASSETS AND CAPITAL RATIOS</b>				
<b>C.1 Risk-weighted assets</b>			<b>162,375</b>	<b>166,519</b>
<b>C.2 Tier 1 capital / Risk-weighted assets</b> (Tier 1 capital ratio)			<b>24.9%</b>	<b>24.0%</b>
<b>C.3 Total capital / Risk-weighted assets</b> (Total capital ratio)			<b>33.4%</b>	<b>31.4%</b>

## Part G – Business combinations

### SECTION 1 – TRANSACTIONS CARRIED OUT IN THE YEAR

During the year no business combinations were undertaken pursuant to IFRS 3 involving the acquisition of control over businesses or legal entities, with the exception of the acquisition of control of Intesa Vita, a transaction which has already been described in Part G of the Notes to the consolidated financial statements. The integration of 50% of the company, in addition to the 50% interest previously held, entailed an outlay of 706.4 million euro.

However, the Group did undertake several extraordinary intragroup transactions, which are scoped out of IFRS 3, that involved the transfer of business lines or legal entities between companies within the Intesa Sanpaolo Group and the Parent Company. Since the transfers were carried out for reorganisation purposes only, in accordance with the Group's accounting policy, these transactions were simply recorded line by line in the individual financial statements of the Parent Company Intesa Sanpaolo, without recognition of any economic effect.

The intragroup transactions completed during the year concerned:

- the acquisition by Eurizon Vita of an interest (80.01%) in Fideuram Vita;
- the acquisition from Banca CR Firenze of the investment in Intesa Sanpaolo Private Banking deriving from the contribution of private-banking branches;
- the acquisition by the consortium company Intesa Sanpaolo Group Services of a business line for the purposes of the subsequent sale of the securities services business to State Street;
- the contribution of a business line by Intesa Sanpaolo to Intesa Sanpaolo Servizi Transazionali, with the aim of subsequently transferring the Securities Services business to State Street;
- the acquisition by Banca di Trento e Bolzano of the investment in Intesa Sanpaolo Private Banking deriving from the contribution of a business line consisting of two private-banking branches;
- the acquisition by Banca di Trento e Bolzano of three branches operating in the province of Brescia;
- the acquisition by Banca di Trento e Bolzano of the investment in Cassa di Risparmio del Veneto deriving from the contribution of ten branches operating in the provinces of Belluno, Treviso and Verona.

#### Annual changes in goodwill

(millions of euro)

	<b>31.12.2010</b>
<b>Initial goodwill</b>	<b>6,160</b>
<b>Increases</b>	-
- Goodwill recorded in the year	-
- Other changes	-
<b>Decreases</b>	-
- Impairment recorded in the year	-
- Disinvestments	-
- Intragroup contributions	-
- Other changes	-
<b>Final goodwill</b>	<b>6,160</b>

## SECTION 2 – TRANSACTIONS CARRIED OUT AFTER THE CLOSE OF THE YEAR

After year-end, on 28 February 2011, ISP obtained control of Banco Emiliano Romagnolo, a mono-branch bank based in Bologna currently under extraordinary administration.

The transaction, which was carried out with the approval of the Bank of Italy, entailed the reduction of the bank's share capital by an amount equal to the losses incurred, with a concurrent 26 million euro share capital increase, including share premium of 14 million euro, currently entirely subscribed by ISP. Pending the term for any exercise of the option rights by the other shareholders, ISP owns 52% of the bank's share capital.

At the end of October 2010, the direct and indirect customer deposits of Banco Emiliano Romagnolo totalled approximately 235 million euro.

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# Part H – Information on compensation and transactions with related parties

## INFORMATION ON COMPENSATION AND TRANSACTIONS WITH RELATED PARTIES

### Procedural features

In 2007 the Management Board 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, and then amended those Regulations in 2008. The Regulations set out the criteria and principles for identifying related parties, assessing and approving transactions, and subsequently providing information to Corporate bodies and to the market.

In accordance with the criteria set out in the IAS 24 in force at the time, the Regulations define the rules for identifying in concrete terms the various entities belonging to the categories defined by this accounting principle (companies related through controlling or joint stakes, joint ventures, pension funds, key managers, close family members of key managers and related significant shareholding positions).

In this regard, it has been decided that the category of Key Managers will include not only Management and Supervisory Board Members but also General Managers, the Manager responsible for preparing the Company’s financial reports, the Heads of business units, the Heads of governance areas, the Heads of head office Departments that report directly to the CEO and to the Chairman of the Management Board, the Head of the General Secretariat of the Supervisory Board and the Head of Strategic Operations and Special Projects.

In February 2008, the Management Board and the Supervisory Board have decided to extend, as a form of self-regulation, 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 companies and companies subject to joint control) with an equity investment with voting rights in the Bank of over 2% (calculated on registered shares only). This approach allows closer monitoring of transactions with the main Shareholders, by subjecting them to the same assessment and approval procedure as for transactions with related parties.

The Regulations set forth the assessment procedures that must be followed by the Parent Company and subsidiary companies when carrying out transactions with related parties, to ensure appropriateness of the transactions. The Regulations also require detailed examination of the reasons for the transaction and its potential effects on the Bank’s financials.

With regard to approval, the transactions falling under the sole responsibility of the Management Board are “significant” transactions between the Parent Company and its 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:

- 1) transactions for an amount in excess of 3 million euro (or in excess of 20 million euro if the transactions are with companies belonging to the banking or corporate Group, reduced to half for companies that are not wholly owned):
  - a) the purchase and sale of real estate;
  - b) the underwriting, purchase or sale of stakes in the company, even if they do not lead to changes in the Banking Group;
  - c) the purchase and sale of companies, business lines or entire business portfolios;
  - d) framework agreements governing the provision of services or the placement or distribution of products/services with annual duration and automatic renewal, or multi-year;
- 2) transactions for an amount in excess of 25% of each company’s Tier 1 capital/shareholders’ equity or, in any case, higher than 25 million euro, investments in companies of the banking or corporate Group through capital interventions, hybrid capital instruments, eligible subordinated liabilities in the subsidiary’s regulatory capital, the granting of overdrafts 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) financial and commercial transactions other than those mentioned above for an amount in excess of 20 million euro, 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).

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

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

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

The Regulations also establish that decision-making bodies may draw on the assistance 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 with its “own related parties”.

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

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

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

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

On 12 March 2010, Consob adopted, through resolution 17221, the "Regulations governing transactions with related parties". In implementation of that resolution, in November the Management Board and the Supervisory Board, after obtaining the Control Committee's favourable opinion, adopted the "Group regulations on the management of transactions with related parties of Intesa Sanpaolo", which set out the criteria and principles for identifying related parties, assessing and approving transactions, and subsequently providing information concerning transactions undertaken by the Parent Company and subsidiaries to Corporate bodies and to the market.

That new Regulations have been fully applied since 1 January 2011, with the concurrent abrogation of its predecessor, which was in force through 31 December 2010.

## 1. Information regarding compensation of Supervisory and Management Board Members and Managers with strategic responsibilities

Given the organisational structure in 2008, pursuant to IAS 24 Intesa Sanpaolo decided to include within "managers with strategic responsibilities" (hereafter "Key Managers"), Management and Supervisory Board Members, General Managers, the Manager responsible for preparing the Company's financial reports, the Heads of Business Units, the Heads of Governance Areas, the Heads of Head Office departments that report directly to the Managing Director/CEO or to the Chairman of the Management Board and the Head of the General Secretariat of the Supervisory Board and the Head of Strategic Operations and Special Projects.

The following table shows the amounts of the main benefits recognised to the Supervisory and Management Board Members and to other Key Managers which fall within the notion of related parties.

	(millions of euro)							
	Supervisory Board <sup>(1)</sup>		Management Board <sup>(2)</sup>		Other Managers <sup>(3)</sup>		TOTAL as at 31.12.2010	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Short-term benefits <sup>(4)</sup>	7	7	4	4	31	17	42	28
Post-retirement benefits <sup>(5)</sup>	-	-	-	-	2	2	2	2
Other long-term benefits <sup>(6)</sup>	-	-	-	-	-	-	-	-
Employee termination indemnities <sup>(7)</sup>	-	-	-	-	3	3	3	3
Stock option plans <sup>(8)</sup>	-	-	-	-	-	-	-	-
<b>Total remuneration paid to Key Managers</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>36</b>	<b>22</b>	<b>47</b>	<b>33</b>

<sup>(1)</sup> Includes 19 members.

<sup>(2)</sup> Includes 9 members.

<sup>(3)</sup> Includes 16 members.

<sup>(4)</sup> Includes fixed and variable compensation of directors that may be assimilated with labour cost and social security charges paid by the company for its employees.

<sup>(5)</sup> Includes company contribution to pension funds and allocation to employee termination indemnities pursuant to law and company regulations.

<sup>(6)</sup> Includes estimate of allocations for length of service awards for employees.

<sup>(7)</sup> Includes fees paid for early retirement incentive.

<sup>(8)</sup> Includes cost for stock option plans determined on the basis of IFRS 2 and charged to the financial statements.

As indicated in Part H of the Notes to the consolidated financial statements, for detailed information concerning remuneration policies, including the information required by Consob Communication no. 11012984 of 24 February 2011, refer to the separate file "Report on Corporate Governance and Ownership Structures".

A detailed indication of the compensation paid to Supervisory and Management Board Members and General Managers and, in aggregate, to other Key Managers (art. 78 of Consob Regulation 11971/99), as well as the stock option plans reserved for Supervisory and Management Board Members, General Managers and Key Managers is provided in Part H of the Notes to the consolidated financial statements.

The details and the evolution of the stock option plans relative to Key Managers are provided in Part H of the Notes to the consolidated financial statements.

The equity investments in the Parent Company and in other subsidiaries held by Supervisory and Management Board Members, by General Managers, by Key Managers as well as by the other persons set forth by article 79 of Consob Regulation 11971/99, are detailed in the table provided in Part H of the Notes to the consolidated financial statements.

## 2. Information on transactions with related parties

### Transactions of atypical and/or unusual nature

During 2010, no "atypical or unusual" transactions were carried out by the Parent Company, either with related parties or entities other than related parties, the importance/relevance of which might have given rise to concerns regarding the protection of shareholders' equity or of minority shareholders' interests (any atypical or unusual transactions were also to be disclosed to the market pursuant to art. 71 bis of Consob Regulation 11971/99, abrogated effective 1 December 2010 by Consob resolution 17221 of 12 March 2010 adopting "Regulations governing transactions with related parties", as amended by resolution no. 17389 of 23 June 2010).

With respect to the entry into force of the Regulations, a specific transitional regime with two deadlines has been planned to allow companies to bring their internal procedures into line with such new provisions. The transparency regime entered into force on 1 December 2010, whereas the remaining provisions entered into force on 1 January 2011. During the first month in which the new transparency rules were in effect (December 2010), there were no transactions that may be qualified as of more significant importance and that would have resulted in the obligation to publish a market disclosure document.

### Transactions of ordinary or recurrent nature

Ordinary or usual transactions entered into with related parties fall within the scope of Intesa Sanpaolo's ordinary activities and are usually entered into at market conditions, based on valuations of mutual economic convenience, in line with the internal procedures mentioned above.

Receivable and payable balances with related parties as at 31 December 2010 – other than intragroup ones – amount to a total that is insignificant compared to the size of the Bank's capital base. Likewise, the weight of income and charges with related parties on the Parent Company's operating margin is insignificant.

	31.12.2010	
	Amount (millions of euro)	Impact (%)
Total financial assets	143,078	42.2
Total other assets	4,503	26.6
Total financial liabilities	80,405	22.9
Total other liabilities	1,618	13.0

	31.12.2010	
	Amount (millions of euro)	Impact (%)
Total interest income	3,642	42.1
Total interest expense	-1,300	22.1
Total fee and commission income	846	34.7
Total fee and commission expense	-100	30.9
Total operating costs	-921	21.8

During the year, there were no provisions for doubtful loans related to balances with related parties and no losses registered in the period in connection with uncollectible or doubtful loans due from related parties, with the exception of 6.1 million euro related to companies subject to joint control. Furthermore, allowances for risks and charges include the provisions made against any outstanding or probable disputes.

The table below sets out the main terms of reference of transactions with each category of related party, as identified by IAS 24. Please see the previous paragraph for information on compensation to Supervisory and Management Board Members, as well as information on Shareholders and their corporate groups (controlled entities, controlling entities, or those under joint control) that hold a stake in the Bank's voting share capital greater than 2% (calculated considering only shares owned) and on parties that are not related pursuant to IAS 24, but are nevertheless included as a form of self-regulation. With regard to Equity investments, please see the tables in the Notes to the Parent Company's financial statements – Part B – Information on the Parent Company's balance sheet – Assets – Section 10.

	(millions of euro)										
	Financial assets held for trading	Financial assets available for sale	Investments held to maturity	Due from banks	Loans to customers	Other financial assets	Due to banks	Due to customers	Financial liabilities held for trading	Other financial liabilities	Guarantees given/received and commitments
Subsidiaries	3,110	4,995	-	93,205	35,704	4,503	63,136	13,190	3,056	1,618	31,462
Companies subject to joint control	6	7	-	-	60	-	-	7	-	-	-
Associates	30	167	-	7	879	-	51	150	3	-	525
Key Managers and control bodies	-	-	-	-	2	-	-	3	-	-	-
Other related parties	-	-	-	-	3	-	-	248	-	-	10
<b>Total</b>	<b>3,146</b>	<b>5,169</b>	<b>-</b>	<b>93,212</b>	<b>36,648</b>	<b>4,503</b>	<b>63,187</b>	<b>13,598</b>	<b>3,059</b>	<b>1,618</b>	<b>31,997</b>
Shareholders <sup>(*)</sup>	492	310	-	30	4,071	-	181	282	98	-	770

(\*) Shareholders and their groups that hold a stake in the Bank's voting share capital exceeding 2% (calculated considering only shares owned).

Relations between the Intesa Sanpaolo Group and Bank Managers refer to the Group's normal business activities and are defined applying, where conditions recur, the terms reserved to all employees, in full respect and transparency of terms applied, or, in relation to independent professionals with which a term contract exists, applying the terms reserved to professionals of similar standing, in full compliance with relevant regulations.

Concerning the intragroup transactions carried out in 2010, please note that these are normal internal business activities of a multifunctional banking group. They are usually regulated at the conditions at which the Parent Company accesses the reference markets, which are not necessarily the same conditions that would be applicable if the counterparties operated independently. These conditions are, in any case, applied in compliance with criteria of substantial correctness and with the aim of creating value for the Group.

Intragroup transactions concerned mainly:

- the support given by Parent Company to the financial needs of the other Group companies by providing risk capital and loans and by subscribing securities issued by the subsidiaries;
- the channelling of foreign funding by specialist Group companies in favour of the Parent Company and, in part, of other subsidiaries;
- the Parent Company's investment of subsidiaries' liquidity;
- structured finance transactions within the Group carried out through Banca IMI;
- outsourcing arrangements, revised in 2010 to reflect the changed composition of the Group, which govern services of an auxiliary nature rendered by the Parent Company and Intesa Sanpaolo Group Services ScpA, primarily to banks of the Banca dei Territori Division and the Parent Company. The services provided, in particular, concern the management of the IT platform, back office, property services, logistics as well as commercial, administrative and control support and consultancy;
- the agreements with Group companies on distribution of products and/or services (certain agreements are extended to some associates/joint ventures) or, more generally, intragroup support and consultancy;
- financial settlements provided for by agreements entered into with Group companies taking part in national fiscal consolidation, revised in 2010.

The Group's most significant associates are Telco, Autostrada BS-VR-VI-PD (Serenissima), the NH Hoteles Group, Bank of Qingdao, Alitalia - Compagnia Aerea Italiana, Penghua Fund Management, SIA-SSB, RCS Mediagroup, Nuovo Trasporto Viaggiatori and Autostrade Lombarde.

The joint ventures of the period include Allfunds Bank SA.

The category "Other related parties" includes the Bank's pension funds, the close relatives of managers, entities controlled by or related to the latter.

For information on the transactions entered into by the Group, see the corresponding chapter in the Notes to the Consolidated financial statements.

### Particularly significant transactions

There were no particularly significant transactions with related parties in the year.

However, the following is an account of some transactions finalised in 2010 by the Parent Company or its subsidiaries with related parties, mostly within the Group, as part of the Group's rationalisation plan, performed maintaining consistency of book values and, as a rule, with the support of independent appraisals. In this regard, please note that, as per IAS 24, no Bank Shareholder, alone or jointly with others, is able to exercise control or significant influence on management; nevertheless, the Management and Supervisory Boards have deemed it best to extend, as a form of self-regulation, the application of the rules regarding transactions with related parties to a broader circle than the one foreseen by the reference regulations, in order to include Shareholders and their corporate groups (controlled entities, controlling entities, or those under joint control) that hold a stake in the bank's voting share capital greater than 2% (calculated considering only shares owned). This approach enables closer monitoring of transactions with the main shareholders, by subjecting these transactions to the same assessment and approval procedure as applied to transactions with related parties, and by including them in the summary reporting table in the previous paragraph.

During 2010 the activities aimed at implementing the strategic options set out in the Business Plan and at rationalising Group structure continued. Various extraordinary intragroup transactions became effective as of 1 January 2010, which involved both Italian and international subsidiaries, as described in the 2009 financial statements, to which reference should be made.

The following transactions were undertaken in execution of the project to reorganise the retail branches of the Banca dei Territori Division in geographical terms:

- in June 2010, the sale of 3 branches of Banca di Trento e Bolzano, located in the province of Brescia, to Intesa Sanpaolo, for a consideration of 8.1 million euro;
- in June 2010, the contribution to Cassa di Risparmio del Veneto of the business line consisting of 10 branches located in the area of choice of Banca di Trento e Bolzano, accounted for by increasing the transferee's share capital by 19 million euro, and subsequently transferring the shares received to the Parent Company at a price of 26.75 million euro;

- with effect from October, the proportional partial spin-off from Cassa di Risparmio del Veneto to Banca di Trento e Bolzano of the business line consisting of 7 branches operating in the Trentino Alto Adige area, accounted for by increasing the transferee's share capital by 11.6 million euro;

As part of the reorganisation of the Centre Area of the Banca dei Territori Division, on 12 October Casse del Centro was merged by incorporation into Banca Cassa di Risparmio di Firenze, taking effect from 1 November 2010.

As part of the rationalisation of Group leasing operations, which assigns Centro Leasing the development of the segment through the network of specialised agents, while Leasint S.p.A. is the single contact for Network Banks in the Banca dei Territori Division, Leasint's acquisitions of part of the equity investment in Centro Leasing held by Cassa di Risparmio di Firenze (Leasint acquired 47.52% of the share capital for a consideration of 98.8 million euro) and of the entire interest in Centro Leasing held by Cassa di Risparmio di Pistoia e Pescia (7.09% of the share capital) at a price of 14.5 million, were finalised in June and July. As a result of the acquisitions, Leasint now holds 58.087% of Centro Leasing, in addition to a share of approximately 4% acquired from third-party shareholders who exercised their right of withdrawal. The merger by incorporation of Centro Leasing Rete into Centro Leasing was finalised, with effect from 1 October.

As part of the rationalisation process, initiated in 2008, of the Securities Services activities performed by the Group in Italy, on 17 May Intesa Sanpaolo contributed to Intesa Sanpaolo Servizi Transazionali a business line comprising the Global Custody and Fund Services activities carried out in Italy, including the Information Technology activities associated with the unit, for a total price of 208.4 million euro. As part of the commitments undertaken with State Street, prior to the sale of Sanpaolo Bank SA (Luxembourg) to State Street, the Luxembourg subsidiary sold Intesa Sanpaolo Holding International several assets which were not part of the scope of assets agreed to be sold: a real estate property with a market value of 5.6 million euro (via contribution to Sanpaolo Real Estate); the subsidiary Sanpaolo Real Estate SA, owner of a real estate property with a market value of 8.3 million euro (in addition to the property contributed); the subsidiary Sanpaolo Immobilière SA, owner of a real estate property with a market value of 8 million euro. The sale price was proportional to the NAV net of indebtedness relating to the assets mentioned, totalling 16.3 million euro.

