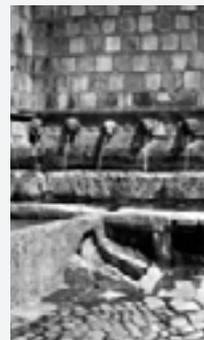
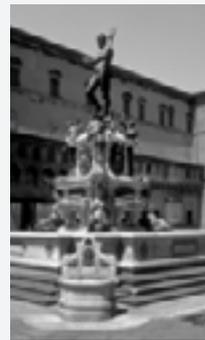
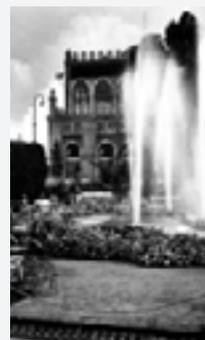
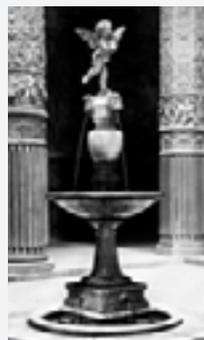


Social Report 2008



Intesa Sanpaolo Social Report 2008





The 2008 Social Report has been translated from that published in Italy from Italian into English solely for the convenience of international readers. The original document in Italian prevails over any translation and will be made available to interested readers upon request to Intesa Sanpaolo S.p.A.

Boards, Management, Auditors

Supervisory Board

<i>Chairman</i>	Giovanni Bazoli
<i>Deputy Chairmen</i>	Antoine Bernheim Rodolfo Zich
<i>Members</i>	Carlo Barel di Sant'Albano Rosalba Casiraghi Marco Ciabattoni Giovanni Costa Franco Dalla Sega Gianluca Ferrero Angelo Ferro Pietro Garibaldi Giulio Stefano Lubatti Giuseppe Mazzaello Eugenio Pavarani Gianluca Ponzellini Gian Guido Sacchi Morsiani Ferdinando Targetti Livio Torio Riccardo Varaldo

Management Board

<i>Chairman</i>	Enrico Salza
<i>Deputy Chairman</i>	Orazio Rossi
<i>Managing Director and Chief Executive Officer</i>	Corrado Passera
<i>Members</i>	Aureliano Benedetti Elio Catania Giuseppe Fontana Gian Luigi Garrino Virgilio Marrone Emilio Ottolenghi Giovanni Perissinotto Marcello Sala

General Management

<i>General Manager</i>	Francesco Micheli
------------------------	-------------------

Manager responsible for preparing the Company's financial reports

Ernesto Riva

Independent Auditors

Reconta Ernst & Young S.p.A.

Legend

-  Internet site connected
-  target achieved
-  activity in progress
-  activity not yet launched

 topics which respond to specific stakeholder requests



topics of interest also to another stakeholder

Contents

8	Letter to stakeholders	53	Statement of allocation and distribution of Gross Total Value Added
10	Introduction and Methodology		
12	<i>Identity and Governance</i>	54	<i>Social Report</i>
13	Mission and Values	55	Stakeholder map
14	History of the Company	56	Key topics of the Social Report
15	Strategies	58	Customers
16	The profile of the Intesa Sanpaolo Group	94	Employees
22	Governance	122	Shareholders
33	Our Social Responsibility	130	Suppliers
35	Stakeholder engagement	134	Relations with the Environment
45	Our partnerships in sustainability	156	Relations with the Community
48	<i>Economic Report</i>	176	<i>Improvement Objectives</i>
49	Economic and Financial Performance in 2008		
50	Main Economic and Financial indicators	182	<i>Attachments</i>
50	Calculation and Distribution of Value Added	183	Compliance Statement
52	Statement of calculation of Total Value Added	185	GRI Application level
		186	Indicator Table
		193	Contacts

Letter to stakeholders

Intesa Sanpaolo presents its second Corporate Social Responsibility Report at a time of worldwide crisis for the financial and economic system. This crisis, as we are all aware, arose from the excesses of liberalism and an underestimation of the importance of social cohesion in forging sustainable "value". The "value" to be protected refers to all categories of stakeholders. Our Bank has never lost sight of this principle, which is why it attributes an active role to all parties affected by the Company's activities, whether directly or indirectly, beginning with the tens of thousands of employees who work every day towards the success of our Group. Consequently, the Corporate Social Responsibility Report springs from a strong mutual commitment, fuelled by contributions from the staff who work in the Bank's various departments and who have constant contact with all categories of our stakeholders. It is our belief that, in a complex and changing society, our customers and all those who form the social fabric within which the Bank operates can play a key role in achieving the goals we have set for ourselves by listening to the opinions of the people who work alongside us. The story of how much has been achieved and an account of our goals for further improvement bears witness to our commitment.

We have always viewed the concept of sustainability as an orientation towards forging lasting relationships. This is the idea that led us to draft the 2007 strategic plan and that we continue to pursue, under the conviction that banks should strive to act, and be considered, as the essential points of reference, for companies and society at large in a healthy, productive economy.

Our attention to the social and environmental context is fostered by dialogue and receptiveness to all voices, including dissonant voices, which may bring new prospects to the scenario with which we are familiar. Consequently, in 2008 we called on opinion leaders, customers, representatives of the financial community, research institutions, universities and non-governmental organizations to discuss the issue of the social and environmental responsibility of a financial institution that operates in a global context. What came to light during the forum, which allowed us to review the direction taken by our development plans and perceive the emergence of new social demands, is represented in this Report.

The promotion of sustainable development in a global context, as regards our Bank in particular, is also expressed by the signing of important international standards promoted by the United Nations, such as the Global Compact and the United Nations Environment Programme Finance Initiative, as well as the monitoring of implementation of the principles of our Code of Ethics in day-to-day operations.

Our compliance with the foregoing standards and voluntary adoption of the Guidelines of the Global Reporting Initiative allow us to be increasingly transparent in our relationships with all of our stakeholders and encourage us to improve our social responsibility performance.

The sustainability of our business activities is reviewed through constant updates to the organisational structure established in our governance model to comply with both new provisions and Italian and international best practice. In 2008 we launched an in-depth self-assessment to ensure that the Bank was functioning efficiently and prudently, with the added goal of enhancing its reputation and trustworthiness in the eyes of shareholders and the public.

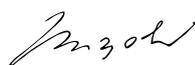
The Corporate Social Responsibility Report is the culmination of a process consisting of hundreds of projects and initiatives that bear witness to Intesa Sanpaolo's ability to provide services capable of supporting local economies and satisfying the needs of profoundly disparate situations, and it does so without neglecting those who have always had the greatest difficulty in securing access to credit: immigrants, young people, the unemployed and the elderly. It is clear that the satisfaction of the needs of local communities has once more become a strategic qualifying factor for all banks.