In accordance with the plan approved in 2008, 2010 witnessed the realisation of another phase of the project to concentrate the Group's private-banking operations within Intesa Sanpaolo Private Banking, as part of the overarching rationalisation and integration plan for the distribution structure. In March 2010, a business line consisting of 2 private-banking branches of Banca di Trento e Bolzano were contributed to Intesa Sanpaolo Private Banking, accounted for by increasing the transferee's share capital by 0.3 million euro, and subsequently transferring the shares received to the Parent Company at a price of 1.8 million euro. In November, Cassa di Risparmio di Firenze contributed to Intesa Sanpaolo Private Banking S.p.A. a business line consisting of private-banking operations, accounted for by increasing the transferee's share capital by 2.97 million euro, and subsequently transferring the shares received to the Parent Company at a price of 28 million euro.

As part of a project aimed at rationalising the Group's bancassurance activities that is to result, based on specialisation by distribution network, in a single company serving the Group's banking networks and a life-insurance company serving the financial advisors of Banca Fideuram, the Supervisory Authorities approved the incorporation of Compagnia Fideuram Vita in March 2010. Effective 1 May, the business line dedicated to the management of the portfolio of policies distributed by the financial advisors of the Fideuram Group, valued at 495.3 million euro, was transferred by Eurizon Vita to Fideuram Vita. The sale of the new Compagnia Fideuram Vita by Eurizon Vita to the Parent Company (80.01% of share capital) and Banca Fideuram (19.99%) was closed on 29 July for a price, equal to embedded value, of 400 million and 100 million euro, respectively. At the end of September, Intesa Sanpaolo completed the acquisition of total control of Intesa Vita (by acquiring a 50% interest from Alleanza Toro for a consideration of 706.4 million euro) and Centrovita (by acquiring a 49% interest from BNP Cardif for consideration of 66.7 million euro). With effect from 30 September 2010, all the Group's equity investments in the bancassurance business (Intesa Vita, Eurizon Vita, Centrovita, Sud Polo Vita and Fideuram Vita) consisted of wholly-owned subsidiaries.

In July, Eurizon Capital SGR sold to Banca IMI 49% of the share capital in its subsidiary Epsilon SGR S.p.A., for a value of 12.6 million euro, for the purpose of creating within the Intesa Sanpaolo Group a joint venture specialising in structured asset management products for retail and institutional customers, to be sold through captive and non-captive networks, both in Italy and abroad.

With regard to international operations, with effect from 11 January 2010 the Russian bank ZAO Banca Intesa merged with KMB Bank, creating Banca Intesa Russia, and in April, Intesa Sanpaolo Card doo – Zagreb acquired from Banka Koper 92.67% of the share capital of Intesa Sanpaolo Card doo – Ljubljana, for a value of 5.2 million, thereby obtaining control of the company.

As part of changes for streamlining and rationalising the real estate and leasing companies of the CIB Group (Hungary), in order to eliminate operating overlaps with a view to operating efficiency and cost containment, the following actions were finalised in the second half of 2010: *i*) the transfer of CIB Car to Recovery; *ii*) the incorporation of a company (under direct control of CIB Bank) through partial spin-off by CIB Rent of a business line exclusively comprising the equity investment in CIB Leasing. This company, which took the name CIB Leasing Holding, could eventually incorporate the subsidiary CIB Leasing. The following were finalised with effect from 1 January 2011: *i*) the merger by incorporation of subsidiaries CIB Credit, CIB Property and CIB Residential Property Leasing into CIB Leasing; *ii*) the merger by incorporation of CIB Support Ltd into CIB Bank Ltd. Following these operations, CIB Bank holds a direct equity investment of 50% in CIB Factor.

On 9 February 2010, VUB Bank (Czech Republic) obtained full control of the subsidiary VUB Leasing SA following the acquisition of 30% of the share capital of the subsidiary from PSIS (Prva Slovenska Investicna Skupina).

The operations of the entities in which the Group holds most of the risks and rewards and that are consolidated in accordance with SIC 12 are illustrated in the Notes to the Parent Company's financial statements - Part E – Information on risks and the relative hedging policies, to which reference should be made.

Transactions during the period undertaken with bank managers, their close family members and entities controlled by or associated with them, are attributable to the Intesa Sanpaolo Group's normal operations and are fully compliant with applicable legislation.

Among the Group's most significant dealings with associates during the period, loans were granted to Telco, Sagat, NH Hoteles SA, NH Italia, Alitalia – Compagnia Aerea Italiana, Bank of Qingdao Co, Infragruppo, Autostrada Pedemontana Lombarda, Autostrade Lombarde, Società di Progetto Autostrada diretta Brescia-Milano, Prelios Group (formerly Pirelli & C. Real Estate), Pirelli & C, Euromilano, RCS Mediagroup, Termomeccanica Group, Banca Impresa Lazio, FILA Fabbrica Italiana Lapis ed Affini (factoring), Nuovo Trasporto Viaggiatori (project financing), GCL Holdings (subscription of convertible preferred equity certificates) and RCN



Finanziaria (convertible loan) and other minor associates. All transactions were carried out at market interest rates. Share capital increases were subscribed with respect to Autostrada Pedemontana Lombarda, Autostrade Lombarde, GCL Holdings Sarl, NH Italia and other minor associates. The other initiatives completed in 2010 include the contribution of the Bank's equity investment (approximately 2.6%) in Grande Jolly to NH Italia S.r.l. against a 13.6 million euro capital increase of NH Italia (after the capital increase the equity investment rose to 44.5%) and the revision of the servicing agreement entered into with Italfondario governing the management of part of Intesa Sanpaolo Group's doubtful loans.

On 26 February 2010, Telco completed a 1.3 billion euro bond issue that was then subscribed for by its shareholders on a proportional basis. The proceeds of the issue were used to make repayment in full of the bridge loan of 0.9 billion euro disbursed by the shareholders Telefonica, Intesa Sanpaolo and Mediobanca and the bank bridge loan of approximately 0.4 billion euro disbursed by Intesa Sanpaolo and Mediobanca.

With respect to transactions with Shareholders with stakes exceeding 2% of the Bank's voting capital (to which the provisions governing transactions with related parties were extended as a form of self-regulation, subjecting them to the same assessment and approval procedure as applied to transactions with related parties), on 22 June 2010, Intesa Sanpaolo and Crédit Agricole finalised the terms and conditions underlying the agreement disclosed on 18 February 2010, providing for the sale by Intesa Sanpaolo to the Crédit Agricole Group of the entire investment held through the subsidiary Cassa di Risparmio di Firenze in Cassa di Risparmio della Spezia (80% of share capital) and 96 branches of the Group located throughout Italy against a total consideration of approximately 740 million euro (subject to a purchase price adjustment mechanism). Consistency thereof with market conditions is supported by the fairness opinion expressed by an independent expert.

On 25 October 2010, Intesa Sanpaolo, Assicurazioni Generali and other parties signed a shareholders' agreement regarding Prelios S.p.A. shares (the name taken by Pirelli & C. Real Estate S.p.A. upon the closing of the spin-off of the operations of Pirelli & C. Real Estate from the Pirelli Group's other businesses) equal to approximately 21.3% of the share capital of Prelios. The interest held by Intesa Sanpaolo amounts to 0.91%.

Last, as already reported, Intesa Sanpaolo is among the Italian banking creditors of the Carlo Tassara Group which signed a term sheet at the end of 2008 (subsequently modified in the first half of 2009) to stabilise and gradually reduce the total debt owed by the Carlo Tassara Group to Italian and foreign banks, by 31 December 2011. During the year, the disposal of owned equity investments continued as scheduled in order to reduce exposure. Given the arrangements reached, the position has been allocated among restructured loans.

Additional information on the Intesa Sanpaolo Group's reorganisation operations is provided in Part G of the Notes to the consolidated financial statements and of the Notes to the Parent Company's financial statements. With regard to changes in the Parent Company's equity investment portfolio, reference should also be made to Section 10 of the Notes to the Parent Company's financial statements – Part B – Information on the Parent Company's balance sheet – Assets.

## Part I – Share-based payments

### A. QUALITATIVE INFORMATION

#### 1. Description of share-based payments

##### 1.1. Stock option plans already resolved upon by SANPAOLO IMI

On 14 November 2005, the Board of Directors of Sanpaolo IMI launched a new stock option plan, acting on the mandate given to it by the Shareholders' Meeting of 30 April 2002, in favour of 48 executives holding key positions in the Group with a strong influence on the strategic decisions aimed at achieving Business Plan objectives and increasing the value of the Group.

This plan, as redefined after the merger following the resolution of the Shareholders' Meeting of 1 December 2006, provides for the assignment of a total of 30,059,750 options, exercisable after approval of the 2008 financial statements and not later than 30 April 2012 at a strike price of 3.9511 euro.

### B. QUANTITATIVE INFORMATION

#### 1. Annual changes

The tables below show information regarding the assignment of stock options and details of the rights outstanding as at 31 December 2010 broken down by strike price and residual maturity.

	Number of shares	Average strike price (euro)	Market price (euro)
Rights existing as at 31 December 2009	11,525,500	3.951	3.165 (a)
Adjustments for changes in the scope of reference (b)	934,500	3.951	-
Rights exercised in 2010	-	-	-
Rights expired (c)	-	-	-
Rights annulled in 2010 (d)	-623,000	3.951	-
Rights assigned in 2010	-	-	-
Rights existing as at 31 December 2010	11,837,000	3.951	2.042 (e)
Of which: exercisable as at 31 December 2010	-	-	-

(a) Official price as at 30 December 2009.

(b) The reference area was updated based on changes in the organisational structure and responsibilities of beneficiaries within the Group.

(c) Rights no longer exercisable following expiry of exercise period.

(d) Rights no longer exercisable following termination of employment.

(e) Official price as at 30 December 2010.

Strike price (euro)	Exercise period	Number of shares	Of which exercisable as at 31 December 2010	
			Number	Contractual average residual maturity
3.951	March 2009 - April 2012 (*)	11,837,000	-	April 2012

(\*) Can be exercised based on pre-set time windows

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## Part L – Segment reporting

Segment reporting is provided in the Notes to the consolidated financial statements.



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**Certification of the Parent Company's financial  
statements pursuant to Art. 154 bis of Legislative  
Decree 58/1998**



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# Certification of the Parent Company's financial statements pursuant to Art. 154 bis of Legislative Decree 58/1998

1. The undersigned Corrado Passera (as Managing Director and CEO) and Ernesto Riva (as Manager responsible for preparing the Company's financial reports) of Intesa Sanpaolo, taking into account the provisions of Article 154-bis, par. 3 and 4 of Legislative Decree 58 of 24 February 1998, do hereby certify to:
  - the adequacy in relation to the Company's features and
  - the actual applicationof the administrative and accounting procedures employed to draw up the Parent Company's financial statements during 2010.
2. Verification of the appropriateness and effective application of the administrative and accounting procedures employed to draw up the Parent Company's financial statements as at 31 December 2010 was performed in the context of the reorganisation of corporate processes and ICT systems consequent on the extraordinary integration procedures implemented in recent years. The assessment was based on methods defined by Intesa Sanpaolo consistently with the COSO and – as to the IT component – COBIT models, which are internationally accepted frameworks for internal control systems<sup>1</sup>.
3. The undersigned also certify that:
  - 3.1 The Parent Company's financial statements as at 31 December 2010:
    - have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation 1606/2002 of 19 July 2002;
    - correspond to the results of the books and accounts;
    - give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer.
  - 3.2 The report on operations includes a fair review of the development and operating margin, as well as of the position of the issuer, together with a description of the main risks and uncertainties.

15 March 2011

Corrado Passera  
Managing Director and CEO

Ernesto Riva  
Manager responsible for preparing  
the Company's financial reports

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





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## **Independent Auditors' Report on the Parent Company's financial statements**

Independent auditors' report  
pursuant to Articles 14 and 16 of Legislative Decree n. 39 of January 27, 2010  
(Translation from the original Italian text)

To the Shareholders of  
Intesa Sanpaolo S.p.A.

1. We have audited the financial statements of Intesa Sanpaolo S.p.A. as of and for the year ended December 31, 2010, comprising the balance sheet, the income statement, the statement of comprehensive income, the changes in shareholders' equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n. 38/2005 is the responsibility of the Intesa Sanpaolo S.p.A.'s Management Board. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by the Management Board. We believe that our audit provides a reasonable basis for our opinion.  
  
For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 26, 2010.
3. In our opinion, the financial statements of Intesa Sanpaolo S.p.A. at December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Intesa Sanpaolo S.p.A. for the year then ended.

4. The Management Board of Intesa Sanpaolo S.p.A. is responsible for the preparation of the Report on operations and the Report on Corporate Governance and Ownership Structures in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), presented in the Report on Corporate Governance and Ownership Structures, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) presented in the Report on Corporate Governance and Ownership Structures, are consistent with the financial statements of Intesa Sanpaolo S.p.A. as of December 31, 2010.

Turin, Italy, March 29, 2011

Reconta Ernst & Young S.p.A.  
signed by: Guido Celona, partner



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# Attachments to the Parent Company's financial statements

## Intesa Sanpaolo reconciliation statements

### Reconciliation between Intesa Sanpaolo financial statements and restated Intesa Sanpaolo financial statements

Reconciliation between the Intesa Sanpaolo balance sheet as at 31 December 2009 and the restated Intesa Sanpaolo balance sheet as at 31 December 2009

Reconciliation between the Intesa Sanpaolo income statement as at 31 December 2009 and the Intesa Sanpaolo income statement for 2009 adjusted in compliance with IFRS 5

Reconciliation between the Intesa Sanpaolo income statement for 2009 and the restated Intesa Sanpaolo income statement for 2009

Reconciliation between the Intesa Sanpaolo income statement for 2010 and the restated Intesa Sanpaolo income statement for 2010

### Restated Intesa Sanpaolo financial statements

Restated Intesa Sanpaolo balance sheet

Restated Intesa Sanpaolo income statement

### Reconciliation between restated Intesa Sanpaolo financial statements and reclassified Intesa Sanpaolo financial statements

Reconciliation between restated Intesa Sanpaolo balance sheet and reclassified Intesa Sanpaolo balance sheet

Reconciliation between restated Intesa Sanpaolo income statement and reclassified Intesa Sanpaolo income statement

## Other Attachments

Statement of Intesa Sanpaolo property, equipment and financial assets subject to revaluation

Statement of Intesa Sanpaolo pension funds

Table of significant equity investments in unquoted companies pursuant to article 126 of Consob Regulation 11971 of 14 May 1999

Fees for auditing and services other than auditing pursuant to article 149-duodecies of Consob Regulation 11971



## Reconciliation between Intesa Sanpaolo financial statements and restated Intesa Sanpaolo financial statements

**Reconciliation between the Intesa Sanpaolo balance sheet as at 31 December 2009 and the restated Intesa Sanpaolo balance sheet as at 31 December 2009**

(millions of euro)

Assets	31.12.2009 Published (*)	Changes		31.12.2009 Restated
		Geographical reorganisa- tion 2009 (a)	Contribution of Investment Banking business to Banca IMI (b)	
10. Cash and cash equivalents	5,973	-	-	5,973
20. Financial assets held for trading	29,653	-	-	29,653
30. Financial assets designated at fair value through profit and loss	333	-	-	333
40. Financial assets available for sale	11,995	-	-	11,995
50. Investments held to maturity	1,305	-	-	1,305
60. Due from banks	116,067	-	-	116,067
70. Loans to customers	178,550	-	-	178,550
80. Hedging derivatives	5,489	-	-	5,489
90. Fair value change of financial assets in hedged portfolios (+/-)	67	-	-	67
100. Equity investments	42,327	-	-	42,327
110. Property and equipment	2,407	-	-	2,407
120. Intangible assets	9,239	-	-	9,239
<i>of which</i>				
- <i>goodwill</i>	6,160	-	-	6,160
130. Tax assets	4,132	-	-	4,132
<i>a) current</i>	1,417	-	-	1,417
<i>b) deferred</i>	2,715	-	-	2,715
140. Non-current assets held for sale and discontinued operations	6,450	-	-	6,450
150. Other assets	7,660	-14	-45	7,601
<b>Total Assets</b>	<b>421,647</b>	<b>-14</b>	<b>-45</b>	<b>421,588</b>

(\*) Historic data originally published in the 2009 Annual Report in euro.

(a) Geographical reorganisation in 2009 including: the contribution of 39 branches to Cassa di Risparmio di Bologna and 14 branches to Cassa di Risparmio di Forlì e della Romagna, legally effective as of 23 February 2009; the contribution of 93 branches to Banca di Credito Sardo, legally effective as of 9 March 2009; the contribution of Private Banking branches to Intesa Sanpaolo Private Banking, legally effective as of 2 March 2009; the contribution of 33 branches to Banca dell'Adriatico and 19 branches to Cassa di Risparmio del Friuli Venezia Giulia, legally effective as of 27 July 2009; the contribution of 11 branches to Cassa di Risparmio di Venezia and 7 branches to Banca di Trento e Bolzano, legally effective as of 14 September 2009.

(b) Contribution of the Investment Banking business unit to Banca IMI, legally effective as of 14 September 2009.



(millions of euro)

Liabilities and Shareholders' Equity	31.12.2009 Published (*)	Other changes		31.12.2009 Restated
		Geographical reorganisa- tion 2009 (a)	Contribution of Investment Banking business to Banca IMI (b)	
10. Due to banks	93,160	-	-	93,160
20. Due to customers	112,943	-	-	112,943
30. Securities issued	137,513	-	-	137,513
40. Financial liabilities held for trading	10,463	-	-	10,463
50. Financial liabilities designated at fair value through profit and loss	-	-	-	-
60. Hedging derivatives	2,127	-	-	2,127
70. Fair value change of financial liabilities in hedged portfolios (+/-)	1,166	-	-	1,166
80. Tax liabilities	707	-	-	707
<i>a) current</i>	271	-	-	271
<i>b) deferred</i>	436	-	-	436
90. Liabilities associated with non-current assets held for sale and discontinued operations	5,721	-	-	5,721
100. Other liabilities	7,725	-	-	7,725
110. Employee termination indemnities	602	-	-	602
120. Allowances for risks and charges	1,735	-	-	1,735
<i>a) post employment benefits</i>	264	-	-	264
<i>b) other allowances</i>	1,471	-	-	1,471
130. Valuation reserves	986	-	-	986
140. Redeemable shares	-	-	-	-
150. Equity instruments	-	-	-	-
160. Reserves	5,038	-	-	5,038
170. Share premium reserve	33,271	-	-	33,271
180. Share capital	6,647	-	-	6,647
190. Treasury shares (-)	-	-	-	-
200. Net income (loss)	1,843	-14	-45	1,784
<b>Total Liabilities and Shareholders' Equity</b>	<b>421,647</b>	<b>-14</b>	<b>-45</b>	<b>421,588</b>

(\*) Historic data originally published in the 2009 Annual Report in euro.

(a) Geographical reorganisation in 2009 including: the contribution of 39 branches to Cassa di Risparmio di Bologna and 14 branches to Cassa di Risparmio di Forlì e della Romagna, legally effective as of 23 February 2009; the contribution of 93 branches to Banca di Credito Sardo, legally effective as of 9 March 2009; the contribution of Private Banking branches to Intesa Sanpaolo Private Banking, legally effective as of 2 March 2009; the contribution of 33 branches to Banca dell'Adriatico and 19 branches to Cassa di Risparmio del Friuli Venezia Giulia, legally effective as of 27 July 2009; the contribution of 11 branches to Cassa di Risparmio di Venezia and 7 branches to Banca di Trento e Bolzano, legally effective as of 14 September 2009.

(b) Contribution of the Investment Banking business unit to Banca IMI, legally effective as of 14 September 2009.

**Reconciliation between the Intesa Sanpaolo income statement as at 31 December 2009 and the Intesa Sanpaolo income statement for 2009 adjusted in compliance with IFRS 5**

Since there have been no classifications under Income (Loss) after tax from discontinued operations, the Intesa Sanpaolo income statement as at 31 December 2009 has not been adjusted in compliance with IFRS 5.

## Reconciliation between the Intesa Sanpaolo income statement for 2009 and the restated Intesa Sanpaolo income statement for 2009

	2009	Changes			Total	2009 Restated
		Geographical reorganisa- tion 2009 (a)	Contribution to Intesa Sanpaolo Group Services (b)	Contribution of Investment Banking business to Banca IMI (c)		
10. Interest and similar income	10,606	-133	-	-129	-262	10,344
20. Interest and similar expense	-7,135	55	-	86	141	-6,994
<b>30. Interest margin</b>	<b>3,471</b>	<b>-78</b>	<b>-</b>	<b>-43</b>	<b>-121</b>	<b>3,350</b>
40. Fee and commission income	2,406	-45	-	-44	-89	2,317
50. Fee and commission expense	-287	-	-	-	-	-287
<b>60. Net fee and commission income</b>	<b>2,119</b>	<b>-45</b>	<b>-</b>	<b>-44</b>	<b>-89</b>	<b>2,030</b>
70. Dividend and similar income	1,379	-	-	-	-	1,379
80. Profits (Losses) on trading	181	-	-	-	-	181
90. Fair value adjustments in hedge accounting	20	-	-	-	-	20
100. Profits (Losses) on disposal or repurchase of:	50	-	-	-	-	50
a) loans	4	-	-	-	-	4
b) financial assets available for sale	35	-	-	-	-	35
c) investments held to maturity	-	-	-	-	-	-
d) financial liabilities	11	-	-	-	-	11
110. Profits (Losses) on financial assets and liabilities designated at fair value	49	-	-	-	-	49
<b>120. Net interest and other banking income</b>	<b>7,269</b>	<b>-123</b>	<b>-</b>	<b>-87</b>	<b>-210</b>	<b>7,059</b>
130. Net losses / recoveries on impairment	-1,313	19	-	-	19	-1,294
a) loans	-1,207	19	-	-	19	-1,188
b) financial assets available for sale	-68	-	-	-	-	-68
c) investments held to maturity	-	-	-	-	-	-
d) other financial activities	-38	-	-	-	-	-38
<b>140. Net income from banking activities</b>	<b>5,956</b>	<b>-104</b>	<b>-</b>	<b>-87</b>	<b>-191</b>	<b>5,765</b>
150. Administrative expenses	-4,668	68	99	18	185	-4,483
a) personnel expenses	-2,404	46	184	10	240	-2,164
b) other administrative expenses	-2,264	22	-85	8	-55	-2,319
160. Net provisions for risks and charges	-164	-	-	-	-	-164
170. Net adjustments to / recoveries on property and equipment	-143	-	29	-	29	-114
180. Net adjustments to / recoveries on intangible assets	-141	-	41	-	41	-100
190. Other operating expenses (income)	669	9	-168	-	-159	510
<b>200. Operating expenses</b>	<b>-4,447</b>	<b>77</b>	<b>1</b>	<b>18</b>	<b>96</b>	<b>-4,351</b>
210. Profits (Losses) on equity investments	27	-	-	-	-	27
220. Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-	-	-
230. Goodwill impairment	-	-	-	-	-	-
240. Profits (Losses) on disposal of investments	1	-	-	-	-	1
<b>250. Income (Loss) before tax from continuing operations</b>	<b>1,537</b>	<b>-27</b>	<b>1</b>	<b>-69</b>	<b>-95</b>	<b>1,442</b>
260. Taxes on income from continuing operations	205	13	-1	24	36	241
<b>270. Income (Loss) after tax from continuing operations</b>	<b>1,742</b>	<b>-14</b>	<b>-</b>	<b>-45</b>	<b>-59</b>	<b>1,683</b>
280. Income (Loss) after tax from discontinued operations	101	-	-	-	-	101
<b>290. Net income (loss)</b>	<b>1,843</b>	<b>-14</b>	<b>-</b>	<b>-45</b>	<b>-59</b>	<b>1,784</b>

(\*) Historic data originally published in the 2009 Annual Report in euro.

(a) Geographical reorganisation in 2009 including: the contribution of 39 branches to Cassa di Risparmio di Bologna and 14 branches to Cassa di Risparmio di Forlì e della Romagna, legally effective as of 23 February 2009; the contribution of 93 branches to Banca di Credito Sardo, legally effective as of 9 March 2009; the contribution of Private Banking branches to Intesa Sanpaolo Private Banking, legally effective as of 2 March 2009; the contribution of 33 branches to Banca dell'Adriatico and 19 branches to Cassa di Risparmio del Friuli Venezia Giulia, legally effective as of 27 July 2009; the contribution of 11 branches to Cassa di Risparmio di Venezia and 7 branches to Banca di Trento e Bolzano, legally effective as of 14 September 2009.

(b) Contributions made on 20 April 2009 and 22 June 2009 to the consortium Intesa Sanpaolo Group Services.

(c) Contribution of the Investment Banking business unit to Banca IMI, legally effective as of 14 September 2009.

**Reconciliation between the Intesa Sanpaolo income statement for 2010 and the restated Intesa Sanpaolo income statement for 2010**

The income statement for 2010 did not require restatements

## Restated Intesa Sanpaolo financial statements

## Restated Intesa Sanpaolo balance sheet

(millions of euro)

Assets	31.12.2010	31.12.2009 restated	Changes	
			amount	%
10. Cash and cash equivalents	2,671	5,973	-3,302	-55.3
20. Financial assets held for trading	29,533	29,653	-120	-0.4
30. Financial assets designated at fair value through profit and loss	367	333	34	10.2
40. Financial assets available for sale	13,030	11,995	1,035	8.6
50. Investments held to maturity	853	1,305	-452	-34.6
60. Due from banks	116,885	116,067	818	0.7
70. Loans to customers	178,400	178,550	-150	-0.1
80. Hedging derivatives	5,550	5,489	61	1.1
90. Fair value change of financial assets in hedged portfolios (+/-)	70	67	3	4.5
100. Equity investments	43,510	42,327	1,183	2.8
110. Property and equipment	2,415	2,407	8	0.3
120. Intangible assets	9,135	9,239	-104	-1.1
<i>of which</i>				
- goodwill	6,160	6,160	-	-
130. Tax assets	4,516	4,132	384	9.3
<i>a) current</i>	1,897	1,417	480	33.9
<i>b) deferred</i>	2,619	2,715	-96	-3.5
140. Non-current assets held for sale and discontinued operations	13	6,450	-6,437	-99.8
150. Other assets	3,959	7,601	-3,642	-47.9
<b>Total Assets</b>	<b>410,907</b>	<b>421,588</b>	<b>-10,681</b>	<b>-2.5</b>

Liabilities and Shareholders' Equity	31.12.2010	31.12.2009 restated	(millions of euro)	
			Changes	
			amount	%
10. Due to banks	93,815	93,160	655	0.7
20. Due to customers	118,707	112,943	5,764	5.1
30. Securities issued	128,253	137,513	-9,260	-6.7
40. Financial liabilities held for trading	10,527	10,463	64	0.6
50. Financial liabilities designated at fair value through profit and loss	-	-	-	
60. Hedging derivatives	2,281	2,127	154	7.2
70. Fair value change of financial liabilities in hedged portfolios (+/-)	1,041	1,166	-125	-10.7
80. Tax liabilities	687	707	-20	-2.8
<i>a) current</i>	189	271	-82	-30.3
<i>b) deferred</i>	498	436	62	14.2
90. Liabilities associated with non-current assets held for sale and discontinued operations	-	5,721	-5,721	
100. Other liabilities	4,463	7,725	-3,262	-42.2
110. Employee termination indemnities	606	602	4	0.7
120. Allowances for risks and charges	1,677	1,735	-58	-3.3
<i>a) post employment benefits</i>	277	264	13	4.9
<i>b) other allowances</i>	1,400	1,471	-71	-4.8
130. Valuation reserves	896	986	-90	-9.1
140. Redeemable shares	-	-	-	
150. Equity instruments	-	-	-	
160. Reserves	5,709	5,038	671	13.3
170. Share premium reserve	33,271	33,271	-	-
180. Share capital	6,647	6,647	-	-
190. Treasury shares (-)	-	-	-	
200. Net income (loss)	2,327	1,784	543	30.4
<b>Total Liabilities and Shareholders' Equity</b>	<b>410,907</b>	<b>421,588</b>	<b>-10,681</b>	<b>-2.5</b>

## Restated Intesa Sanpaolo income statement

(millions of euro)

	2010	2009 restated	Changes	
			amount	%
10. Interest and similar income	8,649	10,344	-1,695	-16.4
20. Interest and similar expense	-5,888	-6,994	-1,106	-15.8
<b>30. Interest margin</b>	<b>2,761</b>	<b>3,350</b>	<b>-589</b>	<b>-17.6</b>
40. Fee and commission income	2,440	2,317	123	5.3
50. Fee and commission expense	-324	-287	37	12.9
<b>60. Net fee and commission income</b>	<b>2,116</b>	<b>2,030</b>	<b>86</b>	<b>4.2</b>
70. Dividend and similar income	1,557	1,379	178	12.9
80. Profits (Losses) on trading	49	181	-132	-72.9
90. Fair value adjustments in hedge accounting	-48	20	-68	
100. Profits (Losses) on disposal or repurchase of	17	50	-33	-66.0
<i>a) loans</i>	9	4	5	
<i>b) financial assets available for sale</i>	11	35	-24	-68.6
<i>c) investments held to maturity</i>	-	-	-	-
<i>d) financial liabilities</i>	-3	11	-14	
110. Profits (Losses) on financial assets and liabilities designated at fair value	19	49	-30	-61.2
<b>120. Net interest and other banking income</b>	<b>6,471</b>	<b>7,059</b>	<b>-588</b>	<b>-8.3</b>
130. Net losses / recoveries on impairment	-788	-1,294	-506	-39.1
<i>a) loans</i>	-763	-1,188	-425	-35.8
<i>b) financial assets available for sale</i>	-28	-68	-40	-58.8
<i>c) investments held to maturity</i>	-	-	-	-
<i>d) other financial activities</i>	3	-38	41	
<b>140. Net income from banking activities</b>	<b>5,683</b>	<b>5,765</b>	<b>-82</b>	<b>-1.4</b>
150. Administrative expenses:	-4,228	-4,483	-255	-5.7
<i>a) personnel expenses</i>	-2,137	-2,164	-27	-1.2
<i>b) other administrative expenses</i>	-2,091	-2,319	-228	-9.8
160. Net provisions for risks and charges	-201	-164	37	22.6
170. Net adjustments to / recoveries on property and equipment	-114	-114	-	-
180. Net adjustments to / recoveries on intangible assets	-106	-100	6	6.0
190. Other operating expenses (income)	481	510	-29	-5.7
<b>200. Operating expenses</b>	<b>-4,168</b>	<b>-4,351</b>	<b>-183</b>	<b>-4.2</b>
210. Profits (Losses) on equity investments	7	27	-20	-74.1
220. Valuation differences on property, equipment and intangible assets measured at fair value	-	-	-	-
230. Goodwill impairment	-	-	-	-
240. Profits (Losses) on disposal of investments	1	1	-	-
<b>250. Income (Loss) before tax from continuing operations</b>	<b>1,523</b>	<b>1,442</b>	<b>81</b>	<b>5.6</b>
260. Taxes on income from continuing operations	-142	241	-383	
<b>270. Income (Loss) after tax from continuing operations</b>	<b>1,381</b>	<b>1,683</b>	<b>-302</b>	<b>-17.9</b>
280. Income (Loss) after tax from discontinued operations	946	101	845	
<b>290. Net income (loss)</b>	<b>2,327</b>	<b>1,784</b>	<b>543</b>	<b>30.4</b>



## Reconciliation between restated Intesa Sanpaolo financial statements and reclassified Intesa Sanpaolo financial statements



## Reconciliation between restated Intesa Sanpaolo balance sheet and reclassified Intesa Sanpaolo balance sheet

(millions of euro)

Captions of the reclassified balance sheet - Assets	Captions of the restated balance sheet - Assets	31.12.2010	31.12.2009
Financial assets held for trading		29,533	29,653
	<i>Caption 20 - Financial assets held for trading</i>	29,533	29,653
Financial assets designated at fair value through profit and loss		367	333
	<i>Caption 30 - Financial assets designated at fair value through profit and loss</i>	367	333
Financial assets available for sale		13,030	11,995
	<i>Caption 40 - Financial assets available for sale</i>	13,030	11,995
Investments held to maturity		853	1,305
	<i>Caption 50 - Investments held to maturity</i>	853	1,305
Due from banks		116,885	116,067
	<i>Caption 60 - Due from banks</i>	116,885	116,067
Loans to customers		178,400	178,550
	<i>Caption 70 - Loans to customers</i>	178,400	178,550
Equity investments		43,510	42,327
	<i>Caption 100 - Equity investments</i>	43,510	42,327
Property, equipment and intangible assets		11,550	11,646
	<i>Caption 110 - Property and equipment</i>	2,415	2,407
	+ <i>Caption 120 - Intangible assets</i>	9,135	9,239
Tax assets		4,516	4,132
	<i>Caption 130 - Tax assets</i>	4,516	4,132
Non-current assets held for sale and discontinued operations		13	6,450
	<i>Caption 140 - Non-current assets held for sale and discontinued operations</i>	13	6,450
Other assets		12,250	19,130
	<i>Caption 10 - Cash and cash equivalents</i>	2,671	5,973
	+ <i>Caption 150 - Other assets</i>	3,959	7,601
	+ <i>Caption 80 - Hedging derivatives</i>	5,550	5,489
	+ <i>Caption 90 - Fair value change of financial assets in hedged portfolios</i>	70	67
<b>Total Assets</b>	<b>Total Assets</b>	<b>410,907</b>	<b>421,588</b>
Captions of the reclassified balance sheet - Liabilities and Shareholders' Equity	Captions of the restated balance sheet - Liabilities and Shareholders' Equity	31.12.2010	31.12.2009
Due to banks		93,815	93,160
	<i>Caption 10 - Due to banks</i>	93,815	93,160
Due to customers and securities issued		246,960	250,456
	<i>Caption 20 - Due to customers</i>	118,707	112,943
	+ <i>Caption 30 - Securities issued</i>	128,253	137,513
Financial liabilities held for trading		10,527	10,463
	<i>Caption 40 - Financial liabilities held for trading</i>	10,527	10,463
Financial liabilities designated at fair value through profit and loss		-	-
	<i>Caption 50 - Financial liabilities designated at fair value through profit and loss</i>	-	-
Tax liabilities		687	707
	<i>Caption 80 - Tax liabilities</i>	687	707
Liabilities associated with non-current assets held for sale and discontinued operations		-	5,721
	<i>Caption 90 - Liabilities associated with non-current assets held for sale and discontinued operations</i>	-	5,721
Other liabilities		7,785	11,018
	<i>Caption 100 - Other liabilities</i>	4,463	7,725
	+ <i>Caption 60 - Hedging derivatives</i>	2,281	2,127
	+ <i>Caption 70 - Fair value change of financial liabilities in hedged portfolios</i>	1,041	1,166
Allowances for specific purpose		2,283	2,337
	<i>Caption 110 - Employee termination indemnities</i>	606	602
	<i>Caption 120 - Allowances for risks and charges</i>	1,677	1,735
Share capital		6,647	6,647
	<i>Caption 180 - Share capital</i>	6,647	6,647
Reserves (net of treasury shares)		38,980	38,309
	<i>Caption 160 - Reserves</i>	5,709	5,038
	<i>Caption 170 - Share premium reserve</i>	33,271	33,271
	- <i>Caption 190 - Treasury shares</i>	-	-
Valuation reserves		896	986
	<i>Caption 130 - Valuation reserves</i>	896	986
Net income (loss)		2,327	1,784
	<i>Caption 200 - Net income (loss)</i>	2,327	1,784
<b>Total Liabilities and Shareholders' Equity</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>410,907</b>	<b>421,588</b>

## Reconciliation between restated Intesa Sanpaolo income statement and reclassified Intesa Sanpaolo income statement

		(millions of euro)	
Captions of the reclassified income statement	Captions of the restated income statement	2010	2009
Net interest income		2,842	3,409
	<i>Caption 30 - Interest margin</i>	2,761	3,350
	- <i>Caption 30 (partial) - Interest margin (Effect of purchase cost allocation)</i>	28	20
	+ <i>Caption 80 (partial) - Components of the profits (losses) on trading relating to net interest</i>	-	-
	+ <i>Caption 130 a (partial) - Net losses/recoveries on impairment of loans (Time value loans)</i>	102	100
	+ <i>Caption 150 a (partial) - Personnel expenses (Time value employee termination indemnities)</i>	-39	-43
	+ <i>Caption 160 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)</i>	-10	-18
Dividends		1,512	1,349
	<i>Caption 70 - Dividend and similar income</i>	1,557	1,379
	- <i>Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading</i>	-45	-30
Net fee and commission income		2,110	2,024
	<i>Caption 60 - Net fee and commission income</i>	2,116	2,030
	- <i>Caption 150 b (partial) - Other administrative expenses (Recovery of expenses on mortgage documentation)</i>	-6	-6
Profits (losses) on trading		73	326
	<i>Caption 80 - Profits (Losses) on trading</i>	49	181
	+ <i>Caption 90 - Fair value adjustments in hedge accounting</i>	-48	20
	+ <i>Caption 100 b) - Profits (Losses) on disposal or repurchase of financial assets available for sale</i>	11	35
	+ <i>Caption 100 b (partial) - Financial assets available for sale (Effect of purchase cost allocation)</i>	-	-
	+ <i>Caption 100 d) - Profits (Losses) on disposal or repurchase of financial liabilities</i>	-3	11
	+ <i>Caption 110 - Profits (Losses) on financial assets and liabilities designated at fair value</i>	19	49
	+ <i>Caption 70 (partial) - Dividend and similar income on shares available for sale and held for trading</i>	45	30
	- <i>Caption 80 (partial) - Components of the profits (losses) on trading relating to net interest</i>	-	-
Other operating income (expenses)		203	233
	<i>Caption 190 - Other operating income (expenses)</i>	481	510
	- <i>Caption 190 (partial) - Other operating income (expenses) (Recovery of merger and restructuring related charges)</i>	-1	-13
	- <i>Caption 190 (partial) - Other operating income (expenses) (Recovery of expenses and taxes and duties)</i>	-253	-264
	- <i>Caption 190 (partial) - Other operating income (expenses) (Recovery of payment to Equitalia absorbed pursuant to Legislative Decree 40/2010)</i>	-24	-
<b>Operating income</b>		<b>6,740</b>	<b>7,341</b>
Personnel expenses		-2,084	-2,087
	<i>Caption 150 a) - Personnel expenses</i>	-2,137	-2,164
	- <i>Caption 150 a (partial) - Personnel expenses (Merger and restructuring related charges)</i>	14	34
	- <i>Caption 150 a (partial) - Personnel expenses (Time value employee termination indemnities)</i>	39	43
Other administrative expenses		-1,781	-1,886
	<i>Caption 150 b) - Other administrative expenses</i>	-2,091	-2,319
	- <i>Caption 150 b (partial) - Other administrative expenses (Merger and restructuring related charges)</i>	51	163
	- <i>Caption 150 b (partial) - Other administrative expenses (Recovery of expenses on mortgage documentation)</i>	6	6
	+ <i>Caption 190 (partial) Other operating income (expenses) (Recovery of expenses and taxes and duties)</i>	253	264
Adjustments to property, equipment and intangible assets		-125	-128
	<i>Caption 170 - Net adjustments to/recoveries on property and equipment</i>	-114	-114
	- <i>Caption 170 (partial) - Net adjustments to property and equipment (Effect of purchase cost allocation)</i>	-15	-15
	+ <i>Caption 180 - Net adjustments to/recoveries on intangible assets</i>	-106	-100
	- <i>Caption 180 (partial) - Net adjustments to intangible assets (Effect of purchase cost allocation)</i>	104	101
	- <i>Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (Impairment)</i>	6	-
	- <i>Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (Impairment)</i>	-	-
	- <i>Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (Merger and restructuring related charges)</i>	-	-1
	- <i>Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (Merger and restructuring related charges)</i>	-	1
<b>Operating costs</b>		<b>-3,990</b>	<b>-4,101</b>
<b>Operating margin</b>		<b>2,750</b>	<b>3,240</b>