The activities that Intesa Sanpaolo has launched with the aim of promoting the economic, civil and cultural development of society are also highly significant. These include, in particular, the social inclusiveness initiatives undertaken by Banca Prossima, the micro-lending activities launched in partnership with Third sector foundations and associations, national and international solidarity projects (such as Project Malawi), and initiatives aimed at preserving and developing cultural heritage.

The Corporate Social Responsibility Report also devotes attention to the environment by mentioning the steps taken in the implementation of the Guidelines issued for this area. The result has been an improvement in the management of the Bank's ecological footprint by favouring the use of renewable energy and providing incentives for the reduction of waste.

This edition also marks a change in the way we manage the process of collecting and presenting the data that measure our progress in an accurate manner.

If the clear nature of the issues that continue to come to light makes us aware of the long path that lies ahead of us, we remain firmly committed to focusing attention on and being receptive to the needs of all of our stakeholders, with the goal of ensuring that Intesa Sanpaolo's development meets with increasing appreciation.



Giovanni Bazoli



Enrico Salza



Corrado Passera

Introduction and Methodology

This is the second Social Report of the Intesa Sanpaolo Group and informs stakeholders of the main initiatives implemented in 2008 in accordance with commitments defined in the 2007-2009 Business Plan. In order that the initiatives can be interpreted within the wider context of sustainability, the first chapter outlines the Group profile in terms of Mission and values, strategies and the management methods adopted. The "Economic Report" – prepared in accordance with ABI Guidelines – and the "Social Report" are addressed directly to stakeholders, reporting on the value generated and initiatives implemented in relation to economic, social and environmental aspects. In the chapter "Stakeholder Engagement" we illustrate the engagement action taken and the key topics emerging from meetings. Lastly, the Report indicates the improvement objectives based on recommendations emerging and from risk assessment, and on opportunities in terms of company strategies.

A summary of the 2008 Social Report is also published in the "Report on Operations" in the 2008 Intesa Sanpaolo Group Consolidated Financial Statements (see page 98, "Social and environmental responsibility").

Criteria and principles

The content of the document was prepared on the basis of the GRI 3 (Global Reporting Initiative) Sustainability Reporting guidelines, the GRI "Financial Services Sector Supplement" and with the guidelines for the preparation of Social Reports for the banking sector ("The Report to Stakeholders. A Guide for Banks") published by the ABI in collaboration with *EconomEtica* (the Multi-University Centre for Economic Ethics and Corporate Social Responsibility).

This report complies with G3 B+ Level requirements (see table "GRI application level" on page 185). We have adopted GRI principles for content selection (materiality, inclusiveness, the sustainability context and completeness),

reporting quality criteria definition (balance/ neutrality, accuracy, promptness, comparability, clarity and reliability) and for the reporting boundary.

The reporting process

All company departments contribute to definition of the Social Report content and to dialogue with stakeholders through the "CSR Delegates", appointed by the various heads of Group departments and companies, who work in close contact with the CSR Unit. The reporting management process was defined in special "Guidelines for preparation of the Social Report" circulated to everyone involved in the various activities. With regard to Delegates in the Group's international subsidiary banks the CSR Unit held a specific training course on reporting principles and awareness of selection criteria and company facilities useful in preparing the Social Report.

Measurement systems

Data collection was centralised through the Head Office, already responsible for control of the economic, capital and marketing performance of the Business Units.

The indicators illustrated in the Social Report were identified on the basis of reference standard indications, our obligations deriving from the adoption of international sustainability protocols and from the commitment to ensuring that the level of achievement of our objectives is measurable.

Most of the data was collected directly, except for certain estimates (in any event appropriately indicated in the report) performed without jeopardising specific data accuracy. Having achieved our objective last year, the data measurement systems are now supported by a technical manual which, for the quantitative indicators, formalises their relevance, the calculation methods and the data source, there-

fore encouraging accuracy and standardisation of the entire reporting boundary.

The reporting period and boundary

The Social Report is published on an annual basis. The previous edition was published in June 2008. The data in this report refer to the 2008 financial year, where possible with comparative figures for 2007, the year the Intesa Sanpaolo Group was established.

The reporting boundary for the Social Report includes active companies important for sustainability reporting purposes and which are included in the Intesa Sanpaolo 2008 Consolidated Financial Statements. The inclusion of each Group company in the reporting bound-

ary was assessed on the basis of their contribution to the Consolidated Financial Statements in terms of capital and profit, the number of employees and the company characteristics in terms of social and environmental impact generated.

External certification

This edition of the Social Report has been reviewed – in compliance with the drafting principles reported in the methodology section – by the independent auditors, Reconta Ernst & Young.

This Social Report is distributed among the main Intesa Sanpaolo Group stakeholders and is also available online via the Group's website, group.intesasanpaolo.com. 

Identity and Governance

It is our wish to blend our large size into local roots, to be a bank that “thinks big” without losing sight of the individual.



Mission and Values

History of the Company

Strategies

The profile of the Intesa Sanpaolo Group

Governance

Our Social Responsibility

Stakeholder engagement

Our partnerships in sustainability

Mission and Values

We work to provide quality banking and financial services to our customers and activate ways to promote development in all the areas where we operate.

Conscious of the value of our activity in Italy and abroad, we promote a style of growth that is attentive to sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area.

We compete on the market with a sense of fair play and are ready to cooperate with other economic entities, both private and public, whenever necessary to reinforce the overall capacity for growth of the economies of the countries in which we operate.

We take responsibility for prudent savings management, we undertake to widen the access to credit and financial instruments to everyone, and the sustainable development of the entrepreneurial system, being aware that our decisions have important impacts, direct and indirect, on the natural environment and the community. We want to contribute to the well-being (not only material) of both by sustaining and carrying out cultural projects and others that are for the common good.

Our growth strategy aims at creating solid and sustainable values from economic and financial, social and environmental points of view, built on the trust of all our stakeholders and based on the following values:

Integrity

We pursue our goals with honesty, fairness and responsibility in the full and true respect of the rules and professional ethics and in the spirit of signed agreements.

Excellence

We set ourselves the goal of continuous im-

provement, farsightedness, anticipating challenges, cultivating extensive creativity aimed at innovation; moreover we recognise and reward merits.

Transparency

We are committed to making transparency the basis of our actions, advertising and contracts in order to allow all our stakeholders to make independent and informed decisions.

Respect for specific qualities

It is our intention to combine large-scale operations with profound local roots and to be a bank with a broad vision, without losing sight of individuals.

Equality

We are committed to eliminating all forms of discrimination from our conduct and to respect differences in sex, age, race, religion, political and union persuasions, language or disability.

Values of the individual

The value of each single person is a guide for our modus operandi: we use listening and dialogue as tools for continuously improving our relationships with all our stakeholders.