		(millions of euro)	
Captions of the reclassified income statement	Captions of the restated income statement	2010	2009
<b>Operating margin</b>		<b>2,750</b>	<b>3,240</b>
Goodwill impairment		-	-
	<i>Caption 230 - Goodwill impairment</i>	-	-
Net provisions for risks and charges		-167	-146
	<i>Caption 160 - Net provisions for risks and charges</i>	-201	-164
	- <i>Caption 160 (partial) - Net provisions for risks and charges (Time value allowances for risks and charges)</i>	10	18
	+ <i>Caption 190 (partial) - Other operating income (expenses) (Recovery of payment to Equitalia absorbed pursuant to Legislative Decree 40/2010)</i>	24	-
Net adjustments to loans		-853	-1,322
	<i>Caption 100 a) - Profits (Losses) on disposal or repurchase of loans</i>	9	4
	- <i>Caption 100 a) (partial) - Profits (Losses) on disposal or repurchase of loans (Effect of purchase cost allocation)</i>	-	-
	+ <i>Caption 130 a) - Net losses/recoveries on impairment of loans</i>	-763	-1,188
	- <i>Caption 130 a) (partial) - Net losses/recoveries on impairment of loans (Time value loans)</i>	-102	-100
	+ <i>Caption 130 d) - Net losses/recoveries on impairment of other financial activities</i>	3	-38
Net impairment losses on other assets		-34	-68
	<i>Caption 130 b) - Net losses/recoveries on impairment of financial assets available for sale</i>	-28	-68
	+ <i>Caption 130 c) - Net losses/recoveries on impairment of investments held to maturity</i>	-	-
	+ <i>Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (Impairment)</i>	-6	-
	+ <i>Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (Impairment)</i>	-	-
Profits (Losses) on investments held to maturity and on other investments		8	28
	<i>Caption 100 c) - Profits (Losses) on disposal or repurchase of investments held to maturity</i>	-	-
	+ <i>Caption 240 - Profits (Losses) on disposal of investments</i>	1	1
	+ <i>Caption 210 - Profits (Losses) on equity investments</i>	7	27
	+ <i>Caption 210 (partial) - Profits (Losses) on equity investments</i>	-	-
	+ <i>Caption 220 - Valuation differences on property, equipment and intangible assets measured at fair value</i>	-	-
<b>Income (Loss) before tax from continuing operations</b>		<b>1,704</b>	<b>1,732</b>
Taxes on income from continuing operations		-199	150
	<i>Caption 260 - Taxes on income from continuing operations</i>	-142	241
	- <i>Caption 260 (partial) - Taxes on income from continuing operations (Merger and restructuring related charges)</i>	-20	-57
	- <i>Caption 260 (partial) - Taxes on income from continuing operations (Effect of purchase cost allocation)</i>	-37	-34
Merger and restructuring related charges (net of taxes)		-44	-127
	+ <i>Caption 150 a) (partial) - Personnel expenses (Merger and restructuring related charges)</i>	-14	-34
	+ <i>Caption 150 b) (partial) - Other administrative expenses (Merger and restructuring related charges)</i>	-51	-163
	+ <i>Caption 260 (partial) - Taxes on income from continuing operations (Merger and restructuring related charges)</i>	20	57
	+ <i>Caption 190 (partial) - Other operating income (expenses) (Recovery of merger and restructuring related charges)</i>	1	13
	- <i>Caption 170 (partial) - Net adjustments to/recoveries on property and equipment (Merger and restructuring related charges)</i>	-	1
	- <i>Caption 180 (partial) - Net adjustments to/recoveries on intangible assets (Merger and restructuring related charges)</i>	-	-1
Effect of purchase cost allocation (net of tax)		-80	-72
	+ <i>Caption 30 (partial) - Interest margin (Effect of purchase cost allocation)</i>	-28	-20
	+ <i>Caption 100 a) (partial) - Profits (Losses) on disposal or repurchase of loans (Effect of purchase cost allocation)</i>	-	-
	+ <i>Caption 100 b) (partial) - Financial assets available for sale (Effect of purchase cost allocation)</i>	-	-
	+ <i>Caption 170 (partial) - Net adjustments to property and equipment (Effect of purchase cost allocation)</i>	15	15
	+ <i>Caption 180 (partial) - Net adjustments to intangible assets (Effect of purchase cost allocation)</i>	-104	-101
	+ <i>Caption 260 (partial) - Taxes on income from continuing operations (Effect of purchase cost allocation)</i>	37	34
Income (Loss) after tax from discontinued operations		946	101
	<i>Caption 280 - Income (Loss) after tax from discontinued operations</i>	946	101
	- <i>Caption 210 (partial) Profits (Losses) on equity investments</i>	-	-
<b>Net income</b>	<b>Caption 290 - Net income (loss)</b>	<b>2,327</b>	<b>1,784</b>



Other attachments





## Statement of Intesa Sanpaolo property, equipment and financial assets subject to revaluation

(millions of euro)

	Revaluations						Total
	Royal Law Decree 1729 of 19.10.1937	Law 823 of 19.12.1973	Law 576 of 02.12.1975	Law 72 of 19.03.1983	Law 413 of 30.12.1991	Law 218 of 30.07.1990	
<b>Real estate assets</b>	-	21	15	57	185	198	<b>476</b>
<b>Equity investments</b>	-	-	-	-	-	391	<b>391</b>
a) Subsidiaries	-	-	-	-	-	43	43
b) Other	-	-	-	-	-	348	348
<b>Total</b>	-	21	15	57	185	589	<b>867</b>

## Statement of Intesa Sanpaolo pension funds

### Statement of the supplementary pension fund in favour of tax-collection personnel formerly employed by Cariplo

For the supplementary pension fund in favour of tax-collection personnel formerly employed by Cariplo – established in implementation of collective agreements to guarantee the payment of integrations for personnel formerly in service at Cariplo and transferred to Esatri Esazioni Tributi S.p.A. - accounting records for the related transactions are segregated in accordance with corporate agreements requiring that gains on its own investments are provisioned, and with regulations contained in Italian Legislative Decree no. 124 of 21 April 1993, reviewed by Law no. 335 of 8 August 1995.

Based on the corporate agreements and special authorisation of the Bank of Italy, in 2002 procedures were completed for transformation of treatment from defined benefit to defined contribution. Then according to individual requests from all the personnel in service, the related individual positions were transferred to other external pension funds. As a result of these transactions the fund once again began to operate as a defined benefit plan for personnel already retired as at 31 December 2000.

As at 31 December 2009 the balance of the fund was 27 million euro. Following utilisation, deposits and provisioning, as at 31 December 2010 the fund recorded a balance of 24 million euro, with a decrease of 3 million euro.

The actuarial assumption is performed on an annual basis.

#### Financial position of the fund

(millions of euro)

Bonds	10
Accrued income on bonds	-
Cash equivalents	14
<b>Total</b>	<b>24</b>

#### Fund cash inflows

(millions of euro)

Return on investments	-
Provisions in the year	1
<b>Total cash inflows</b>	<b>1</b>

#### Fund cash outflows

(millions of euro)

Past benefits paid	-4
Administrative expenses and other	-
<b>Total cash outflows</b>	<b>-4</b>

**Supplementary pension fund in favour of employees of Mediocredito Lombardo "Trattamento integrativo delle pensioni di legge a favore dei dipendenti del Mediocredito Lombardo", final regulation approved on 8 March 1996**

The fund's resources for personnel formerly employed by Mediocredito Lombardo are used as part of the Bank's securities. The following changes were recorded during the year:

(millions of euro)

Balance as at 31 December 2009	15
Benefits paid in the year	-1
Provisions allocated in 2010	1
Termination section assets	-
<b>Balance as at 31 December 2010</b>	<b>15</b>

Annual actuarial tests to confirm the Fund's adequacy to meet its commitments have proved a technical and financial balance.

As from 24 April 1993, on entry into force of the Italian Law on Pension Funds (Legislative Decree no. 124 of 21 April 1993), new recruits to Mediocredito Lombardo were no longer registered to the supplementary pension envisaged from this fund.

An agreement was signed with Trade Unions in 2006 that set out the transformation of the regime for beneficiaries in service from "defined benefit" to "defined contribution". For employees in service and so-called "deferred beneficiaries" (who ceased service but have a right to future supplementary benefits) a lump sum has been identified which, based on the options exercised by the beneficiaries, was transferred to supplementary pension funds or collected by beneficiaries. After this transaction, the "employee in service" section was extinguished. The agreement with Trade Unions also provides for a process – still to be activated – destined to propose to pensioners, as an extraordinary measure, one-off payments to liquidate their pension position. As at 31 December 2010 the only section of the Fund with a recorded value is that for retired employees.

**Supplementary pension fund for top management of Banca Commerciale Italiana "Trattamento pensionistico complementare per i membri della Direzione Centrale della Banca Commerciale Italiana"**

The fund refers to integrative provisions allocated up to a certain date on the basis of specific bilateral agreements in favour of top management of Banca Commerciale Italiana.

The related provisions – which do not represent segregated funds – are invested without distinction (in a non-specific manner) as an assets component.

The pension fund fully covers technical needs as at the reference date, updated on an annual basis.

In 2006, following the start of liquidation of the pension fund for Banca Commerciale Italiana personnel, on behalf of fund beneficiaries applying for such treatment the Bank took over the charge corresponding to the difference between the value of the benefit borne by AGO and the higher value of the contractual commitment. The increased value of the mathematical reserve as at 31 December 2006 was offset by disposal to the company in settlement of the entire amount due to the Comit Fund.

The following changes were recorded during the year:

(millions of euro)

Balance as at 31 December 2009	35
Benefits paid in the year	-4
Provisions allocated	1
Transfer from "Fondo pensioni per il personale della Banca Commerciale Italiana"	-
<b>Balance as at 31 December 2010</b>	<b>32</b>

## Table of significant equity investments in unquoted companies pursuant to article 126 of Consob Regulation 11971 of 14 May 1999

(List of equity investments in excess of 10% of the voting share capital in unquoted companies held directly and indirectly for whatever reason)

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
A.M.P. Srl		100.00	C.R. di Pistoia e Pescia	Pledge
Abibes SpA	92.40		Intesa Sanpaolo	Pledge
Accessible Luxury Holdings 1 SA	15.65		Intesa Sanpaolo	Holding
Adar Holding SpA	16.91		Intesa Sanpaolo	Pledge
Adventus SpA (formerly Visconti 21 Consulting Srl)	55.82		Intesa Sanpaolo	Holding
Aeroporti Holding Srl		35.31	Equiter	Holding
Agricola del Varano Srl		26.58	C.R. del Veneto	Pledge
Agricola Investimenti Srl in liquidation	100.00		Intesa Sanpaolo	Holding
Agrivventure SpA (formerly Citylife SpA)		20.00	C.R. Firenze	Holding
	80.00		Intesa Sanpaolo	Holding
Agromedimurje d.d.		10.07	Medimurska Banka	Holding
AL.FA. - Un'altra Famiglia Dopo di Noi - Impresa Sociale Srl	42.86		Intesa Sanpaolo	Holding
AL.GIO.FIN SpA	20.00		Intesa Sanpaolo	Pledge
Albergo il Giglio SpA		100.00	C.R. di Pistoia e Pescia	Pledge
Alfa-Ex Ingtatlanhasznosito es Forgalmazó Kft.		21.20	CIB Bank	Pledge
Alfieri Associates Investors Servicos de Consultoria SA	20.00		Intesa Sanpaolo	Holding
Allfunds Bank SA	50.00		Intesa Sanpaolo	Holding
Alpas Srl		100.00	C.R. di Pistoia e Pescia	Pledge
Alpifin Srl in liquidation / composition with creditors		10.44	C.R. del Friuli Venezia Giulia - Carifvg	Holding
Ambienta SGR SpA		20.00	Equiter	Holding
Argol SpA	47.68		Intesa Sanpaolo	Pledge
Ariston Thermo SpA (formerly Merloni Termosanitari SpA)	6.05		Intesa Sanpaolo	Holding
		7.42	IMI Investimenti	Holding
Atlantis SA		81.25	Sudameris	Holding
		18.75	Intesa Sanpaolo Holding International	Holding
Attiva SpA - Ag. per la Trasformaz. Territor. in Veneto (former Cosecon SpA)		10.00	C.R. del Veneto	Holding
Aurum Toscana Srl		100.00	Banco di Napoli	Pledge
Autostrada BS-VR-VI-PD SpA		20.30	RE. Consult Infrastrutture	Holding
		6.00	Equiter	Holding
		5.32	Compagnia Italiana Finanziaria	Holding
Autostrada Pedemontana Lombarda SpA		20.11	Equiter	Holding
		6.03	Banca Infrastrutture Innovazione e Sviluppo	Holding
Autostrade Lombarde SpA	39.71		Intesa Sanpaolo	Holding
B.E.E. Sourcing SpA (formerly Informatica Umbra Srl)	13.04		Intesa Sanpaolo	Holding
		8.33	C.R. di Spoleto	Holding
		3.62	C.R. di Foligno	Holding
Bamcard d.d.		20.03	Intesa Sanpaolo Banka d.d. Bosna i Hercegovina	Holding
Banca C.R. Firenze Romania SA		88.47	C.R. di Firenze	Holding
Banca dell'Adriatico SpA	100.00		Intesa Sanpaolo	Holding
Banca di Credito Sardo SpA (formerly Banca C.I.S. SpA)	100.00		Intesa Sanpaolo	Holding
Banca di Trento e Bolzano SpA	23.33		Intesa Sanpaolo	Holding
		54.24	Finanziaria B.T.B	Holding
		0.00	Intesa Sanpaolo Private Banking	Pledge
Banca d'Italia	30.35		Intesa Sanpaolo	Holding
		0.22	C.R. Ascoli Piceno	Holding
		0.00	C.R. di Rieti	Holding
		0.08	C.R. della Provincia di Viterbo	Holding
		0.11	C.R. di Foligno	Holding
		0.15	C.R. di Terni e Narni	Holding
		0.08	C.R. di Città di Castello	Holding
		0.03	C.R. di Spoleto	Holding
		0.62	C.R. del Friuli Venezia Giulia - Carifvg	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Banca d'Italia		0.88	C.R. di Venezia	Holding
		0.20	C.R. di Forlì e della Romagna - Cariromagna	Holding
		1.20	C.R. del Veneto	Holding
		6.20	C.R. in Bologna	Holding
		1.89	C.R. di Firenze	Holding
		0.04	C.R. di Civitavecchia	Holding
		0.09	C.R. della Spezia	Holding
		0.38	C.R. di Pistoia e Pescia	Holding
Banca Fideuram SpA	100.00		Intesa Sanpaolo	Holding
Banca IMI Securities Corp.		100.00	IMI Capital Markets Usa	Holding
Banca IMI SpA	100.00		Intesa Sanpaolo	Holding
Banca Impresa Lazio SpA	12.00		Intesa Sanpaolo	Holding
Banca Infrastrutture Innovazione e Sviluppo SpA (former Bca Intesa Infrastr. e Svil.)	100.00		Intesa Sanpaolo	Holding
Banca Intesa (Closed Joint Stock Company) Mosca (former Kmb Bank-Closed Joint Stock Company)	46.98		Intesa Sanpaolo	Holding
		39.77	Intesa Sanpaolo Holding International	Holding
Banca Intesa a.d. Beograd	15.21		Intesa Sanpaolo	Holding
		77.79	Intesa Sanpaolo Holding International	Holding
Banca Prossima SpA	100.00		Intesa Sanpaolo	Holding
Banco di Napoli SpA	100.00		Intesa Sanpaolo	Holding
Bank of Alexandria	70.25		Intesa Sanpaolo	Holding
Bank of Qingdao Co. Ltd	20.00		Intesa Sanpaolo	Holding
Banka Koper d.d.	97.47		Intesa Sanpaolo	Holding
Banque Espirito Santo et de la Venetie SA	12.50		Intesa Sanpaolo	Holding
Banque Galliere SA in liquidation		17.50	C.R. in Bologna	Holding
Baralan International SpA	100.00		Intesa Sanpaolo	Pledge
Beato Edoardo Materiali Ferrosi Srl		50.00	C.R. di Venezia	Pledge
		50.00	C.R. del Veneto	Pledge
Belisce d.d.		13.41	Privredna Banka Zagreb	Holding
Bi Private Equity Ltd		100.00	Private Equity International	Holding
Biessefin SpA in liquidation	36.10		Intesa Sanpaolo	Pledge
Binda SpA in liquidation	11.25		Intesa Sanpaolo	Holding
	0.19		Intesa Sanpaolo	Pledge
		0.00	Cormano	Holding
		0.01	Banca IMI	Holding
		0.02	C.R. del Veneto	Pledge
		0.01	C.R. di Firenze	Pledge
Blue Gem Luxembourg 1 Sarl		50.00	Eurizon Vita	Holding
Bn Finrete SpA in liquidation	99.00		Intesa Sanpaolo	Holding
Brivon Hungary Plc		100.00	Recovery Real Estate Management	Holding
Business Incubator Beocin d.o.o. for Services, Mediation and Development of S/M Entreprises		11.11	Banca Intesa a.d. - Beograd	Holding
C D I Calitri Denim Industries SpA under bankruptcy proceedings		14.29	Isveimer	Holding
Cala Capitana Srl under bankruptcy proceedings	100.00		Intesa Sanpaolo	Pledge
Camigliati Scuola Management Territoriale Scrl		20.00	Intesa Sanpaolo Formazione	Holding
Cantiere Celli Srl		80.00	C.R. di Venezia	Pledge
Cantiere Darsena Italia SpA in liquidation and composition with creditors	20.00		Intesa Sanpaolo	Holding
Caprera Srl	100.00		Intesa Sanpaolo	Pledge
Cargoitalia SpA (formerly Alis Aerolinee Italiane SpA)	33.33		Intesa Sanpaolo	Holding
Cartitalia Srl in liquidation		51.00	Cormano	Holding
Cassa dei Risparmi di Forlì e della Romagna SpA - Cariromagna	76.43		Intesa Sanpaolo	Holding
Cassa di Risparmio del Friuli Venezia Giulia SpA - Carifvg	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio del Veneto SpA (former Cassa di Risparmio di Padova e Rovigo SpA)	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio della Provincia di Chieti SpA	20.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Cassa di Risparmio della Provincia di Viterbo SpA		82.02	C.R. di Firenze	Holding
Cassa di Risparmio della Spezia SpA		80.00	C.R. di Firenze	Holding
Cassa di Risparmio di Ascoli Piceno SpA		66.00	C.R. di Firenze	Holding
Cassa di Risparmio di Città di Castello SpA		82.19	C.R. di Firenze	Holding
Cassa di Risparmio di Civitavecchia SpA		51.00	C.R. di Firenze	Holding
Cassa di Risparmio di Fermo SpA	33.33		Intesa Sanpaolo	Holding
Cassa di Risparmio di Firenze SpA	89.71		Intesa Sanpaolo	Holding
Cassa di Risparmio di Foligno SpA		70.53	C.R. di Firenze	Holding
Cassa di Risparmio di Pistoia e Pescia SpA		60.00	C.R. di Firenze	Holding
Cassa di Risparmio di Rieti SpA		85.00	C.R. di Firenze	Holding
Cassa di Risparmio di Spoleto SpA		60.13	C.R. di Firenze	Holding
Cassa di Risparmio di Terni e Narni SpA		75.00	C.R. di Firenze	Holding
Cassa di Risparmio di Venezia SpA	100.00		Intesa Sanpaolo	Holding
Cassa di Risparmio in Bologna SpA	100.00		Intesa Sanpaolo	Holding
Cattolica Previdenza SpA (formerly Cattolica Previdenza in Azienda SpA)		19.86	EurizonVita	Holding
Ce.Spe.Vi. Srl - Centro di Sperimentazione per il Vivaismo		20.00	C.R. di Pistoia e Pescia	Holding
Celeasing Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Cen.Ser. Centro Servizi SpA		11.76	C.R. del Veneto	Holding
Centro Factoring SpA	10.81		Intesa Sanpaolo	Holding
		0.11	C.R. di Forlì e della Romagna - Cariromagna	Holding
		41.77	C.R. di Firenze	Holding
		5.73	C.R. di Pistoia e Pescia	Holding
		0.16	C.R. della Spezia	Holding
		14.95	Centro Leasing	Holding
Centro Leasing SpA (formerly Centro Leasing Banca SpA)		58.09	Leasint	Holding
		30.10	C.R. di Firenze	Holding
Centro Leasing Gmbh in liquidation		100.00	Centro Leasing	Holding
Centrovita Assicurazioni SpA		100.00	Intesa Sanpaolo	Holding
China International Packaging Leasing Co. Ltd (Leasepack)		17.50	Intesa Sanpaolo Holding International	Holding
CIB Bank Ltd (formerly Central-European International Bank Ltd)	6.52		Intesa Sanpaolo	Holding
		93.48	Intesa Sanpaolo Holding International	Holding
Cib Car Trading Limited Liability Company		100.00	Recovery Real Estate Management	Holding
Cib Credit Ltd		2.00	Cib Real Estate	Holding
		98.00	Cib Leasing	Holding
Cib Factor Financial Service Ltd		50.00	Cib Support	Holding
		50.00	Cib Real Property Utilisation and Services	Holding
Cib Insurance Broker Ltd		100.00	Cib Leasing	Holding
Cib Investment Fund Management Ltd		5.03	Cib Real Property Utilisation and Services	Holding
		94.98	Cib Bank	Holding
Cib Leasing Ltd		100.00	Cib Rent Operative Leasing	Holding
Cib Lizing Holding Kft		100.00	Cib Bank	Holding
Cib New York Broker Rt. In liquidation (formerly Ie-New York Broker Rt.)		100.00	Cib Bank	Holding
Cib Property Ltd		100.00	Cib Leasing	Holding
Cib Real Estate Ltd		100.00	Cib Bank	Holding
Cib Real Property Utilisation and Services Ltd		51.68	Cib Bank	Holding
		48.32	Cib Support	Holding
Cib Rent Operative Leasing Ltd		100.00	Cib Bank	Holding
Cib Residential Property Leasing Ltd		100.00	Cib Leasing	Holding
Cib Support Ltd		100.00	Cib Bank	Holding
Cil Buda Square Ltd		100.00	Recovery Real Estate Management	Holding
Cil Mnm Ltd		96.67	Recovery Real Estate Management	Holding
Cimos International d.d.		20.44	Banka Koper	Holding
Collegamento Ferroviario Genova-Milano SpA		20.00	Banca Infrastrutture Innovazione e Sviluppo	Holding
Cometa Srl		100.00	C.R. in Bologna	Pledge
Compagnia Italiana Finanziaria Srl		52.54	IN.FRA Investire nelle Infrastrutture	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Consorzio Bancario Sir SpA in liquidation	32.86		Intesa Sanpaolo	Holding
		5.63	Banca di Credito Sardo	Holding
		0.00	Banca di Trento e Bolzano	Holding
		0.69	Isveimer	Holding
Consul Service Srl in liquidation		98.41	Banca di Credito Sardo	Holding
Consumer Finance Holding A.S.		100.00	Vseobecna Uverova Banka	Holding
Cormano Srl	70.82		Intesa Sanpaolo	Holding
		6.40	C.R. in Bologna	Holding
Digicar SpA (formerly Eleven SpA)	100.00		C.R. del Veneto	Pledge
Domina Group SpA in liquidation/under bankruptcy proceedings	50.57		Intesa Sanpaolo	Pledge
Dulevo SpA under bankruptcy proceedings	16.30		Intesa Sanpaolo	Holding
	81.91		Intesa Sanpaolo	Pledge
Edilmarket Srl under bankruptcy proceedings	100.00		Intesa Sanpaolo	Pledge
Emerald Uk Limited Partnership	11.14		Intesa Sanpaolo	Holding
		7.43	IMI Investimenti	Holding
Emil Europe '92 Srl in liquidation		93.48	C.R. in Bologna	Holding
Enerpoint Energy Srl		50.00	Equiter	Holding
Enerpoint SpA		19.80	Equiter	Holding
Epsilon Associati SGR SpA		51.00	Eurizon Capital SGR	Holding
		49.00	Banca IMI	Holding
Equinox Two SCA		24.69	Private Equity International	Holding
Equipe Investments SpA		100.00	C.R. del Veneto	Pledge
Equiter SpA (former Fin.Opi SpA - Finanziaria per le Opere Pubbliche e le Infrastrutture)	100.00		Intesa Sanpaolo	Holding
Equitypar-Companhia de Participacoes SA		12.50	Intesa Sanpaolo Servicos e Empreendimentos	Holding
Esaoite SpA		19.22	IMI Investimenti	Holding
Eurizon A.I. SGR SpA (former Caam A.I. SGR)	10.00		Intesa Sanpaolo	Holding
		90.00	Eurizon Capital SGR	Holding
Eurizon Capital a.d. - Beograd (former Intesa Eurizon Asset Management Beograd a.d.)		40.00	Banca Intesa a.d. - Beograd	Holding
		40.00	Eurizon Capital	Holding
	20.00		Intesa Sanpaolo	Holding
Eurizon Capital SA		100.00	Eurizon Capital SGR	Holding
Eurizon Capital SGR SpA	100.00		Intesa Sanpaolo	Holding
Eurizonlife Limited		100.00	EurizonVita	Holding
Eurizontutela SpA		100.00	EurizonVita	Holding
EurizonVita (Beijing) Business Advisory Co. Ltd		100.00	EurizonVita	Holding
EurizonVita SpA	99.96		Intesa Sanpaolo	Holding
Eurolites SpA	100.00		Intesa Sanpaolo	Pledge
Euromilano SpA	38.00		Intesa Sanpaolo	Holding
Europa Factor SpA		50.00	C.R. Firenze	Pledge
Europay Hrvatska d.o.o. in liquidation		12.50	Privredna Banka Zagreb	Holding
Europrogetti e Finanza SpA	15.97		Intesa Sanpaolo	Holding
EuroTLX SIM SpA (formerly TLX SpA)		50.00	Banca IMI	Holding
Euro-Tresorerie SA		100.00	Financiere Fideuram	Holding
		0.00	Fideuram Bank Luxembourg	Holding
Exelia Srl		100.00	Intesa Sanpaolo Holding International	Holding
F.I.L.A. Fabbrica Italiana Lapis ed Affini SpA	12.38		Intesa Sanpaolo	Holding
F2i - Fondi Italiani per le Infrastrutture SGR SpA		15.99	Banca Infrastrutture Innovazione e Sviluppo	Holding
Femi SpA		100.00	C.R. in Bologna	Pledge
Fides SpA under bankruptcy proceedings		20.00	Isveimer	Holding
Fideuram Asset Management (Ireland) Ltd		100.00	Banca Fideuram	Holding
Fideuram Bank (Luxembourg) SA		100.00	Banca Fideuram	Holding
		0.00	Fideuram Vita	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Fideuram Bank (Suisse) SA		100.00	Fideuram Bank Luxembourg	Holding
Fideuram Fiduciaria SpA		100.00	Banca Fideuram	Holding
Fideuram Gestions SA		99.94	Banca Fideuram	Holding
		0.06	Fideuram Vita	Holding
Fideuram Investimenti SGR SpA		99.50	Banca Fideuram	Holding
Fideuram Vita SpA	80.01		Intesa Sanpaolo	Holding
		19.99	Banca Fideuram	Holding
Fidi Toscana SpA	0.20		Intesa Sanpaolo	Holding
		8.88	C.R. di Firenze	Holding
		1.58	C.R. di Pistoia e Pescia	Holding
Fidia-Fondo Interbancario d'investim. Az. SGR SpA	25.00		Intesa Sanpaolo	Holding
Fin.Ser. SpA		15.00	C.R. del Veneto	Holding
Fin.Tess. SpA under bankruptcy proceedings		98.00	C.R. del Veneto	Pledge
Financiere Fideuram SA		100.00	Banca Fideuram	Holding
		0.00	Fideuram Bank Luxembourg	Holding
Finanziaria B.T.B SpA	99.29		Intesa Sanpaolo	Holding
Findomestic Banca SpA		25.00	C.R. di Firenze	Holding
Fineurop SpA	15.00		Intesa Sanpaolo	Holding
Finor Leasing d.o.o.		100.00	Banka Koper	Holding
Firenze Mobilità SpA		79.50	C.R. di Firenze	Pledge
Fondo Italiano d'Investimento SGR SpA	14.29		Intesa Sanpaolo	Holding
Fonti di Gaverina SpA	59.71		Intesa Sanpaolo	Pledge
Formula Sport Group Srl in liquidation	52.00		Intesa Sanpaolo	Pledge
Garibaldi Srl	100.00		Intesa Sanpaolo	Pledge
GCL Holding LP Sarl	22.14		Intesa Sanpaolo	Holding
Ge.Fi.L. - Gestione Fiscalità Locale SpA		25.83	C.R. della Spezia	Holding
Ge.I.Po. Srl		90.00	C.R. di Venezia	Pledge
Genextra SpA	15.79		Intesa Sanpaolo	Holding
Geni SpA under bankruptcy proceedings	35.91		Intesa Sanpaolo	Holding
Gepafin SpA-Garanzie Partecipazioni e Finanziamenti		4.32	C.R. di Spoleto	Holding
		0.69	C.R. di Città di Castello	Holding
		3.83	C.R. di Foligno	Holding
		4.04	C.R. di Terni e Narni	Holding
		0.21	C.R. di Firenze	Holding
Gestiones y Recuperaciones de Activos SA		99.94	Inversiones Mobiliarias	Holding
Giochi Preziosi SpA (formerly Lauro Ventuno SpA)	14.25		Intesa Sanpaolo	Holding
Goglio Luigi Milano SpA		16.07	IMI Investimenti	Holding
Granarolo SpA	19.78		Intesa Sanpaolo	Holding
Green Initiative Carbon Assets (Gica) SA		25.00	Equiter	Holding
Grin Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Hellatron SpA	85.00		Intesa Sanpaolo	Pledge
Horizonte Club Italia Srl		100.00	Banco di Napoli	Pledge
Hotel Cipriani Asolo Srl	100.00		Intesa Sanpaolo	Pledge
Hotel Lido Uno Srl	100.00		Intesa Sanpaolo	Pledge
Hrok - Hrvatsky Registar Obveza po Kreditima d.o.o. za Poslovne Usluge		14.70	Privredna Banka Zagreb	Holding
I.Tre - Iniziative Immobiliari Industriali SpA		20.00	C.R. del Veneto	Holding
Iam Piaggio SpA under extraordinary administration	16.58		Intesa Sanpaolo	Holding
		3.86	Banca Fideuram	Holding
Il Mondo dei Fiori Srl	100.00		Intesa Sanpaolo	Pledge
IMI Capital Markets Usa Corp.		100.00	IMI Investments	Holding
IMI Finance Luxembourg SA		100.00	IMI Investments	Holding
IMI Fondi Chiusi SGR SpA (formerly Sanpaolo IMI Fondi Chiusi SGR SpA)		100.00	IMI Investimenti	Holding
IMI Investimenti SpA	100.00		Intesa Sanpaolo	Holding



Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
IMI Investments SA		100.00	Banca IMI	Holding
		0.00	Banca IMI Securities	Holding
Immit - Immobili Italiani Srl (formerly Immit - Nuova Immobili Italiani Srl)	100.00		Intesa Sanpaolo	Holding
Immobiliare Femar SpA in liquidation		38.57	C.R. del Veneto	Pledge
Immobiliare Novoli SpA		25.00	C.R. di Firenze	Holding
Immobiliare Nuova Sede Srl		100.00	C.R. di Firenze	Holding
Immobiliare Peonia Rosa Srl	57.00		Intesa Sanpaolo	Pledge
Immobiliare Rione San Gottardo SpA	100.00		Intesa Sanpaolo	Pledge
Immobiliare Turistica M.O. Srl		50.00	C.R. di Venezia	Pledge
IMP Industria Meccanica di Precisione Srl (formerly Tecnoitalia Srl)	100.00		Intesa Sanpaolo	Pledge
Impianti Srl in liquidation	26.27		Intesa Sanpaolo	Holding
		1.69	Banca di Trento e Bolzano	Holding
		5.25	Isveimer	Holding
Impresa Castelli Srl in liquidation	36.60		Intesa Sanpaolo	Pledge
IN.FRA - Investire nelle Infrastrutture SpA	80.31		Intesa Sanpaolo	Holding
Infogroup - Informatica e Servizi Telematici Scpa (formerly SpA)	31.07		Intesa Sanpaolo	Holding
		65.45	C.R. di Firenze	Holding
		2.76	C.R. di Pistoia e Pescia	Holding
		0.69	C.R. di Civitavecchia	Holding
		n.s.	Intesa Sanpaolo Group Services	Holding
		n.s.	Banca IMI	Holding
		n.s.	C.R. della Spezia	Holding
		n.s.	Setefi	Holding
		n.s.	Banca dell'Adriatico	Holding
		n.s.	Banca di Credito Sardo	Holding
		n.s.	Banca di Trento e Bolzano	Holding
		n.s.	Banca Infrastrutture Innovazione e Sviluppo	Holding
		n.s.	Banca Prossima	Holding
		n.s.	Banco di Napoli	Holding
		n.s.	C.R. di Forlì e della Romagna - Cariomagna	Holding
		n.s.	C.R. del Friuli Venezia Giulia - Carifvg	Holding
		n.s.	C.R. della Prov. di Viterbo	Holding
		n.s.	C.R. del Veneto	Holding
		n.s.	C.R. di Venezia	Holding
		n.s.	C.R. di Rieti	Holding
n.s.	C.R. di Foligno	Holding		
n.s.	C.R. di Città di Castello	Holding		
n.s.	C.R. di Ascoli Piceno	Holding		
n.s.	C.R. di Spoleto	Holding		
n.s.	C.R. di Terni e Narni	Holding		
n.s.	C.R. in Bologna	Holding		
n.s.	Centro Leasing	Holding		
Infragrupo SpA	21.71		IMI Investimenti	Holding
		51.24	C.R. del Veneto	Pledge
Iniziative Logistiche Srl		54.78	IN.FRA Investire nelle Infrastrutture	Holding
Innocenti & Livi di Livi Srl (formerly Livi Srl)		100.00	C.R. di Pistoia e Pescia	Pledge
Integrated Shipping Company - I.S.Co. SpA	100.00		Intesa Sanpaolo	Pledge
Interline Turismo Club Srl	100.00		Intesa Sanpaolo	Pledge
International Business Science Company Soc. Cons. a r.l. - I.B.S.C.		18.18	C.R. del Friuli Venezia Giulia - Carifvg	Holding
Intesa Brasil Empreendimentos SA	100.00		Intesa Sanpaolo Servicos e Empreendimentos	Holding
Intesa Funding Llc	100.00		Intesa Sanpaolo	Holding
Intesa Global Finance Company Ltd		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Investimenti SpA	100.00		Intesa Sanpaolo	Holding
Intesa Lease Sec. Srl	60.00		Intesa Sanpaolo	Holding
Intesa Leasing d.o.o. Beograd	98.71		Banca Intesa a.d. - Beograd	Holding
		1.30	Cib Leasing	Holding
Intesa Real Estate Srl	100.00		Intesa Sanpaolo	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Intesa Sanpaolo Bank Albania (former American Bank of Albania)	90.83		Intesa Sanpaolo	Holding
Intesa Sanpaolo Bank Ireland Plc	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Banka d.d. Bosna i Hercegovina (former Upi Banka d.d.)		87.47	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Card d.o.o. - Ljubljana (formerly Centurion Financne Storitve d.o.o.)		100.00	Intesa Sanpaolo Card - Zagreb	Holding
Intesa Sanpaolo Card d.o.o. - Zagreb		53.46	Intesa Sanpaolo Holding International	Holding
		31.20	Privredna Banka Zagreb	Holding
		15.34	Banka Koper	Holding
Intesa Sanpaolo Card BH d.o.o. (former Centurion Financijske Usluge d.o.o. o Centurion Financial Services Ltd)		100.00	Intesa Sanpaolo Card - Zagreb	Holding
Intesa Sanpaolo Eurodesk Sprl (former Cbe Service)	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Formazione Scpa	80.00		Intesa Sanpaolo	Holding
		20.00	C.R. di Firenze	Holding
Intesa Sanpaolo Group Services Scpa (formerly Imifin SpA in liquidation)	99.87		Intesa Sanpaolo	Holding
		0.01	Banca IMI	Holding
		0.01	Banca Fideuram	Holding
		0.01	Banco di Napoli	Holding
		0.01	C.R. del Veneto	Holding
		0.01	C.R. di Firenze	Holding
		n.s.	Banca dell'Adriatico	Holding
		n.s.	Banca di Credito Sardo	Holding
		n.s.	Banca di Trento e Bolzano	Holding
		n.s.	Banca Infrastrutture Innovazione e Sviluppo	Holding
		n.s.	C.R. di Forlì e della Romagna - Cariromagna	Holding
		n.s.	C.R. del Friuli Venezia Giulia - Carifvg	Holding
		n.s.	C.R. di Venezia	Holding
		n.s.	C.R. in Bologna	Holding
		n.s.	Eurizon Capital SGR	Holding
		n.s.	Intesa Sanpaolo Private Banking	Holding
		n.s.	Mediocredito Italiano	Holding
		n.s.	Eurizonvita	Holding
		n.s.	Banca Prossima	Holding
		n.s.	C.R. della Prov. di Viterbo	Holding
		n.s.	C.R. di Ascoli Piceno	Holding
		n.s.	C.R. di Città di Castello	Holding
		n.s.	C.R. di Civitavecchia	Holding
		n.s.	C.R. di Pistoia e Pescia	Holding
		n.s.	C.R. di Foligno	Holding
		n.s.	C.R. di Rieti	Holding
		n.s.	C.R. di Spoleto	Holding
		n.s.	Epsilon SGR	Holding
		n.s.	Equiter	Holding
		n.s.	Eurizon A.I. SGR	Holding
		n.s.	Eurizontutela	Holding
		n.s.	Fideuram Investimenti SGR	Holding
		n.s.	IMI Investimenti	Holding
		n.s.	Intesa Sanpaolo Previdenza SIM	Holding
		n.s.	C.R. della Spezia	Holding
		n.s.	Moneta	Holding
		n.s.	Neos Finance	Holding
		n.s.	IMI Fondi Chiusi SGR	Holding
		n.s.	Sanpaolo Invest SIM	Holding
		n.s.	Infogroup	Holding
		n.s.	Setefi	Holding
		n.s.	Fideuram Vita	Holding
Intesa Sanpaolo Holding International SA	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo House Immo SA		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Immobiliere SA (formerly Sanpaolo Immobiliere SA)		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Leasing Romania I.F.N. SA (formerly DI-BAS Leasing IFN SA)		96.67	Intesa Sanpaolo Romania	Holding
		3.33	Cib Leasing	Holding
Intesa Sanpaolo Previdenza SIM SpA (formerly Intesa Previdenza SIM SpA)	78.53		Intesa Sanpaolo	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Intesa Sanpaolo Private Bank (Suisse) SA (formerly Sanpaolo Bank (Suisse) SA)		100.00	Societe' Europeenne de Banque	Holding
Intesa Sanpaolo Private Banking SpA	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Real Estate SA (formerly Sanpaolo Real Estate SA)		100.00	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Real Estate Romania SA (formerly West Trade Center SA)	100.00		Intesa Sanpaolo	Holding
Intesa Sanpaolo Romania SA (former Bca Comerciala Sanpaolo IMI Bank Romania SA)	99.50	0.00	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Servicios e Empreendimentos Ltda	99.82	0.50	Intesa Sanpaolo Holding International	Holding
Intesa Sanpaolo Trust Company Fiduciaria SpA (formerly Sanpaolo Fiduciaria SpA)	100.00		Intesa Sanpaolo	Holding
Intesa Sec. SpA	60.00		Intesa Sanpaolo	Holding
Intesa Sec. 2 Srl	60.00		Intesa Sanpaolo	Holding
Intesa Sec. 3 Srl	60.00		Intesa Sanpaolo	Holding
Intesa Sec. Npl SpA	60.00		Intesa Sanpaolo	Holding
Intesa Soditic Trade Finance Ltd		50.00	Intesa Sanpaolo Holding International	Holding
Intesa Vita SpA	100.00		Intesa Sanpaolo	Holding
Intesabci Preferred Capital Company Llc III Delaware	100.00		Intesa Sanpaolo	Holding
Intesabci Preferred Securities Investor Trust		100.00	Intesabci Preferred Capital Company Llc III Delaware	Holding
Inversiones Mobiliarias SA - IMSA	99.40		Intesa Sanpaolo	Holding
Ion Investment Fund 1 Ltd	20.00		Intesa Sanpaolo	Holding
Iscaim Srl in liquidation / under bankruptcy proceedings (former Immob. dell'Isola Cattaneo & C.)	48.57		Intesa Sanpaolo	Pledge
ISM Investimenti SpA		28.57	IMI Investimenti	Holding
Isp Cb Ipotecario Srl	60.00		Intesa Sanpaolo	Holding
Isp Cb Pubblico Srl	60.00		Intesa Sanpaolo	Holding
Isp Sec. 4 Srl	100.00		Intesa Sanpaolo	Holding
Istituto Gentili SpA	100.00		Intesa Sanpaolo	Pledge
Istituto per il Credito Sportivo	10.81		Intesa Sanpaolo	Holding
Isveimer SpA in liquidation	65.47		Intesa Sanpaolo	Holding
Italfondario SpA	11.25	0.04	C.R. di Ascoli Piceno	Holding
Italia Generali Costruzioni Srl under bankruptcy proceedings	100.00		Intesa Sanpaolo	Pledge
Italian Equity Advisors SpA under bankruptcy proceedings	17.16		Intesa Sanpaolo	Pledge
Ittica Ugento SpA under bankruptcy proceedings		26.96	Banco di Napoli	Pledge
Kmb-Leasing (Closed Joint Stock Company)		100.00	Banca Intesa (Closed Joint Stock Company) Mosca	Holding
L.I.M.A. Lavorazione Italiana Metalli Affini SpA	12.51		Intesa Sanpaolo	Pledge
La Compagnia Finanziaria SpA	10.28		Intesa Sanpaolo	Holding
Laviosa Minerals SpA		12.58	C.R. di Firenze	Pledge
LDV Holding B.V. in liquidation		100.00	IMI Investimenti	Holding
Leasint SpA (formerly Intesa Leasing SpA)	100.00		Intesa Sanpaolo	Holding
Leonardo Technology SpA	25.00		Intesa Sanpaolo	Holding
Lima Sudameris Holding SA in liquidation	52.87		Intesa Sanpaolo	Holding
Lux Gest Asset Management SA		47.13	Inversiones Mobiliarias	Holding
Luxi Privilege Conseil SA in liquidation		100.00	Societe' Europeenne de Banque	Holding
Luxvide Finanziaria per Iniziative Audiovisive e Telematiche SpA	14.04		Intesa Sanpaolo	Holding
Mandarin Capital Management SA		20.00	Private Equity International	Holding
Mandarin Capital Partners (Sca) Sicar		20.60	Private Equity International	Holding
Manucor SpA (formerly Manuli Film SpA)	45.50		Intesa Sanpaolo	Holding
Marche Capital SpA	11.99		Intesa Sanpaolo	Holding
Marina Fiorita Srl (formerly SpA)		92.22	C.R. di Venezia	Pledge
Mater-Bi SpA	34.48		Intesa Sanpaolo	Holding
Mecaer Aviation Group SpA (former Mecaer Meccanica Aereonautica SpA)		16.42	IMI Investimenti	Holding
Medimurska Banka d.d.		100.00	Privredna Banka Zagreb	Holding
Medinvest Srl under bankruptcy proceedings	100.00		Intesa Sanpaolo	Pledge