Responsibility in the use of resources

We aim to use all our resources attentively, promote behaviour based on the best use of resources and the avoidance of waste and ostentation, and we give priority to choices that take sustainability into account.

History of the Company

The first steps towards integration began on 26 August 2006 when the Boards of Directors of the two banks approved the merger project guidelines, finalised on 12 October and later approved by the respective Extraordinary Shareholders' Meetings held on 1 December that year.

INTESA SANPAOLO

The Intesa Sanpaolo trademark symbolises the history and values of two of the lead players in the banking sector in Italy – Banca Intesa and Sanpaolo IMI – which decided to join forces and resources to create the largest banking group in Italy and one of the largest in Europe. The logo is based upon the “Trajan” font, inspired by the ancient inscriptions at the foot of Trajan’s Column in Rome, a symbol of solid steadfastness. It is characterised by the green of the original Sanpaolo IMI trademark and the “slanted” letter “A”.

The logo represents the union of the two original names

linked by the trademark in the guise of a square pictogram (the perfect shape, proportionate and well-balanced) containing a stylised Roman aqueduct – the symbol of solidity and development as well as life, prosperity and the union of cultures and people. The aqueduct is the symbol that best expresses and represents the merger of the two Banks – hence its positioning in the centre of the logo – and their inherent values and commitments.

The new identity project also gradually involved the subsidiary banks and companies that took on the new visual identity of the Parent Company.

Intesa Sanpaolo has strong roots throughout the country and has become a blend of the various cultures encountered by the lead banks prior to the merger.

San Paolo, which began operations way back in 1563, joined forces in 1998 with IMI (Istituto Mobiliare Italiano), set up in 1931 as financial support to the industrial system at national level. In 2000, at the end of a phase of integration with local banks, Sanpaolo IMI acquired Banco di Napoli, one of the oldest banks in Europe, whose origins date back to 1539 when it was founded as the Sacro Monte di Pietà. Then in 2002 came the integration with the banks of the Cardine Group, which came into being in 1999 as a union of savings banks and other local banks with the aim of promoting economic development in the North East Italy and the Adriatic area. An initial estimate shows that the banks in the historic San Paolo IMI chain reached a total of at least 75.

It is well known that Banca Intesa was the result of a merger between three historic groups, leaders in the Italian banking system since the 19th century: Cassa di Risparmio delle Province Lombarde (Cariplo), Banco Ambrosiano Veneto (BAV) and Banca Commerciale Italiana (Comit), which over the decades had amassed a total of 66 banks.

Most of the banks that became part of Intesa Sanpaolo were therefore of a local origin, which in certain cases developed at regional and national level. An exception to this, however, was Banca Commerciale Italiana, with its historic presence abroad, and IMI whose quality as a specialist lending bank played a key role in the financing and development of the Italian economy.

Cariplo, too, exercised a considerable influence beyond its region of origin, particularly as the head of ACRI and promoter of the Istituto Internazionale del Risparmio.

In reassessing this multiple “know-how” tacitly and almost ‘passively’ inherited (and therefore in filtering and distinguishing between what is still valid and what is not today), the foundations could be laid for the solid construction of a new core of company values and for establishing a renewed “active” group identity, to overcome any form of past belonging and to achieve a full awareness of the driving force that a large bank represents in terms of economic and community development and of social and environmental responsibility.

Intesa Sanpaolo was founded on 1 January 2007 from the merger of two large Italian banks, Banca Intesa and Sanpaolo IMI.

Strategies

The 2009 macro-economic outlook will be difficult, with inevitable effects on the banking sector and for Intesa Sanpaolo. This year the Group will continue to implement the action that has characterised recent years, in accordance with the following strategic guidelines:

- sustainable medium-long term growth, promoting the consolidated strength of its commercial characteristics;
- action regarding costs and investments to guarantee operational efficiency, albeit continuing to support growth;
- strong asset quality monitoring;
- firm control of liquidity management and in

maintaining an adequate level of capitalisation.

From a CSR point of view, operations will continue to be based on the following strategic guidelines:

- excellence in customer relations;
- professional growth of staff in a working environment that encourages corporate quality of life;
- a commercial offer that supports social inclusion and support for the Third sector;
- support for companies in development, innovation and internationalisation plans;
- support for the environment.

The profile of the Intesa Sanpaolo Group

Intesa Sanpaolo is one of the leading banking groups of the Eurozone, with a market capitalisation of 30.5 billion euro¹ and is the market leader in Italy in all operating sectors. Due to its capillary network of 6,463 branches distributed throughout the country, it has a market share of over 15% in most regions and offers its services to approximately 11.3 million customers.

¹ As at 30 April 2009

Positioning in Italy ²	Sector	Market share in Italy ²
1°	Loans	 17.4%
1°	Deposits	 18.0%
1°	Factoring	 24.2%
1°	Assets management ³	 26.5%
1°	Pension Funds	 28.1%

² As at 31 December 2008

³ Mutual funds

Intesa Sanpaolo is present in Europe, prevalently in the central-eastern section and the Mediterranean area, with 2,000 branches and approximately 8.5 million customers of international subsidiaries operating in retail and commercial banking in 13 countries. It also has an international network specialised in providing support to corporate customers in 34 countries, particularly the Mediterranean area and in countries where Italian businesses are especially active, such as the United States, Russia, China and India.