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Mediocredito Italiano SpA (former Banca Intesa Mediocredito SpA)	100.00		Intesa Sanpaolo	Holding
Mediofactoring SpA (former Intesa Mediofactoring SpA)	100.00		Intesa Sanpaolo	Holding
Mega International SpA under composition with creditors		48.00	Neos Finance	Holding
Menhir Llp		25.00	Private Equity International	Holding
Mezzanove Capital (Sca) Sicar		26.85	Private Equity International	Holding
Mezzanove Capital Management Sarl		47.00	Private Equity International	Holding
MF Honyvem SpA	30.00		Intesa Sanpaolo	Holding
Misr Alexandria for Financial Investments Co.		25.00	Bank of Alexandria	Holding
Misr Financial Investments Co.		17.70	Bank of Alexandria	Holding
Misr International Towers Co.		27.86	Bank of Alexandria	Holding
Moneta SpA (former Consumer Financial Services Srl - CFS)	100.00		Intesa Sanpaolo	Holding
Monte Mario 2000 Srl		47.50	Intesa Real Estate	Holding
Myremi Srl		100.00	Banco di Napoli	Pledge
N.H. Italia Srl	44.50		Intesa Sanpaolo	Holding
Neos Finance SpA	100.00		Intesa Sanpaolo	Holding
Network Impresa SpA		18.95	C.R. del Veneto	Holding
Newcocot SpA	24.61		Intesa Sanpaolo	Holding
Newcosmit SpA in liquidation	51.00		C.R. del Veneto	Pledge
Next Technology Tecnotessile Soc. Naz. di Ricerca a r.l. (former Tecnotessile Soc. Naz. di Ricerca Technolog. a r.l.)	40.00		Intesa Sanpaolo	Holding
Nicotra Gebhardt SpA (formerly Naga 008 SpA)		100.00	Banca IMI	Pledge
Noverca Italia Srl	34.00		Intesa Sanpaolo	Holding
NTV - Nuovo Trasporto Viaggiatori SpA		20.00	IMI Investimenti	Holding
Nuova Cartiera di Arbatax SpA under extraordinary administration		16.00	Banca di Credito Sardo	Holding
Obiettivo Nordest Sicav SpA	39.15		Intesa Sanpaolo	Holding
Obuda Dunapart Office Building Center Ltd		100.00	Recovery Real Estate Management	Holding
OOO Intesa Realty Russia	100.00		Intesa Sanpaolo	Holding
Ottobre 2008 Srl	100.00		Intesa Sanpaolo	Holding
P.B. Srl in liquidation	42.24		Intesa Sanpaolo	Holding
		4.96	C.R. di Firenze	Holding
Pan-Trgovina d.o.o. Novi Sad		38.72	Banca Intesa a.d. - Beograd	Holding
Pbz Card d.o.o.		100.00	Privredna Banka Zagreb	Holding
Pbz Croatia Osiguranje Public Limited Company for Compulsory Pension Fund Management		50.00	Privredna Banka Zagreb	Holding
Pbz Invest d.o.o.		100.00	Privredna Banka Zagreb	Holding
Pbz Leasing d.o.o. za Poslove Leasinga		100.00	Privredna Banka Zagreb	Holding
Pbz Nekretnine d.o.o.		100.00	Privredna Banka Zagreb	Holding
Pbz Stambena Stedionica d.d.		100.00	Privredna Banka Zagreb	Holding
Penghua Fund Management Co. Ltd		49.00	Eurizon Capital SGR	Holding
Pietra Srl	22.22		Intesa Sanpaolo	Holding
Portocittà Srl		25.00	Banca Infrastrutture Innovazione e Sviluppo	Holding
Pravex-Bank Pjscbb	100.00		Intesa Sanpaolo	Holding
Private Equity International SA (former NHS Investments SA)	90.90		Intesa Sanpaolo	Holding
		9.10	IMI Investimenti	Holding
Privredna Banka Zagreb d.d.		76.59	Intesa Sanpaolo Holding International	Holding
Progetti SpA	22.08		Intesa Sanpaolo	Pledge
Progetto Milano Bastioni SpA	14.10		Intesa Sanpaolo	Holding
Progetto PP1 SpA		100.00	C.R. del Veneto	Pledge
Quadrante SpA	50.00		Intesa Sanpaolo	Pledge
RCN Finanziaria SpA	23.96		Intesa Sanpaolo	Holding
RE. Consult Infrastrutture SpA		62.00	Compagnia Italiana Finanziaria	Holding
		38.00	Iniziative Logistiche	Holding
Realizzazioni e Bonifiche Arezzo SpA under composition with creditors (former Uno a Erre Italia SpA in liqu.)	18.90		Intesa Sanpaolo	Holding
		1.37	Mediocredito Italiano	Holding
Recovery A.S.		100.00	Vseobecná Uverova Banka	Holding
Recovery Real Estate Management Ltd (formerly Cib Expert Ltd)		100.00	Cib Bank	Holding

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
S.A.F.I. Srl		20.00	Centro Leasing	Holding
Sabaudia 29 Srl under bankruptcy proceedings	95.00		Intesa Sanpaolo	Pledge
Salumificio A. Lovison SpA		63.64	C.R. del Friuli Venezia Giulia - Carifvg	Pledge
San Francesco Srl	100.00		Intesa Sanpaolo	Pledge
Sanpaolo IMI Equity Management SA		100.00	IMI Investimenti	Holding
Sanpaolo IMI Private Equity Scheme B.V. in liquidation		20.00	Sanpaolo IMI Equity Management	Holding
		23.50	Ldv Holding	Holding
		8.00	C.R. di Firenze	Holding
Sanpaolo Invest Ireland Ltd		100.00	Banca Fideuram	Holding
Sanpaolo Invest SIM SpA		100.00	Banca Fideuram	Holding
Santa Chiara Srl		100.00	Banco di Napoli	Pledge
Saper Participacoes Ltda		37.90	Intesa Sanpaolo Servicos e Empreendimentos	Holding
Schemaquattordici SpA (formerly 21 Investimenti SpA)	11.76		Intesa Sanpaolo	Holding
Scuola di Vela S. Teresa Srl		12.39	C.R. della Spezia	Holding
Seaser SpA		100.00	Banca Infrastrutture Innovazione e Sviluppo	Pledge
SEP - Servizi e Progetti Scpa (formerly SpA)	100.00		Intesa Sanpaolo	Holding
		0.00	Intesa Sanpaolo Group Services	Holding
Servis Usluznih Djelatnosti d.o.o.		18.76	Intesa Sanpaolo Banka d.d. Bosna i Hercegovina	Holding
Servitia SA		100.00	Intesa Sanpaolo Holding International	Holding
Setefi - Servizi Telematici Finanziari per il Terziario SpA		100.00	Moneta	Holding
Shanghai Sino-Italy Business Advisory Company Ltd	40.00		Intesa Sanpaolo	Holding
Sia - Ssb SpA	30.64		Intesa Sanpaolo	Holding
		0.03	C.R. di Rieti	Holding
		0.02	C.R. di Terni e Narni	Holding
		0.13	Banca di Trento e Bolzano	Holding
		0.02	C.R. di Ascoli Piceno	Holding
		0.03	C.R. della Provincia di Viterbo	Holding
		1.39	Banca IMI	Holding
		0.02	C.R. di Foligno	Holding
		n.s.	Banca di Credito Sardo	Holding
		0.02	C.R. di Città di Castello	Holding
		0.01	C.R. di Spoleto	Holding
		0.02	Banca Fideuram	Holding
		0.04	C.R. di Forlì e della Romagna - Cariromagna	Holding
		0.49	C.R. di Firenze	Holding
Sicil Power SpA	99.15		Intesa Sanpaolo	Pledge
Sirti SpA		100.00	Banca IMI	Pledge
Siteba - Sistemi Telematici Bancari SpA	18.31		Intesa Sanpaolo	Holding
		0.09	C.R. di Rieti	Holding
		0.06	C.R. di Terni e Narni	Holding
		0.05	C.R. di Foligno	Holding
		0.16	Banca di Trento e Bolzano	Holding
		1.19	C.R. di Firenze	Holding
Slovak Banking Credit Bureau s.r.o.		33.33	Vseobecna Uverova Banka	Holding
Società Aree Industriali ed Artigianali - S.A.I.A. SpA	10.08		Intesa Sanpaolo	Holding
Società Azionaria Gest. Aerop. Torino S.A.G.A.T. SpA		12.40	Equiter	Holding
Società Europea di Sviluppo Srl		90.00	C.R. del Veneto	Pledge
Società Gestione per il Realizzo SpA in liquidation	38.33		Intesa Sanpaolo	Holding
		0.63	Banca Fideuram	Holding
		0.42	C.R. di Firenze	Holding
		0.16	C.R. di Civitavecchia	Holding
Società Italiana di Revisione e Fiduciaria S.I.Re.F. SpA	100.00		Intesa Sanpaolo	Holding
Societe' Europeenne de Banque SA		100.00	Intesa Sanpaolo Holding International	Holding
Solar Express Srl	40.00		Intesa Sanpaolo	Holding
Sti SpA (formerly Eltag Sti SpA)		11.29	C.R. della Spezia	Holding
Strutture Centrali Srl	25.32		Intesa Sanpaolo	Pledge

Company	Percentage or quotas held		Direct ownership	Type of right
	direct	indirect		
Sud Polo Vita SpA	98.79		Intesa Sanpaolo	Holding
		1.18	EurizonVita	Holding
Sudameris SA		99.87	Intesa Sanpaolo Holding International	Holding
Sviluppo Como SpA	15.00		Intesa Sanpaolo	Holding
Sviluppo Imprese Centro Italia SGR SpA		15.00	C.R. di Firenze	Holding
Sviluppo Industriale SpA		28.27	C.R. di Pistoia e Pescia	Holding
Tamma - Industrie Alimentari di Capitanata Srl	54.60		Intesa Sanpaolo	Pledge
Tanino Crisci Srl in liquidation	100.00		Intesa Sanpaolo	Pledge
Tanino Crisci Brand Srl	67.00		Intesa Sanpaolo	Pledge
Tebe Tours SpA		100.00	C.R. di Firenze	Holding
Tecnoalimenti Soc. Cons. per Azioni	20.00		Intesa Sanpaolo	Holding
Tecnobiomedica SpA	26.27		Intesa Sanpaolo	Holding
Tecnocittà Srl in liquidation	12.00		Intesa Sanpaolo	Holding
Tecnofarmaci SpA	20.50		Intesa Sanpaolo	Holding
Tecnogen SpA	23.05		Intesa Sanpaolo	Holding
Tehnolosko-Inovacijski Centar d.o.o.		11.20	Privredna Banka Zagreb	Holding
Telco SpA	11.62		Intesa Sanpaolo	Holding
Telepadova SpA		41.08	C.R. in Bologna	Pledge
Termomeccanica SpA	27.50		Intesa Sanpaolo	Holding
		5.37	C.R. della Spezia	Holding
Timavo e Tivene Srl (former P.Ind Srl)	100.00		Intesa Sanpaolo	Pledge
To.Ro. Tosco Romagnola Soc. Cons. a r.l.		11.88	C.R. di Forlì e della Romagna - Cariromagna	Holding
Tornabuoni Srl	100.00		Intesa Sanpaolo	Pledge
Tower 2 Sarl		28.00	Private Equity International	Holding
Tre Re SpA in liquidation	39.99		Intesa Sanpaolo	Pledge
Trigoria 2000 Srl in liquidation	95.00		Intesa Sanpaolo	Pledge
Trilantic Capital Partners IV (Europe) Sca Sicar		11.68	Private Equity International	Holding
Umbra Cuscinetti SpA	40.68		Intesa Sanpaolo	Pledge
Unicar Furgonature SpA in liquidation / under bankruptcy proceedings		40.52	C.R. di Forlì e della Romagna - Cariromagna	Pledge
Unimatica SpA		25.00	Infogroup	Holding
Union Life Insurance Company Ltd		19.90	EurizonVita	Holding
United Valves Co. (Butterfly) in liquidation		25.00	Bank of Alexandria	Holding
Upa Servizi SpA		44.32	C.R. del Veneto	Holding
Urbin SpA in liquidation (formerly Iniziative Urbane SpA)		11.11	Banca di Trento e Bolzano	Holding
Varese Investimenti SpA	40.00		Intesa Sanpaolo	Holding
Ver Capital SGR SpA		16.00	C.R. di Firenze	Holding
Villa delle Terme SpA	86.37		Intesa Sanpaolo	Pledge
Villaggio Turistico Internazionale Srl (formerly Sviluppo Marino Srl)	100.00		Intesa Sanpaolo	Pledge
Vseobecna Uverova Banka A.S. - Vub		96.76	Intesa Sanpaolo Holding International	Holding
Vub Asset Management Spravcovska Spolocnost A.S.		100.00	Vseobecna Uverova Banka	Holding
Vub Factoring A.S.		100.00	Vseobecna Uverova Banka	Holding
Vub Generali Dochodkova Spravcovska Spolocnost A.S.		50.00	Vseobecna Uverova Banka	Holding
Vub Leasing A.S. (formerly B.O.F. A.S.)		100.00	Vseobecna Uverova Banka	Holding
Vub Leasingova A.S. in liquidation		100.00	Vseobecna Uverova Banka	Holding
Vub Poist'ovaci Makler s.r.o. (formerly B.O.F. Poist'ovaci Makler s.r.o.)		100.00	Vub Leasing	Holding
Zaccherini Alvisi Srl	100.00		Intesa Sanpaolo	Holding

N.S. = Not significant as the percentage is less than 0.001

## Fees for auditing and services other than auditing pursuant to article 149-duodecies of Consob Regulation 11971

(millions of euro)

Type of service	Intesa Sanpaolo		Group Companies <sup>(*)</sup>	
	Reconta Ernst & Young	Reconta Ernst & Young	Reconta Ernst & Young	Reconta Ernst & Young Network
Independent audit (**)	5.1	-	15.1	-
Release of attestations (***)	1.8	-	0.9	-
Tax consulting services	-	-	-	-
Other:	1.3	0.2	1.9	-
<i>agreed audit procedures</i>	1.2	0.2	1.9	-
<i>social report audit</i>	0.1	-	-	-
<i>other</i>	0.02	-	-	-
<b>TOTAL</b>	<b>8.2</b>	<b>0.2</b>	<b>17.9</b>	<b>-</b>

(\*) Group companies and other fully consolidated subsidiaries.

(\*\*) Including costs for audit of Parent Company international branches for local purposes, of the Corporate Governance Report and other (National Guarantee Fund, mandatory fiscal obligations).

(\*\*\*) Including costs for voluntary audit of Pillar 3 Disclosure.

Amounts net of VAT and reimbursed expenses.





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# Glossary



## GLOSSARY OF THE MAIN TERMS USED IN THE ANNUAL REPORT

(in the meaning adopted in the "Report" and with exclusion of the terms today widely used in the Italian language or which are used in a context that already clarifies their meaning)

### **ABS – Asset-Backed Securities**

Financial securities whose yield and redemption are guaranteed by a pool of assets (collateral) of the issuer (usually a Special Purpose Vehicle – SPV), exclusively intended to ensure satisfaction of the rights attached to said financial securities.

Examples of assets pledged as collateral include mortgages, credit card receivables, short-term trade receivables and auto loans.

### **ABS (receivables)**

ABS whose collateral is made up of receivables.

### **Acquisition finance**

Leveraged buy-out financing.

### **Additional return**

Type of remuneration of the junior securities arising from securitisation transactions. In addition to a fixed dividend, such securities accrue periodic earnings (quarterly, semi-annual, etc.), whose amount is linked to the profit generated by the transaction (which in turn reflects the performance of the securitised assets).

### **Advisor**

Financial broker assisting government authorities or companies involved in privatisation or other corporate finance transactions, whose tasks range from arranging appraisals to drawing up documents and providing general professional advice about specific transactions.

### **AIRB (Advanced Internal Ratings-Based) Approach**

Approach to using internal ratings within the framework of the New Basel Accord, which provides for either the Foundation or the Advanced Approach. The Advanced Approach may be used only by institutions meeting more stringent requirements compared to the Foundation Approach. With the Advanced Approach, banks use their own internal estimates for all inputs (PD, LGD, EAD and Maturity) used for credit risk assessment, whereas for Foundation IRB they only estimate PD.

### **ALM – Asset & Liability Management**

Integrated management of assets and liabilities designed to allocate the resources with a view to optimising the risk/yield ratio.

### **ALT- A - Alternative A Loan**

Residential mortgages generally of "prime" category, but which, due to various factors such as LTV ratio, documentation provided, borrower's income/employment situation, type of property etc., cannot be classified as standard contracts usable in subscription programmes.

Incomplete documentation is the main reason for a loan being classified as "Alt-A".

### **ALT-A Agency**

Securities whose collateral consists of Alt-A mortgages, guaranteed by specialised Government Agencies.

### **Alternative investment**

Alternative investments comprise a wide range of investment products, including *private equity* and *hedge funds* (see definitions below).

### **Amortised cost**

Differs from "cost" in that it provides for the progressive amortisation of the differential between the book value and nominal value of an asset or liability on the basis of the effective rate of return.

### **AP – Attachment Point**

Level above which a protection seller will cover the losses of a protection buyer. It is typically used in synthetic CDOs.

### **Arrangement fee**

A fee paid for professional advice and assistance provided in the loan structuring and arranging stage.

### **Arranger**

In the structured finance sector, the arranger is the entity that – albeit in different forms and with different titles (*mandated lead arranger, joint lead arranger, sole arranger* etc.) – coordinates the organisational aspects of the transaction.

### **Asset allocation**

The distribution of assets in an investment portfolio among different markets, geographical areas, sectors and products.

### **Asset management**

The various activities relating to the management and administration of different customer assets.

### **Audit**

In listed companies, it indicates the various examinations of the business activities and bookkeeping of a company, performed by both in-house staff (*internal audit*) and independent audit firms (*external audit*).