Key indicators¹

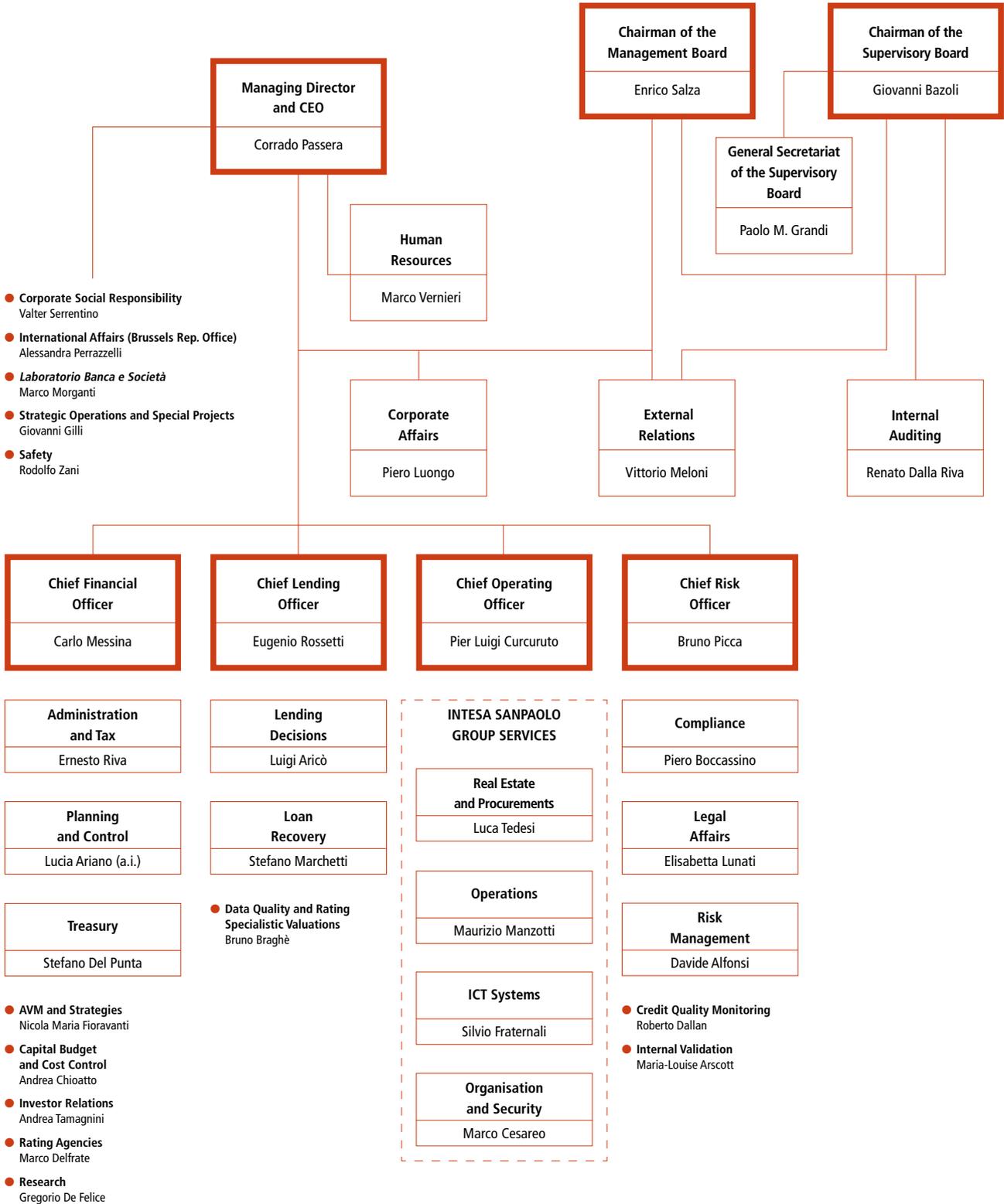
Economic indicators	2008	2007
Loans to customers (mln €)	395,189	353,122
Direct customer deposits (mln €)	430,897	392,665
Shareholders' equity (mln €)	48,954	51,558
Net income (mln €)	2,553	7,250
Total Assets (mln €)	636,133	605,401
Value Added (mln €)	10,576	16,952
Social indicators		
No. of customers in millions	19.8 ²	17.7
No. of complaints	110,347	89,372
No. of customers involved in customer satisfaction activities	185,500	39,000
No. of Employees	106,269 ²	95,295
Staff turnover rate %	-1,3	-4,2
No. of training days during the year	860,605	799,163
Female management/total management ratio	18.7	17.4
Donations (in thousands of euro)	15,621	11,342
Environmental indicators		
CO ₂ emissions per employee (kg)	1,623	1,907
Electricity consumption per employee (kWh)	6,571	6,821
Paper consumption per employee (kg)	94	110
Water consumption per employee (m ³)	39	43

¹ Economic indicators refer to the scope of consolidation for the 2008 Consolidated Financial Statements, whilst social and environmental indicators were based on the Social Report reporting boundary which includes operational companies with an impact on sustainability reporting. Social and environmental indicators for 2007 were not reclassified proforma to the 2008 reporting boundary.

² Including the CR Firenze Group and Pravex.

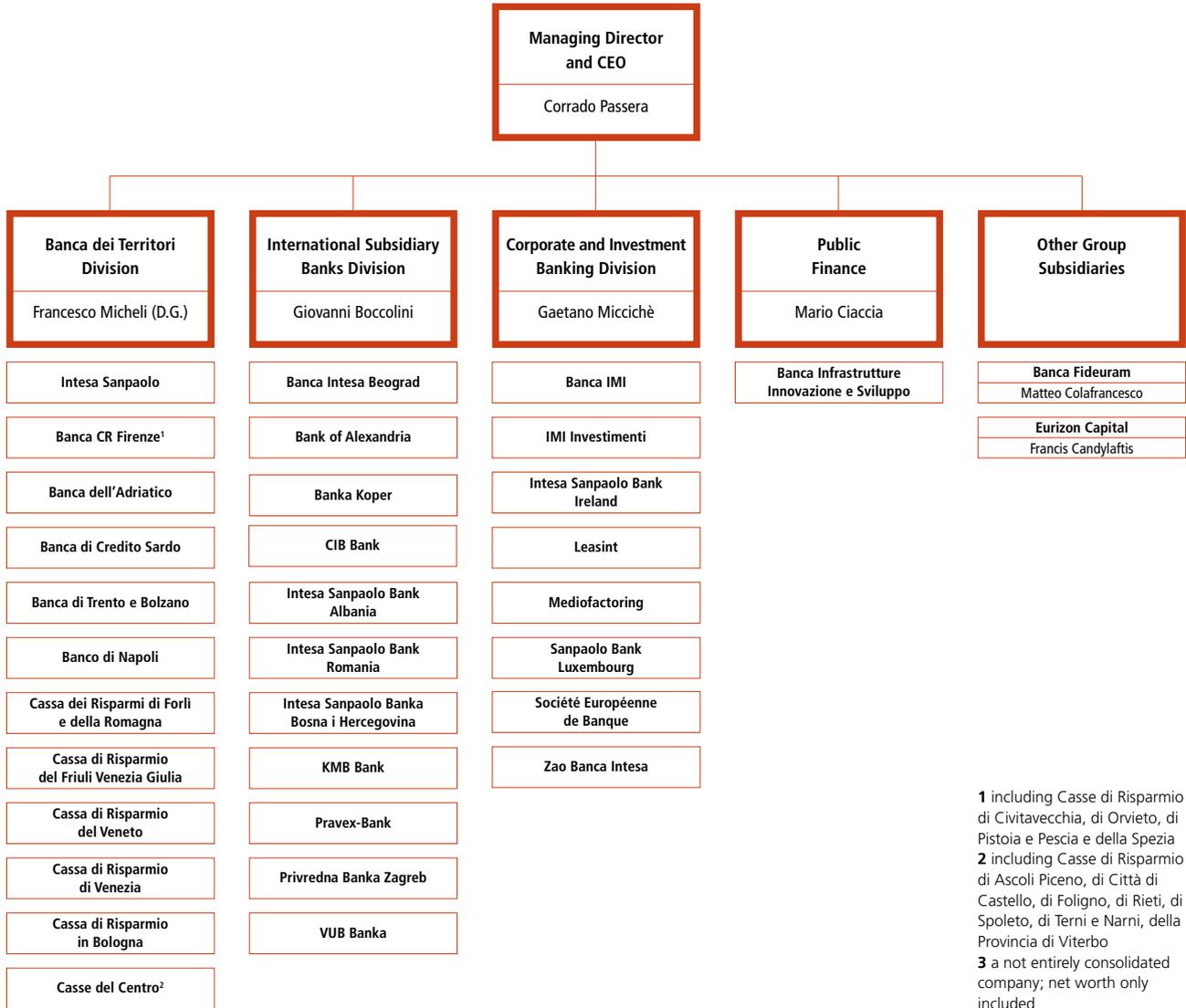
Organisational structure

Head Office Departments



The Intesa Sanpaolo Group

Business Units



1 including Casse di Risparmio di Civitavecchia, di Orvieto, di Pistoia e Pescia e della Spezia
 2 including Casse di Risparmio di Ascoli Piceno, di Città di Castello, di Foligno, di Rieti, di Spoleto, di Terni e Narni, della Provincia di Viterbo
 3 a not entirely consolidated company; net worth only included

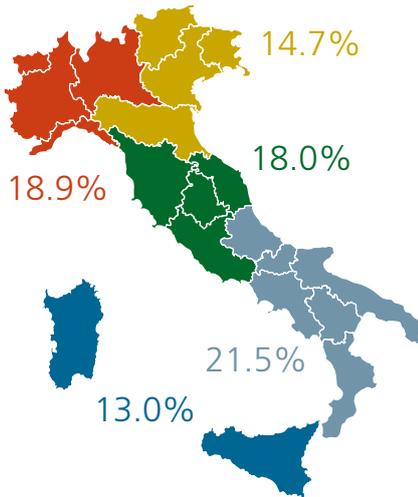
Aiming at providing clients with comprehensive financial assistance, traditional banking services have been integrated with the services and support of a number of specialised companies.

Other companies controlled by Banca dei Territori Division

Business Field	Company
Bancassurance	EurizonVita, Sud Polo Vita, Intesa Vita ³ , EurizonTutela
Industrial Credit	Mediocredito Italiano
Payment Systems	Setefi
Pension Funds	Intesa Previdenza
Fiduciary Services	Sirefid
Non-profit Entities Relations	Banca Prossima per le Imprese Sociali e per le Comunità
Private Banking	Intesa Sanpaolo Private Banking

Domestic network

Branch Office Market Share as at 31/12/2008



North West

Intesa Sanpaolo
Branch Offices
1,950

Controlled	
Controlled companies	Branch Offices
Intesa Sanpaolo	
Private Banking	82
Banca CR Firenze	67
Banca Fideuram	38
Banca Prossima	21
Neos Banca	8
BIIS	4
Banca di Trento e Bolzano	3
Mediocredito Italiano	2
Banca IMI	1
CR del Veneto	1

Centre

Intesa Sanpaolo
Branch Offices
488

Controlled	
Controlled companies	Branch Offices
Banca CR Firenze	490
Casse del Centro	272
Banca dell'Adriatico	87
Banca Fideuram	22
Intesa Sanpaolo	
Private Banking	15
Banca Prossima	8
Neos Banca	6
BIIS	4
Banco di Napoli	4
Mediocredito Italiano	3

North East

Intesa Sanpaolo
Branch Offices
55

Controlled	
Controlled companies	Branch Offices
CR del Veneto	552
CR in Bologna	259
CR del Friuli Venezia Giulia	151
CR di Forli e della Romagna	132
CR Venezia	121
Banca di Trento e Bolzano	91
Banca CR Firenze	57
Intesa Sanpaolo	
Private Banking	23
Banca Fideuram	22
Neos Banca	11
Banca Prossima	10
BIIS	3
Mediocredito Italiano	1

South

Intesa Sanpaolo
Branch Offices
26

Controlled	
Controlled companies	Branch Offices
Banco di Napoli	841
Banca dell'Adriatico	118
Intesa Sanpaolo	
Private Banking	25
Banca Fideuram	10
Banca Prossima	10
Casse del Centro	10
BIIS	3
Mediocredito Italiano	3
Neos Banca	3
Banca CR Firenze	1

Islands

Intesa Sanpaolo
Branch Offices
210

Controlled	
Controlled companies	Branch Offices
Banca di Credito Sardo	116
Intesa Sanpaolo	
Private Banking	6
Banca Fideuram	5
Neos Banca	5
Banca Prossima	3
BIIS	2
Mediocredito Italiano	2

The Group abroad



Europe

Branch Offices

Amsterdam
Athens
Dornbirn²
Frankfurt
Innsbruck²
London
Madrid
Munich
Paris
Vienna

Representative Offices

Barcelona
Brussels¹
Istanbul
Moscow
Stockholm
Warsaw

Country

Albania
Bosnia and Herzegovina
Croatia
Czech Republic
Greece
Hungary
Ireland
Luxembourg
Principality of Monaco
Romania
Russian Federation
Serbia
Slovakia
Slovenia
Switzerland
Ukraine
United Kingdom

Controlled Company

Intesa Sanpaolo Bank Albania
Intesa Sanpaolo Banka Bosna i Hercegovina
Privredna Banka Zagreb
VUB Banka
Intesa Sanpaolo Bank Albania
Banca IMI
CIB Bank
Intesa Sanpaolo Bank Ireland
Banca Fideuram
Société Européenne de Banque (SEB)
Banca Fideuram
Intesa Sanpaolo Bank Romania
Banca CR Firenze Romania
KMB Bank
Zao Banka Intesa
Banca Intesa Beograd
VUB Banka
Banka Koper
Banca Fideuram
Intesa Sanpaolo Private Bank (Suisse)
Pravex-Bank
Banca IMI
BIIS³

Branch Offices

33
52
230
1
4
1
153
1
1
1
1
92
20
89
1
230
253
52
2
1
596
1
1

America

Branch Offices

George Town
Nassau
New York

Representative Offices

Buenos Aires
Los Angeles
Mexico City
Santiago
São Paulo

Asia

Branch Offices

Dubai
Hong Kong
Shanghai
Singapore
Tokyo

Representative Offices

Bangkok
Beijing
Beirut
Dubai
Ho Chi Minh City
Mumbai
Seoul
Tehran

Africa

Representative Offices

Cairo
Casablanca
Tunis

Country

Egypt

Controlled

Bank of Alexandria

Branch Offices

200

Data as of December 31, 2008

¹ "International and European Affairs" Office

² Branches of the Italian Subsidiary Banca di Trento e Bolzano

³ From 5 February 2009

Governance

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

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

Intesa Sanpaolo lays particular importance on the balance of duties and powers achieved by definition of the various roles of its Corporate

bodies, in terms of both their awareness of respective responsibilities and of general law provisions regarding their role as supervisors of business activities in the sensitive sector of intermediation.