### **β**

The beta coefficient of an issuer or a group of comparable issuers, an expression of the relationship between an equity's actual return and the total return of the market in question.

### **Back office**

The unit of a bank or financial company that processes all the transactions performed by the operational units (*front office*).

### **Backtesting**

Retrospective analyses performed to verify the reliability of the measurement of risk sources associated with different asset portfolios.

**Banking book**

Usually referred to securities or financial instruments in general, it identifies the portion of a portfolio dedicated to "proprietary" trading.

**Basis swap**

Contract providing for the exchange between two parties, of two floating-rate payments linked to a different index.

**Best practice**

It generally identifies conduct in line with state-of-the-art skills and techniques in a given technical/professional area.

**Bid-ask spread**

The difference between the buying and selling price of a given financial instrument or set of financial instruments.

**Bookrunner**

See *Lead manager* and *Joint lead manager*.

**Brand name**

IFRS 3 considers the "brand name" a potential, marketing related intangible asset, which may be recorded in the purchase price allocation process. The term "brand" is used in accounting principles with an extensive meaning and not as a synonym of trademark (the logo and the name). It is considered a general marketing term which defines a set of complementary intangible assets (in addition to the name and the logo, also the competencies, consumer trust, service quality, etc.) which concur to form brand equity.

**Budget**

Forecast of cost and revenue performance of a company over a period of time.

**Business combinations**

In accordance with international accounting standard IFRS 3, a transaction or other event in which an acquirer obtains control of one or more company assets.

**CAGR (Compound Annual Growth Rate)**

Compound annual growth rate of an investment over a specified period of time. If  $n$  is the number of years, CAGR is calculated as follows:  $(\text{Ending value}/\text{Starting value})^{1/n} - 1$ .

**Capital Asset Pricing Model (CAPM)**

An economic model for determining the "opportunity cost" i.e. the amount of income for the period necessary to remunerate the cost of capital.

**Capital structure**

It is the entire set of the various classes of bonds (tranches) issued by a special purpose vehicle (SPV), and backed by its asset portfolio, which have different risk and return characteristics, to meet the requirements of different categories of investors. Subordination relationships between the various tranches are regulated by a set of rules on the allocation of losses generated by the collateral:

Equity Tranche (B): The riskiest portion of the portfolio, it is also known as "first loss" and is subordinated to all other tranches; hence, it is the first to bear the losses which might occur in the recovery of the underlying assets.

Mezzanine Tranche (B): The tranche with intermediate subordination level between equity and senior tranches. The mezzanine tranche is normally divided into 2-4 tranches with different risk levels, subordinated to one another. They are usually rated in the range between BBB and AAA.

Senior/Super-senior Tranche (B): The tranche with the highest credit enhancement, i.e. having the highest priority claim on remuneration and reimbursement. It is normally also called super-senior tranche and, if rated, it has a rating higher than AAA since it is senior with respect to the AAA mezzanine tranche.

**Captive**

Term generically referring to "networks" or companies that operate in the exclusive interest of their parent company or group.

**Carry trade**

The carry trade is a financial transaction in which funds are procured in a country with a low cost of money and then invested in a country with high interest rates to take advantage of the difference in returns.

**Cash flow hedge**

Coverage against exposure to variability in cash flows associated with a particular risk.

**Cash-generating Unit (CGU)**

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

**Cash management**

A banking service that in addition to informing companies on the status of their relations with the bank, is an operational tool enabling companies to transfer funds, thus leading to more efficient treasury management.

**Categories of financial instruments provided for by IAS 39**

*Financial assets "held-for-trading"*, which includes the following: any asset acquired for the purpose of selling it in the near term or part of portfolios of instruments managed jointly for the purpose of short-term profit-taking, and assets that the entity decides in any case to measure at fair value, with fair value changes recognized in profit and loss; *financial assets "held-to-maturity"*, non-derivative assets with fixed term and fixed or determinable payments, that an entity intends and is able to hold to maturity; *"Loans and receivables"*, non-derivative financial assets with fixed or determinable payments not quoted in an active market; *financial assets "available-for-sale"*, specifically designated as such, or, to a lesser extent, others not falling under the previous categories.

**CDO – Collateralised Debt Obligation**

Financial instruments issued within the framework of securitisation transactions, backed by a pool of loans, bonds and other financial assets (including securitisation tranches). In the case of synthetic CDOs the risk is backed by credit derivatives instead of the sale of assets (cash CDOs).

**CDSs on ABX**

An Asset-backed security index (ABX) is an index with asset-backed securities as an underlying. Each ABX refers to a basket of 20 reference obligations

belonging to a specific ABS sector. Each ABX (there are five in total) reproduces a rating class (AAA, AA, A, BBB, and BBB-).

In particular, the ABX.HE index, launched on 19 January 2006 (Annex Date), is made up of reference obligations of the home equity segment of ABS (Residential Mortgage-Backed Security – RMBS). The CDS on an ABX.HE therefore hedges the credit risk of underlying RMBSs or the risk relative to the 20 reference obligations which make up the index.

For ABX, the market does not provide credit curves but directly price valuation. The settlement admitted for contracts on ABX indices, as described in ISDA 2005 documentation, is PAUG (Pay As You Go): the protection seller pays the protection buyer the losses incurred as these emerge, without leading to termination of the contract.

Please note that the coverage achieved via the purchase of ABX indices, even if it is structured so as to match as closely as possible the characteristics of the hedged portfolio, remains in any case exposed to basis risks. In other words, since it is not a specific hedge of individual exposures, it may generate volatility in the income statement whenever there is imperfect correlation between index prices and market value of the hedged positions.

#### **CLO - Collateralised Loan Obligation**

CDOs backed by a portfolio of corporate loans.

#### **CMBS - Commercial Mortgage-Backed Securities**

Debt instruments backed by mortgages on commercial real estate.

#### **CMBX index**

The same as the ABX index, the only difference being that the reference entities are CMBSs.

#### **CMO - Collateralised Mortgage Obligation**

Securities backed by mortgages in which the total amount of the issue is divided into tranches with different maturities and return. The tranches are repaid according to an order specified in the issue.

#### **Collective assessment of performing loans**

With reference to a homogeneous group of regularly performing financial assets, collective assessment defines the degree of credit risk potentially associated with them, though it is not yet possible to tie risk to a specific position.

#### **Commercial paper**

Short-term notes issued in order to collect funds from third party underwriters as an alternative to other forms of indebtedness.

#### **Consumer ABS**

ABS whose collateral is made up of consumer credits.

#### **Core Business**

Main area of business on which company's strategies and policies are focused.

#### **Core deposits**

"Core deposits" are "customer-related intangibles", generally recorded in business combinations between banks. The intangible value of core deposits stems from the future benefits for the acquirer deriving from the lower funding cost compared to market parameters. Basically, the acquirer may use funding for

its lending and investment activities which it pays less than the market interest rate.

#### **Core Tier 1 ratio**

The ratio of Tier 1 capital, net of excluded instruments (preference shares and savings shares), to total risk-weighted assets. Preferred shares are innovative capital instruments, usually issued by foreign subsidiaries, and included in the tier 1 capital if their characteristics ensure the banks' asset stability. The Tier 1 ratio is the same ratio inclusive of the preferred shares in the numerator.

#### **Corporate**

Customer segment consisting of medium- and large-sized companies (*mid-corporate, large corporate*).

#### **Cost/income ratio**

Economic indicator consisting of the ratio of operating costs to net operating income.

#### **Covenant**

A covenant is a clause, expressly agreed upon during the contractual phase, under which a lender is entitled to renegotiate and revoke a loan upon the occurrence of the events set out in the clause, linking the debtor's financial performance to events that trigger termination/amendment of contractual conditions (maturity, rates, etc.).

#### **Covered bond**

Special bank bond that, in addition to the guarantee of the issuing bank, is also backed by a portfolio of mortgage loans or other high-quality loans sold to a special purpose vehicle.

#### **CPPI (Constant Proportion Insurance Portfolio)**

A technique consisting of forming a portfolio of two assets, one without risk that offers a certain rate of return (risk-free) and one with risk that offers a generally higher return. The purpose of the re-balancing procedure is to prevent the value of the portfolio from falling below a predetermined level (floor), which rises at the risk-free rate over time and coincides with the capital to be guaranteed at maturity.

#### **CR01**

Referred to a credit portfolio, it indicates the change in portfolio value that would occur for a 1-basis-point increase in credit spreads.

#### **Credit default swap/option**

Contract under which one party transfers to another - in exchange for payment of a premium - the credit risk of a loan or security contingent on occurrence of a default event (in the case of an option the right must be exercised by the purchaser).

#### **Credit derivatives**

Derivative contracts for the transfer of credit risks. These products allow investors to perform arbitrage and/or hedging on the credit market, mainly by means of instruments other than cash, to acquire credit exposures of varying maturities and intensities, to modify the risk profile of a portfolio and to separate credit risks from other market risks.

**Credit enhancement**

Techniques and instruments used by issuers to improve the credit rating of their issues (providing sureties, cash credit lines, etc.).

**Credit risk**

The risk that an unexpected change in a counterparty's creditworthiness, in the value of the collateral provided, or in the margins used in case of default might generate an unexpected variation in the value of the bank's exposure.

**Credit Risk Adjustment (CRA)**

A technique that aims to draw attention to the penalty resulting from the counterparty's creditworthiness used in determining the fair value of unlisted derivative financial instruments in order to consider the counterparty's credit quality.

**Credit spread option**

Contract under which the protection buyer reserves the right, against payment of a premium, to collect from the protection seller a sum depending on the positive difference between the market spread and that fixed in the contract, applied to the notional value of the bond.

**Credit/emerging markets (Funds)**

Funds that invest in securities with credit risk exposure, since they are issued by financial or corporate entities, which may be located in emerging countries.

**Credit-linked notes**

Similar to bonds issued by a protection buyer or a special purpose vehicle whose holders (protection sellers) – in exchange for a yield equal to the yield of a bond with the same maturity plus the premium received for credit risk hedging – take the risk of losing (in whole or in part) the maturing capital and the related flow of interest, upon occurrence of a default event.

**CreditVaR**

Value that indicates an unexpected loss with respect to a credit portfolio at a specified confidence interval and a specified time horizon. CreditVaR is estimated through loss distribution and represents the difference between the average value of the distribution and the value corresponding to a certain percentile (usually 99.9%), which reflects the Bank's risk propensity.

**Cross selling**

Activity designed to increase customer loyalty through the sale of integrated products and services.

**CRP (Country Risk Premium)**

Country risk premium; it expresses the component of the cost of capital aimed specifically at providing compensation for the risk implicit in a given country's equity market (namely the risk associated with financial, political and monetary instability).

**Cumulative loss**

Cumulative loss incurred, at a certain date, on the collateral of a specific structured product.

**Default**

Declared inability to honour one's debts and/or make the relevant interest payments.

**Deferred tax (tax liabilities or assets)**

Deferred tax liabilities are the amounts of income tax that will be payable in future periods and arising from taxable temporary differences.

Deferred tax assets are the amounts of income taxes claimable in future periods and arising from:

- (a) deductible temporary differences;
- (b) the carry forward of unused tax losses; and
- (c) the carry forward of unused tax credits.

Temporary difference is the difference between the carrying amount of an asset or liability and its tax base. There are two types of temporary difference:

- (d) taxable temporary difference, i.e. a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in taxable amounts in the future when the carrying amount of the asset is recovered or the liability is settled; or
- (e) deductible temporary difference: a temporary difference that, when determining the taxable income (tax loss) of future periods, will result in amounts that are tax deductible in the future when the carrying amount of the asset is recovered or the liability is settled.

**Delinquency**

Failure to make loan payments at a certain date, normally provided at 30, 60 and 90 days.

**Delta**

Value that expresses the sensitivity of the price of the underlying asset for an option. Delta is positive for call options because the price of the option rises along with the price of the underlying asset. Delta is negative for put options because a rise in the price of the underlying asset yields a decrease in the price of the option.

**Delta-Gamma-Vega (DGV VaR)**

Parametric model for calculation of the VaR, able to assess both linear and non-linear risk factors.

**Desk**

It usually designates an operating unit dedicated to a particular activity.

**Directional (Funds)**

Funds that invest in financial instruments that profit from directional market movements, also through macroeconomic forecasting.

**Domestic Currency Swap**

Contract settled in euro, whose economic effect is equal to that of a time purchase or sale of a foreign currency in exchange for domestic currency. On expiry, the difference between the forward and the spot exchange rates is settled in euro.

**Duration**

An indicator of the interest rate risk of a bond or bond portfolio. In its most frequent form, it is calculated as a weighted average of the due dates of interest and principal payments associated with a bond.

**Dynamics of funding**

Sum of deposits in a current account (free current accounts and bank drafts), returnable deposits upon prior notice (free savings deposits), time deposits (time current accounts and time deposits, certificates of deposit), repo agreements and bonds (including

subordinated loans). All contract types, with the exception of bonds, refer to Italian customers, excluding the Central Administration, in euro and foreign currency. Bonds refer to the total amount issued, irrespective of residence and sector of the holder.

**EAD – Exposure At Default**

Relating to positions on or off balance sheet, it is defined as the estimated future value of an exposure upon default of a debtor. Only banks meeting the requirements for using the AIRB approach are entitled to estimate EAD. The others are required to make reference to statutory estimates.

**EDF – Expected Default Frequency**

Frequency of default, normally based on a sample internal or external to the bank, which represents the average risk level associable with a counterparty.

**Effective interest rate**

The effective interest rate is the rate that exactly discounts estimated future cash payments of the loan, for principal and interest, to the amount disbursed inclusive of the costs/revenues attributable to the loan. This measurement method uses a financial approach and allows distribution of the economic effect of the costs/revenues through the expected residual maturity of the loan.

**Embedded derivatives**

Embedded derivatives are clauses (contractual terms) included in a financial instrument that generate the same effects as an independent derivative.

**Embedded value**

A measure of the underlying value of a life insurance company. It is the sum of the company's adjusted net asset value and the present value of the future income margins from the policies already in force over the period of their residual life.

**Eonia (Euro overnight index average)**

Weighted average of the overnight rates transmitted to the ECB by a sample of banks operating in the euro area.

**Equity hedge / long-short (Funds)**

Funds that predominantly invest in stocks with the possibility of creating hedging strategies by means of short sales of the same stocks or strategies in derivatives contracts involving securities or market indices.

**Equity origination**

Increase of a company's risk capital achieved by floating a new issue of stock.

**ERP (equity risk premium)**

Risk premium demanded by investors in the market in question. ISP uses the risk premium calculated according to the historical approach (geometric average of the difference between equity and risk-free returns for the period 1928-2009) by New York University - Stern School of Business.

**EVA (Economic Value Added)**

An indicator that provides a snapshot of the amount of value created (if positive) or destroyed (if negative) by enterprises. In contrast to other parameters that

measure business performance, EVA is calculated net of the cost of equity capital, that is to say the investment made by shareholders.

**Event-driven (Funds)**

Funds that invest in opportunities arising out of significant events regarding the corporate sphere, such as mergers, acquisitions, defaults and reorganisations.

**EVT – Extreme Value Theory**

Statistical methodologies that deal with extreme hypothetical deviations from median of probability distributions of specific events.

**Exotics (derivatives)**

Non-standard instruments unlisted on the regular markets, whose price is based on mathematical models.

**Expected loss**

Amount of losses on loans or receivables that an entity could sustain over a holding period of one year. Given a portfolio of loans and receivables, the expected loss represents the average value of the distribution of losses.

**Facility (fee)**

Fee calculated with reference to the disbursed amount of a loan.

**Factoring**

Sale of trade receivables to factoring companies, for credit management and collection, normally associated with the granting of a loan to the seller.

**Fair value**

The amount at which an asset could be bought or sold or a liability incurred or settled, in a current transaction between willing parties.

**Fair value hedge**

Hedging against the risk of change in the fair value of a financial statement item, attributable to a particular risk.

**Fair Value Option (FVO)**

The Fair Value Option is one option for classifying a financial instrument. When the option is exercised, even a non-derivative financial instrument not held for trading may be measured at fair value through profit or loss.

**Fairness/Legal opinion**

An opinion provided on request by experts of recognised professionalism and competence, on the adequacy of the economic terms and/or lawfulness and/or technical aspects of a given transaction.

**FICO Score**

In the US, a credit score is a number (usually between 300 and 850) based on the statistical analysis of an individual's credit report. The FICO score is an indicator of the borrower's creditworthiness. A mortgage lender will use the "score" to assess borrower default risk and to correctly price risk.

**Financial instruments listed in an active market**

A financial instrument is regarded as listed in an active market if listed prices are promptly and regularly available from an exchange, dealer, broker, industry

group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

**Forward Rate Agreement**

See "Forwards".

**Forwards**

Forward contracts on interest rates, exchange rates or stock indices, generally negotiated in over-the-counter markets and whose conditions are established at the time when the contract is entered into, but which will be executed at a specified future date, by means of the receipt or payment of differentials calculated with reference to parameters that vary according to the object of the contract.

**Front office**

The divisions of a company designed to deal directly with customers.

**Fundamental Valuation**

Stock price analysis performed by estimating the fair value of stocks and comparing it with their market value.

**Funding**

The raising of capital, in various forms, to finance the company business or particular financial transactions.

**Futures**

Standardised forward contracts under which the parties agree to exchange securities or commodities at a specified price on a specified future date. Futures are normally traded on organised markets, where their execution is guaranteed. In practice, futures on securities often do not involve the physical exchange of the underlying.

**"G" factor ("g" growth rate)**

It is the factor used for perpetuity projection of cash flows in order to calculate "terminal value".

**Global custody**

An integrated package of services including, in addition to the custody of securities, the performance of administrative activities relating to the settlement of securities, collections and payments, acting as depositary bank and cash management, as well as various forms of portfolio performance reporting.

**Goodwill**

The value attached to intangible assets as part of the purchase price of a shareholding in a going concern.

**Governance**

The set of instruments, rules and standards regulating the life of the company, particularly as regards the transparency of documents and company records, and the completeness of information made available to the market.

**Greeks**

Greeks are the quantities that identify the greater or lesser sensitivity of a derivative contract, typically an option, to changes in the value of the underlying asset or other parameters (e.g. intrinsic volatility, interest rates, stock prices, dividends and correlations).

**Harmonised mutual funds**

Mutual funds within the scope of Directive 85/611/EEC of 20 December 1985, as amended, characterised by their open form, the possibility of offering quotas to the public and certain investment limits. Investment limits include the obligation to invest primarily in quoted financial instruments.

**Hedge accounting**

Rules pertaining to the accounting of hedging transactions.

**Hedge fund**

Mutual fund that employs hedging instruments in order to achieve a better result in terms of risk/return ratio.

**HELs – Home Equity Loans**

Loans granted up to the current market value of the real estate property used as collateral (therefore with a loan-to-value ratio higher than the ordinary thresholds), by means of first or second lien mortgages. Standard & Poor's considers Subprime and Home Equity Loan largely synonymous when the home equity loan borrowers have low credit score (FICO<659).

**HY CBO – High-Yield Collateralised Bond Obligation**

CDOs with collateral represented by High-Yield securities.

**Hybrid instruments included in Tier 1 capital**

Financial instruments that may be included in Tier 1 capital up to specific limits when the funding raised is available on an ongoing basis and there is an ability to absorb losses that fully guarantees the bank's capital stability. Such instruments may be classified as innovative or non-innovative depending on whether there are incentives for early redemption by the issuer (e.g., step-up clauses).

**IAS/IFRS**

The IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). The standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

**IASB (International Accounting Standard Board)**

The IASB (previously known as the IASC) is the entity responsible for issuing international accounting standards (IAS/IFRS).

**ICAAP (Internal Capital Adequacy Assessment Process)**

Process adopted to determine the amount of capital needed to cover all risks, including risks different from those covered by the total capital requirement ("First Pillar"), when assessing current and potential future exposure, taking into account business strategies and developments in the economic and business environment.

**IFRIC (International Financial Reporting Interpretations Committee)**

A committee within the IASB that establishes official interpretations of international accounting standards (IAS/IFRS).



**Impairment**

When referred to a financial asset, a situation of impairment is identified when the book value of an asset exceeds its estimated recoverable amount.

**Impairment test**

The impairment test is an estimate of the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of an asset or group of assets. Pursuant to IAS 36, the following assets should be tested for impairment annually:

- intangible assets with indefinite useful life
- goodwill acquired in a business combination
- any asset, if there is any indication of impairment losses.