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

The system of corporate governance, of which a summary is provided, is fully illustrated in the "Corporate Governance Report and Information on Ownership Structures", available for consultation online on the Group's website, group.intesasnpaolo.com. 

New supervisory instructions and the development of Intesa Sanpaolo governance

The dual management and control system adopted by Intesa Sanpaolo is a developing model, also in the light of the New Supervisory Provisions to which banks are expected to adapt by 30 June 2009.

With regard to the abovementioned regulation, in 2008 Intesa Sanpaolo began an in-depth examination – now in its final stages – of its organisational structure, particularly the structure and operations of its Corporate bodies, to verify their correspondence to the new regulatory context and also adopting the following adjustments.

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

Among the changes to the articles of association, recently approved by the Shareholders' Meeting, the following refer specifically to the Corporate Bodies:

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

As these changes have not yet entered into force, no further details are provided in this chapter.

The Supervisory Board

The Supervisory Board performs operations that can be defined as direction, strategic supervision and those typical to control.

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

The Supervisory Board is also responsible for approving the Parent Company's and consolidated financial statements. This significant duty is completed after a thorough examination of the draft financial statements submitted to the Supervisory Board and Management Board, in liaison with the Financial Statements Committee. In examining the Parent Company's and consolidated financial statements for approval purposes, the Supervisory Board also examines the proposed allocation of profit formulated by the Management Board and expresses its opinion to the Shareholders' Meeting in the report on operations. According to a specific provision of the Articles of Association, if necessary the Supervisory Board can adapt the Articles of Association to regulatory provisions and resolve upon related amendments. On the question of strategic supervision, the Supervisory Board has been entrusted with other duties that strengthen its direction operations and recognise the joint involvement of its members in the main governance decisions of the Bank and the Group.

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

- on recommendation from the Management Board, resolves upon the general strategic guidelines of the Company and the Group;
- approves the business and/or financial plans and budgets of the Company and Group as prepared by the Management Board;
- authorises strategic transactions, on recommendation from the Management Board;
- approves strategic guidelines and policies regarding risk management,

without prejudice to the Management Board's responsibility for action taken.

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

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

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

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

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

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

Composition of the Supervisory Board

The Supervisory Board is composed of a minimum of 15 and a maximum of 21 members, including non-shareholders, appointed by the Shareholders' Meeting. The Articles of Association

require that at least 10 members be independent pursuant to the Code.

The Supervisory Board in office as at the date of the Shareholders' Meeting (30 April 2009) is composed as follows:

Name	Office	Auditor 1	Independent 2	Nomination Committee	Remuneration Committee	Control Committee	Strategy Committee	Financial Statements Committee
Giovanni Bazoli ³	Chairman			●			●	
Antoine Bernheim	Deputy Chairman						●	
Rodolfo Zich	Deputy Chairman		●	●			●	
Carlo Barel di Sant'Albano	Director						●	
Rosalba Casiraghi ⁴	Director	●	●			●		
Marco Ciabattoni	Director	●	●					●
Giovanni Costa	Director		●				●	
Franco Dalla Sega	Secretary	●	●					
Gianluca Ferrero	Director	●	●					●
Angelo Ferro	Director	●	●	●				
Pietro Garibaldi	Director		●			●		
Giulio Stefano Lubatti ⁵	Director	●	●		●	●		
Giuseppe Mazzaello	Director		●	●				
Eugenio Pavarani ⁶	Director	●	●		●			●
Gianluca Ponzellini ⁷	Director	●	●		●	●		
Gian Guido Sacchi Morsiani	Director		●					●
Ferdinando Targetti	Director		●					●
Livio Torio	Director	●	●			●		
Riccardo Varaldo	Director		●	●				

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

Election of the Supervisory Board occurred on the basis of lists of candidates (presented by Shareholders holding at least 1% of ordinary share capital) who have the integrity, professional and independence requisites envisaged by law and the Articles of Association, where appropriate indicating whether the independence requirements are met pursuant to the Corporate Governance Code.

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

With regard to the appointment of Supervisory Board members, current provisions of the Articles of Association envisage that lists are presented by a number of ordinary shareholders representing 0.5%, or other percentage established by regulations in force.

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

Application of the Supervisory Board appointments procedure ensures that minority shareholders are represented as prescribed by law

¹ Enrolled on the Register of Auditors and practices legal audit of accounts.

² All Directors meet the requirements of independence pursuant to art. 148 of the Consolidated Law on Finance. Directors meeting the requirements of independence pursuant to the Corporate Governance Code published by Borsa Italiana are indicated in the table.

³ Chairman of the Supervisory Board, of the Nomination Committee, and the Strategy Committee.

⁴ Representative of the minority list.

⁵ Chairman of the Control Committee.

⁶ Chairman of the Financial Statements Committee.

⁷ Chairman of the Remuneration Committee.

for quoted companies and the election of all Supervisory Board Members occurs through a proportional list voting mechanism. The Bank has therefore paid particular attention to the need for the Supervisory Board to reflect the articulated structure of its shareholder base, applying a criterion of fair representation of the various components of its ownership structure.

The Chairman of the Supervisory Board

The Chairman of the Supervisory Board, in addition to the duties of promoting and coordinating the Board, is expected to supervise and activate the corporate bodies, thereby ensuring internal dialogue with management; one of the duties of the Chairman of the Supervisory Board, in fact, is that of liaising in the required and appropriate manner with the Management Board, its Chairman and with the Managing Director, as well as supervising relations with shareholders, and verifying that such relations are managed correctly, in agreement with the Chairman of the Management Board and with the Managing Director.

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

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

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

Also included among the duties of the Chairman of the Supervisory Board is the management of relations with the Supervisory Authorities as part of the control and supervision activities of the Supervisory Board.

Lastly, the Chairman of the Supervisory Board has the duty of planning such initiatives, after consulting the Chairman of the Management Board and the Managing Director, and

subsequently managing the initiatives with particular reference to enhancing the historic, archaeological and artistic heritage and management of the Fund for charitable, social and cultural contributions.

Requirements of integrity and professionalism

The direction and strategic supervision role attributed to the Supervisory Board also affects the qualifications of its members who, as explicitly required by the Articles of Association, must therefore meet not only the integrity requirements envisaged by law but also those of professionalism required for members of bank boards of directors by the Regulation adopted with Ministerial Decree 161 of 18 March 1998, and those envisaged for statutory auditors of quoted companies in the Regulation adopted with Ministerial Decree 162 of 30 March 2000. Moreover, again based on the Articles of Association, at least four members of the Board must be included on the register of auditors and must have professional experience in the legal audit of accounts.

Management or control positions of Supervisory Board Members

Each Board Member is responsible for examining and assessing the conditions which enable him/her to perform official duties diligently and with the necessary time commitment, also involving membership of Supervisory Board Committees, without prejudice to the specific obligation of each Board Member of complying with legal provisions on the accumulation of office.

Following issue of the New Supervisory Provisions, Supervisory Board Members cannot accept office in any corporate body other than control with other Group companies or within the financial conglomerate, or with companies with which the Bank has a direct or indirect strategic investment. The Supervisory Authority specifies that "strategic investment" means a 10% investment in the share capital or voting rights at the shareholders' meeting of the investee company, and 5% in the consolidated regulatory capital of the banking group. For information on offices accepted by each Board Member with other companies or organisations, reference should be made to the Corporate Governance Report annexes and to information on Ownership Structures – available on the Group website group.intesasanpaolo.com. 

The internal committees of the Supervisory Board

Given its composition and the professionalism of its members, its assigned duties and their complexity, the Supervisory Board has set up five internal committees, three of which are specifically indicated in the Articles of Association (Remuneration Committee, Nomination Committee and Control Committee) and have propositional, consulting and control duties. Also with regard to their specific specialist duties, the Committees play an important role in the research, analysis and in-depth study of matters put before the Supervisory Board. Such activities – expressed in the formulation of proposals, recommendations and opinions – facilitate the task of the Supervisory Board in making reasoned decisions, without limiting the powers and responsibilities of the Board, and rather increasing the effectiveness and efficiency of its work, particularly with regard to the discussion of sensitive matters which could be a source of conflict of interest.

Nomination Committee: called upon to perform consulting, selection and propositional duties regarding the nomination of members of the Management Board.

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

Control Committee: with propositional, consulting and investigational duties on matters regarding the internal control system, risk management and the IT accounting system. In liaison with the Corporate Social Responsibility Unit and the Internal Audit Department, this Committee supervises compliance with the principles and values contained in the Code of Ethics adopted by the Bank. In accordance with the Articles of Association, members of the Control Committee participate in meetings of the Management Board. The Committee also acts as the Surveillance Body under the terms of Legislative Decree 231/2001 for corporate administrative liability, supervising operations and compliance with the organisational, management and control model adopted by the Group.

Strategy Committee: provides consulting support to the Supervisory Board in the performance of its duties as the designated body, amongst other things, pursuant to art. 25.1

of the Articles of Association, to: approve the business and/or financial plans and the budgets of the Bank and Group as prepared by the Management Board; authorise strategic transactions, on recommendation from the Management Board; establish criteria for identifying strategic transactions.

Financial Statements Committee: provides consulting support to the Supervisory Board in fulfilling its duties regarding approval of the Parent Company's and consolidated financial statements and in examining information on the development of Bank operations, received periodically from the Management Board, in compliance with the Articles of Association.

Remuneration of Supervisory Board Members

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

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

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

However, based on the Articles of Association in force prior to the changes approved by the recent Shareholders' Meeting, it is the duty of the Supervisory Board to examine proposals of the Remuneration Committee and decide on payment for the Chairman, Deputy Chairmen and Members of the Supervisory Board that have been assigned special office or duties.

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

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

This duty was changed in enactment of the New Supervisory Provisions, which state that the shareholders' meeting is now also responsible for determining the remuneration for special office to Supervisory Board members.

The Management Board

The Management Board has sole responsibility for management of the Bank in compliance with general, programme-related and strategic guidelines approved by the Supervisory Board, under the terms of which, to the extent of its own duties, its strategic supervisory role is exercised. For this purpose, the Board resolves on all transactions considered useful or appropriate in achieving the corporate purpose, relating to both ordinary and extraordinary administration.

The Management Board is guaranteed sole responsibility for certain matters of greater importance – identified in a precise and analytical manner – beyond those strictly envisaged in the regulations. On such matters joint decision-making makes it possible to actively involve Board Members who therefore par-

ticipate with independent judgement in the Bank's key operational governance issues.

Composition of the Management Board

The Management Board is composed of a minimum of 7 and a maximum of 11 members, including non-shareholders, appointed by the Supervisory Board, which determines their number at the time of appointment. Selection and propositional tasks regarding the appointment of members of the Management Board are attributed to the Nomination Committee in accordance with the Articles of Association.

The Board in office at the time of publication of this document was appointed by the Supervisory Board on 2 January 2007.

The composition of the Management Board is as follows:

Name	Office	Independent ¹	Business Plan/ Budget Work Group	Consolidated and Parent Company's financial statements/ Interim reports Work Group	Bank Equity Profile Profile Work Group
Enrico Salza	Chairman	●			
Orazio Rossi	Deputy Chairman		●		
Corrado Passera	Managing Director and CEO				
Aureliano Benedetti ²	Director			●	
Elio Catania ³	Director	●	●		●
Giuseppe Fontana	Director		●		
Gian Luigi Garrino ⁴	Director			●	●
Virgilio Marrone	Director	●		●	●
Emilio Ottolenghi	Director			●	●
Giovanni Perissinotto	Director	●		●	
Marcello Sala	Director		●	●	

¹ with independence requisites pursuant to article 148, par. 3, Legislative Decree no. 58 of 24 February 1998, particularly with regard to the existence of administrative office held in Group companies or self-employment, established employee or other relations of an economic or professional nature with the company – or with its subsidiaries, parent companies or companies subject to joint control – which could jeopardise their independence.

² Appointed by the Supervisory Board on 20/5/2008, in lieu of Giovanni Battista Limonta, who resigned as of 13/5/2008.

³ Coordinator of the Business Plan/Budget Work Group.

⁴ Coordinator of the Consolidated and Parent Company's financial statements/Interim financial statements Work Group and the Bank Equity Profile Work Group.

The Management Board holds office for three financial years; the present Board will expire on the date of the Supervisory Board meeting called to approve the 2009 financial statements.

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

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

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

The Chairman of the Management Board

The Chairman of the Management Board – appointed by the Supervisory Board from among the board members – is a non-executive director. In fact, he has no operating powers and the current organisational structure of the Bank separates his duties from those of the Managing Director.

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

In urgent cases, in agreement with the Managing Director, the Chairman has the power to make decisions within certain limits and in accordance with the terms of art. 18 of the Articles of Association. The Management Board must be informed of such decisions at the next meeting.

The Managing Director

The Managing Director and CEO – appointed by the Management Board from among its members, on recommendation of the Supervisory Board – also holds the post of General Manager. He is the Chief Executive Officer and supervises corporate management by means of powers delegated to him in compliance with general strategic guidelines established by the Corporate Bodies. He ensures the implementation of resolutions of the Management Board, is responsible for personnel management, issues operational directives, has the power to submit proposals to the Management Board and ensures that the organisational, administrative and accounting structure is adequate given the nature and size of the Bank.

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

The Managing Director reports to the Management Board at least once every three months, for appropriate assessments on general business performance and outlook, and on the more significant transactions carried out by the Bank and its subsidiaries.

Requirements of integrity and professionalism

In order to ensure the sound and prudent management of the Bank and, in particular, the proper functioning of the Corporate bodies, members of the Intesa Sanpaolo Management Board – as representatives of a quoted bank – must meet the specific requirements of integrity and professionalism in compliance with current *pro tempore* laws and regulations. The integrity requirement aims to ensure that the Bank can rely on Corporate bodies composed of individuals of proven honesty and moral integrity. At the same time, in terms of professionalism, these individuals are expected to have successfully practised the profession for at least three years through qualified activity relevant to the office covered. Loss of the

aforementioned requirements leads to lapse of the post.

Management or control positions of Management Board Members

Management Board Members accept office in the full awareness of the need for due diligence in the assigned tasks and related responsibilities and of the time commitment required, also taking into account other offices held. It should be specified that Management Board of Intesa Sanpaolo is not required to express opinion on the maximum number of offices held by individual members. This matter, in fact, is specifically governed by the Articles of Association, according to which no individual may be appointed member of the Management Board, and if appointed such office shall lapse, where the maximum of four administrative, management or control offices in other listed companies, their subsidiaries or parent companies is exceeded (note that accumulative office – up to a maximum of four – within the same group is classed as one office; where the maximum of four is exceeded they are classed as two). Furthermore, unless specific ad personam approval is given by the Supervisory Board with unanimous vote in favour by the Nomination Committee, persons who are members or become members of administrative, management or control bodies, or employees of rival groups or in any event other banks, their parent companies or subsidiaries, may not be appointed Board Members, and if nominated such office shall lapse. For information on offices accepted by each Board Member with other companies or organisations, reference should be made to the Corporate Governance Report annexes and to information on Ownership Structures – available on the Group website group.intesasanpaolo.com. 

Management Board internal work groups

As part of its independent organisation and implementation of its duties, the Management Board makes use of internally established Work Groups with consulting duties. Specifically, the Work Groups play an active and systematic role in the management operations of the Board with a view to productive interaction among all its members. Their task is to facilitate analysis and study of specific matters relevant to the Board and are called upon to report to the Board, contributing to the investigational and decision-making processes and ensuring that the Board Members

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

Remuneration of Management Board Members

The Supervisory Board – after consulting the Remuneration Committee – establishes the remuneration for the Management Board Members, the Managing Director and Members of the Management Board assigned special office, duties or delegated powers or assigned to the related Committees or Commissions.

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

With regard to the duty of establishing remuneration for Members of the Management Board, the Supervisory Board defined not only the amounts, both fixed and variable, due to Members, but also the criteria and guidelines on which the remuneration decision is based. For decision-making purposes, the Supervisory Board also made use of support from the Remuneration Committee, which amongst other things contacted a leading international human resource selection company to obtain market guidelines and best practices on the economic treatment of top management positions.

The guidelines identified in the definition of remuneration policy is therefore based on an examination of the composition of the Management Board, duties assigned by law and the duties and responsibilities of each Member, not only as a member of the management board but also based on the office, duties and powers assigned, taking into account the size and role of the Bank in the domestic and international scenario, and its complexity resulting also from

the merger which imposed a rapid, effective implementation of the integration process upon the two former banks.

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

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

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

On this last point it is emphasised that:

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

operating efficiency and sound capital base. For each parameter a minimum threshold has been set. The lump sum component envisaged on expiry of the term of office has been established for each Management Board Member as half of the fixed remuneration due for the three-year period which, as already stated, is equal for all Members;

- the variable annual amount for the Managing Director, linked to the 2008 Budget, relies on the achievement of a number of the abovementioned parameters identified for the Management Board, though with different values strictly linked to Budget forecasts, and a further parameter based on the medium/long-term debt rating allocated to the Bank by Standard & Poor's, intended as a synthetic benchmark rating attributed by the market to the risk management policy and financial decisions of the Bank. The lump sum variable component envisaged on achievement of the abovementioned Budget results is equal to one year of the fixed remuneration reserved for the Chief Executive Officer, whilst that linked to Business Plan parameters is established as twice said amount.

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

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

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

A detailed account of the remuneration paid to Supervisory and Management Board Members in 2008 is provided in a specific table in the Notes to the Parent Company's financial statements.

Shareholders' Meeting

The Shareholders' Meeting is the body deemed to represent all Shareholders and its resolutions, passed in accordance with the law and the Articles of Association and which are binding on all Shareholders, irrespective of their attendance or dissent. At Intesa Sanpaolo, a Company that has adopted the dual management and control model, the Shareholders' Meeting is amongst other things expected to resolve upon:

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

To encourage the broadest possible participation in Shareholders' Meetings and guarantee the best quality standards for the information provided, shareholders attending the latest meetings are promptly sent the call notice as well as documentation prepared for the meeting, also to make it possible to vote in a well-informed manner. The documentation regarding items on the agenda along with the call notice are, in any case, made available on the Bank's website.

The Management Board Members and Members of the Supervisory Board attend the Shareholders' Meetings in order to make a useful contribution to its work and render discussions more useful. Also attending the Shareholders' Meeting are the savings shareholders' representative, company executives and employees, directors, auditors, Group executives and employees and representatives of the independent auditors. In addition, other persons whose presence is considered useful by the Chairman of the Meeting may participate in the topics for discussion or in the work of the meeting. Each ordinary share confers the right to cast one vote. Savings shares, which may be in bearer form, do not confer the right to vote in ordinary and extraordinary shareholders' meetings but entitle the holder only to attend and vote at the Special Meeting of saving shareholders.

Shareholders

Share capital subscribed and paid-in totals 6,646,547,922.56 euro, divided into 12,781,822,928 shares of a nominal value of 0.52 euro each, of which:

- 11,849,332,367 ordinary shares (equal to 92.70% of share capital);
- 932,490,561 non-convertible savings share (equal to 7.30% of share capital).

According to records¹ in the Shareholders' Register, the Intesa Sanpaolo shareholders with stakes exceeding 2%, the threshold beyond which disclosure is required to both the company and Consob (art. 120 of the Consolidated Law on Finance), are:

¹ As at 30 April 2009

Shareholder	Ordinary Shares	% of ordinary share capital
Compagnia di San Paolo	943,225,000	7.960%
Crédit Agricole S.A.	708,822,880	5.982%
Assicurazioni