**Incurred loss**

Loss already inherent in a portfolio, but not yet identifiable at the level of an individual loan or receivable, also known as an "incurred but not reported loss." It represents the risk level inherent in the portfolio of performing loans and constitutes the basic indicator for determining the size of the stock of collective adjustments to be set aside in the financial statements.

**Index-linked**

Policies whose performance at maturity depends on the performance of a reference parameter, which may be a stock index, a basket of securities or some other indicator.

**Index-linked life insurance policies**

Life insurance policies the benefits of which are based on indexes, normally drawn from equity markets. Policies may guarantee capital or offer a minimum return.

**Indirect customer deposits**

The holding of third parties' securities and similar valuables not issued by the bank, at nominal value, excluding certificates of deposit and bank bonds.

**Intangible asset**

An identifiable, non-monetary asset lacking physical substance.

**Internal dealing**

Transactions between different operating units of the same company. These transactions are recognised in the accounts and contribute to determining the position (trading or hedging) of the individual units involved.

**Intraday**

Used to refer to an investment/disinvestment transaction performed in the course of a single day involving the negotiation of a security. It is also used with reference to prices quoted during any one day.

**Investment grade**

Term used with reference to high-quality bonds that have received a medium/high rating (e.g., not less than BBB on Standard & Poor's index).

**Investment property**

Real estate owned for the purpose of obtaining income and/or benefiting from an increase in their value.

**IRS – Interest Rate Swap**

A binding agreement between two parties to exchange two flows calculated over a notional amount with fixed/floating or floating/floating rate.

**Joint lead manager**

The lead manager deals with the debtor and is responsible for choosing the co-lead managers and the other members of the underwriting syndicate in agreement with the borrower. It also determines the terms and conditions of issue and coordinates its execution (usually placing the largest share of the issue on the market) and keeps the books; in addition to reimbursement of expenses and usual fees, the lead manager receives a special commission for its services.

**Joint venture**

Agreement between two or more firms for the performance of a given economic activity, generally through the incorporation of a joint-stock company.

**Junior**

In a securitisation transaction it is the lowest-ranking tranche of the securities issued, being the first to bear losses that may occur in the course of the recovery of the underlying assets.

**Ke (Cost of Equity)**

Cost of equity, the minimum return demanded for investments of the same risk level.

**Ke – g**

Difference between the discounting rate for cash flows and the long-term growth rate. If cash flows remain equal, value in use increases as that difference decreases.

**Lambda ( $\lambda$ )**

Coefficient that measures the assessed item's specific exposure to country risk. In the model used by Intesa Sanpaolo, it is estimated to be 1, in that it is presumed that it is necessary to vary the country's risk level.

**LDA - Loss Distribution Approach**

It is a model used to assess exposure to operational risk. It makes it possible to estimate the amount of expected and unexpected loss for any event/loss combination and any *business line*.

**Lead manager - Bookrunner Lead bank of a bond issue syndicate.**

The lead manager deals with the debtor and is responsible for choosing the co-lead managers and the other members of the underwriting syndicate in agreement with the debtor. It also determines the terms and conditions of issue and coordinates its execution (usually placing the largest share of the issue on the market) and keeps the books (bookrunner); in addition to reimbursement of expenses and usual fees, the lead manager receives a special commission for its services.

**Leveraged & acquisition finance**

See "Acquisition finance".

**Liquidity risk**

The risk that a company will be unable to meet its payment obligations due to its inability to liquidate assets or obtain adequate funding from the market (funding liquidity risk) or due to the

difficulty/impossibility of rapidly converting financial assets into cash without negatively and significantly affecting their price due to inadequate market depth or temporary market disruptions (market liquidity risk).

**Loss Given Default (LGD)**

It indicates the estimated loss rate in the event of borrower default.

**Lower Tier 2**

It designates subordinated liabilities that meet the eligibility criteria for inclusion in supplementary (Tier 2) capital.

**LTV – Loan-to-Value Ratio**

The ratio between the loan and the value of the asset for which the loan was requested or the price paid by the borrower to buy the asset.

The LTV ratio measures the weight of the borrower's own funds used to buy the asset on the value of the asset used as guarantee of the loan. The higher the LTV ratio, the lower the borrower's own funds used to buy the asset, the lower the creditor's protection.

**Macro-hedging**

Use of macro-hedging. Hedging procedure involving a single derivative product for various positions.

**Mark to Market**

Process of determining the value of a portfolio of securities or other financial instruments by reference to the prices expressed by the market.

**Mark-down**

Difference between the 1-month Euribor and interest rates on household and business current accounts.

**Market dislocation**

Turbulence in financial markets characterised by a strong reduction in volumes traded on financial markets with difficulties in finding significant prices on specialised information providers.

**Market making**

Financial activity carried out by brokerage houses that ensure market liquidity and depth, both through their ongoing presence and by means of their role as competitive guides in determining prices.

**Market neutral**

Operating strategies involving securities designed to minimise the relevant portfolios' exposure to market volatility.

**Market risk**

Risk deriving from the fluctuation in the value of quoted financial instruments (shares, bonds, derivatives, securities denominated in foreign currency) and of financial instruments whose value is linked to market variables (loans to customers as concerns the interest rate component, deposits in euro and in foreign currency, etc.).

**Mark-up**

Difference between the overall interest rate applied to households and businesses on loans with a duration of less than one year and 1-month euribor.

**Merchant banking**

A range of activities including the underwriting of securities – both equities and bonds – issued by corporate clients for subsequent offering on the market, the acquisition of equity investments for longer periods but always with the aim of selling them later, and the provision of advisory services on mergers, acquisitions and reorganisations.

**Mezzanine**

In a securitisation transaction it is the tranche ranking between junior and senior tranche.

**M–Maturity**

The remaining time of an exposure, calculated according to the prudence principle. For banks authorised to use internal ratings, it is explicitly considered if the advanced approach is adopted, while it is fixed at 2.5 years if the foundation approach is used.

**Monoline**

Insurance companies which, in exchange for a commission, guarantee the reimbursement of certain bond issues. Formed in the 1970s to guarantee municipal bond issues from default, their services were subsequently particularly appreciated for issues of complex financial products: the structure and the assets underlying such issues are often highly complex; the debt positions guaranteed by monoline insurers become easier to value and more appealing for risk-averse investors, since default risk is borne by the insurer.

**Multistrategy / Funds of funds (Funds)**

Funds that do not invest in a single strategy but in a portfolio reflecting different strategies, i.e. in a portfolio of investment funds managed by third parties.

**NAV - Net Asset Value**

The market value of one share of the fund's managed assets.

**Non-performing**

Term generally referring to loans for which payments are overdue.

**Operational risk**

The risk of incurring losses due to inadequacy or failures of processes, human resources or internal systems, or as a result of external events. Operational risk includes legal risk, that is the risk of losses deriving from breach of laws or regulations, contractual or non-contractual liability or other disputes; it does not include strategic risk (losses due to wrong management strategies) or reputational risk (loss of market shares as a consequence of negative publicity regarding the bank).

**Option**

Against payment of a premium, the buyer acquires the right, but not the obligation, to purchase (*call option*) or to sell (*put option*) a financial instrument at a set price (*strike price*) within (*American option*) or on (*European option*) a given future date.

**Other related parties – close relatives**

An individual's "close relatives" comprise those family members likely to influence or be influenced by such

individual in their relations with the entity. They include the individual's non-separated spouse/domestic partner and the individual's children, his/her spouse's/domestic partner's children, and the individual's or his/her spouse's/domestic partner's dependents.

#### **Outsourcing**

The transfer of business processes to external providers.

#### **Overnight Indexed Swap (OIS)**

Contract involving the exchange of the net flow deriving from the difference between a fixed and floating interest rate applied to a notional principal amount. The fixed rate is set at the inception of the contract, while the floating rate is determined at maturity as the average of the overnight rates surveyed during the term of the contract, with compound interest.

#### **Over-The-Counter (OTC)**

It designates transactions carried out directly between the parties outside organised markets.

#### **Packages**

Strategy made up of a funded asset whose credit risk is hedged by a specific credit default swap. If present, any interest rate and foreign exchange rate risks can be hedged with financial derivatives.

#### **Past due loans**

"Past due loans" are non-performing loans on which payments are past due and/or overdue on a continuing basis for over 90/180 days, in accordance with the definition set forth in current supervisory reporting rules.

#### **Performing**

Term generally referring to loans characterised by regular performance.

#### **Plain vanilla (derivatives)**

Products whose price depends on that of the underlying instrument, which is listed on the regulated markets.

#### **Pool (transactions)**

See "Syndicated lending".

#### **Preferred shares**

See "Core Tier 1".

#### **Pricing**

Broadly speaking, it generally refers to the methods used to determine yields and/or costs of products and services offered by the Bank.

#### **Prime broker**

The Prime Broker is an international financial intermediary that operates as agent in the settlement process, carrying out the financial transactions ordered by the hedge fund's manager with the utmost confidentiality. The Prime Broker also acts as the fund's lender, providing credit lines and securities lending for short selling, and directly obtaining guarantees in respect of the financing granted to the fund. The Prime Broker also provides risk management services, monitoring the hedge fund's risk exposure to ensure conditions of financial stability. Other services provided

by the Prime Broker are holding and deposit of the fund's cash and securities, handling of the netting and settlement process, and recording of all market transactions.

#### **Prime loan**

Mortgage loan in which both the criteria used to grant the loan (loan-to-value, debt-to-income, etc.) and to assess the borrower's history (no past due reimbursements of loans, no bankruptcy, etc.) are sufficiently conservative to rank the loan as high-quality (as concerns the borrower) and low-risk.

#### **Private banking**

Business designed to provide preferred customers with asset management, professional advice and other personalised services.

#### **Private equity**

Activity aimed at the acquisition of equity investments and their subsequent sale to specific counterparties, without public offerings.

#### **Probability of Default (PD)**

The likelihood that a debtor will default within the space of 1 year.

#### **Project finance**

Technique for the financing of industrial projects based upon a forecast of the cash flow generated by the projects themselves. The analysis is based upon a series of evaluations differing from those generally made when assessing ordinary credit risk, and covering, in addition to cash flow analysis, technical examination of the project, the suitability of the sponsors engaged in its implementation and the markets where the product will be placed.

#### **Prudential filters**

In schemes for calculating regulatory capital, corrections made to line items with the aim of safeguarding the quality of regulatory capital and reducing its potential volatility as a result of the application of international accounting standards (IAS/IFRS).

#### **PV01**

Measures the price value change of a financial asset following a one basis point shift in the yield curve.

#### **Ratings**

An evaluation of the quality of a company or of its bond issues, based on the company's financial strength and outlook. Such evaluation is performed by specialised agencies or by the Bank based on internal models.

#### **Real estate (finance)**

Structured finance transactions in the real estate sector.

#### **Real Estate Investment Trust (REITs)**

REITs are entities that invest in different types of real estate or financial assets related to real estate, including malls, hotels, offices and mortgage loans.

#### **Relative value/Arbitrage (Funds)**

Funds that invest in market neutral strategies, profiting from the price differentials of particular securities or

financial contracts, neutralising the underlying market risk.

#### **Retail**

Customer segment mainly including households, professionals, retailers and artisans.

#### **Risk Management**

Activity pertaining to the identification, measurement, evaluation and overall management of various types of risk and their hedging.

#### **Risk-based lending**

A methodology applied to a credit portfolio to identify the most suitable pricing conditions taking into account the risk factor of each credit.

#### **Risk-free**

Return on risk-free investments. For the Italy CGU and countries in the International Subsidiary Banks CGU with "normal" growth prospects, the return on ten-year *Bunds* has been adopted, while for countries with "strong" growth prospects, the return on 30-year *Bunds* has been used.

#### **RMBS - Residential Mortgage-Backed Securities**

Asset-backed securities guaranteed by mortgages on residential real estate.

#### **ROE (Return On Equity)**

It expresses the return on equity in terms of net income. It is the indicator of greatest interest to shareholders in that it allows them to assess the return on their equity investment.

#### **RWA (Risk Weighted Assets)**

On- and off-balance sheet assets (derivatives and guarantees) that are classified and weighted by means of several risk ratios, in accordance with the rules issued by regulatory authorities on the calculation of capital ratios.

#### **Sale with recourse**

Transfer of a loan or receivable in which the transferor guarantees payment by the debtor. The transferor thus guarantees the transferee both that the transferred loan or receivable exists and that the debtor is solvent.

#### **Sale without recourse**

Transfer of a loan or receivable in which the transferor does not offer any guarantees in the event of default by the debtor. The transferor thus only guarantees the transferee that the transferred loan or receivable exists, but not that the debtor is solvent.

#### **Scoring**

System for the analysis of company customers, yielding an indicator obtained by examination of financial statements data and sector performance forecasts, analysed by means of statistical methods.

#### **Securitisation**

A transaction in which the risk associated with financial or real assets is transferred to a special-purpose vehicle by selling the underlying assets or using derivative contracts. In Italy the primary applicable statute is Law 130 of 30 April 1999.

#### **Senior/Super senior tranche**

In a securitisation transaction, this is the tranche that has first claim on interest and principal payments.

#### **Sensitivity**

It refers to the degree of sensitivity with which certain assets/liabilities react to changes in rates or other input variables.

#### **Servicer**

In securitisation transactions, it is the organisation that – on the basis of a specific servicing contract – continues to manage the securitised credits or assets after they have been transferred to the special purpose vehicle tasked with issuing the securities.

#### **SGR (Società di gestione del risparmio)**

Joint-stock companies reserved the possibility of providing both collective and individual asset management service jointly. In particular, they are authorised to set up mutual funds, manage their own or others' mutual funds and the assets of SICAVs and provide individual investment portfolio management service.

#### **SPE/SPV**

Special Purpose Entities or Special Purpose Vehicles are companies established by one or more entities to perform a specific transaction. Generally, SPEs/SPVs have no operating and managerial structures of their own and rely on those of the other parties involved in the transaction.

#### **Speculative grade**

Term used to identify issuers with a low credit rating (e.g., below BBB on Standard & Poor's index).

#### **Spread**

This term can indicate the difference between two interest rates, the difference between the bid and ask price of a security or the price an issuer of stocks and bonds pays above a benchmark rate.

#### **SpreadVar**

Value that indicates the maximum possible loss on a trading portfolio due to the market performance of CDS spreads or bond spreads, with a certain degree of probability and assuming a certain amount of time needed for the disposal of positions.

#### **Stakeholders**

Subjects who, acting in different capacities, interact with the firm's activity, sharing in its profits, influencing its performance/services, and evaluating its economic, social and environmental impact.

#### **Stock options**

Term used to indicate the right granted to company managers to purchase the company's shares at a certain price (*strike price*).

#### **Stress tests**

A simulation procedure designed to assess the impact of extreme market scenarios on a bank's overall exposure to risk.

#### **Structured export finance**

Structured finance transactions in the goods and services export sector.

**Subprime**

A universally agreed-upon definition of sub-prime loans does not exist. In short, this term refers to loans granted to borrowers with low creditworthiness, either because of bad credit history (non-payment, debt settlements or doubtful loans) or because their debt-to-income or loan-to-value ratio is high.

**Swaps**

Transactions normally consisting of an exchange of financial flows between operators under various contractual arrangements. In an interest-rate *swap*, the parties exchange flows which may or may not be benchmarked on interest rates, calculated on a notional principal amount (e.g., one party pays a fixed-rate flow while the other pays a floating-rate flow). In the case of a currency swap, the parties exchange specific amounts of two different currencies at the outset, repaying them over time according to arrangements that may regard both the principal and the indexed interest flows.

**Syndicated lending**

Loans arranged and guaranteed by a pool of banks and other financial institutions.

**Tax rate**

The effective tax rate, determined by the ratio of income taxes to income before tax.

**Terminal value**

An enterprise's value at the end of an analytical cash-flow forecasting period, calculated by multiplying the analytical cash flow for the final period by  $(1 + g)$  and dividing that amount by  $(K - g)$ .

**Tier 1**

Core capital (Tier 1) includes the paid-in capital, the share premium reserve, reserves from retained earnings (including IAS/IFRS first-time-adoption reserve other than those included under valuation reserves), and excludes treasury shares and intangible assets. Consolidated Tier 1 capital also includes minority interest.

**Tier 2**

Tier 2 capital includes valuation reserves, innovative and non-innovative capital instruments not included in Tier 1 capital, hybrid capital instruments, Tier 2 subordinated liabilities, unrealised capital gains on equity investments, excess value adjustments with respect to expected losses, and the other positive elements that constitute capital items of a secondary nature; the positive "prudential filters" of Tier 2 capital are also included. The total of these elements, less net unrealised capital losses on equity investments, negative items related to loans, other negative elements, and negative Tier 2 "prudential filters", makes up "Tier 2 capital before elements to be deducted". Tier 2 capital is made up of the difference between "Tier 2 capital before items to be deducted" and 50 per cent of "items to be deducted".

**Time value**

Change in the financial value of an instrument with regard to the time frame in which certain monetary flows will become available or due.

**Total capital ratio**

Capital ratio referred to regulatory capital components (Tier 1 plus Tier 2).

**Total return swap**

A contract under which one party, usually the owner of a security or a debt instrument, agrees to make periodic payments to an investor (protection seller) of the capital gains and interest generated by the asset. On the other side, the investor agrees to make payments based on a floating rate, as well as any negative price changes of the asset from the date of the contract.

**Trading book**

The portion of a portfolio of securities or other financial instruments earmarked for trading activity.

**Trustee (Real estate)**

Real estate vehicles.

**Trust-preferred Securities (TruPS)**

Financial instruments similar to preferred shares, which are entitled to particular tax benefits.

**Underwriting fee**

Fee received in advance by the bank as compensation for assuming the underwriting risk associated with the granting of a loan.

**Upper Tier 2**

Hybrid capital instruments (e.g., perpetual loans) that make up the highest quality elements of Tier 2 capital.

**Value in use**

Value in use is the present value of estimated future cash flows expected to arise from an asset or from a cash-generating unit.

**VaR - Value at Risk**

The maximum value likely to be lost on a portfolio as a result of market trends, estimating probability and assuming that a certain amount of time is required to liquidate positions.

**Vega**

Coefficient that measures the sensitivity of an option's value in relation to a change in or underestimation of volatility.

**Vega01**

Referred to a portfolio, it indicates the change in value that it would undergo as a consequence of a one percent increase in the volatility of the underlying financial instruments.

**Vintage**

Date of generation of the collateral underlying the securitisation. It is an important factor in the assessment of the risk of the mortgage portfolios underlying securitisations. Especially in the US, the phenomenon of mortgages granted to borrowers with inadequate income and providing insufficient documentation became significant from 2005.

**Warrant**

Negotiable instrument that entitles the holder to purchase from or sell to the issuer fixed-income securities or shares according to specific procedures.

**Waterfall**

Characteristic of a CDO's cash flow projection that is used in the CDO pricing process to model and allocate flows. It establishes the priority of payment of the various tranches in the event of failure of the tests on overcollateralisation and interest coverage ratios.

**Wealth management**

See "Asset management".

**What-if** Form of analysis that attempts to predict the response of specific elements to changes in baseline parameters.

**Wholesale banking**

Banking activity mainly consisting of high-value transactions concluded with major counterparties.

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## Contacts





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## Financial calendar



Approval of results as at 31 March 2011:

13 May 2011

Approval of results as at 30 June 2011:

08 August 2011

Approval of results as at 30 September 2011:

08 November 2011





An ability to develop new solutions, attention to and ongoing dialogue with households, businesses, the third sector and public institutions underlie Intesa Sanpaolo's commitment to contribute to Italy's growth.

A role that we carry out with professionalism, a sense of responsibility and passion, offering innovative, personalised products and services and sharing our projects with our customers.

This is the origin of the decision to tell our story through the vivid, positive stories of our customers, representing, with these images, the projects achieved, the spirit of initiative and entrepreneurial determination and ability.



Brunello Cucinelli S.p.A., Solomeo (PG).



Students in the Villa Amoretti Public Library, Torino.



I Leprotti, Abbiategrasso (MI).



Photovoltaic plant in Montalto di Castro, Viterbo.



The Venturino family, Maretti (AT).



Esaote S.p.A., Genova.



Buccellati Holding Italia S.p.A., Milano.



La Casa dei Girasoli, "Genitori Oggi" Non-Profit Voluntary Association, San Giustino Umbro (PG).





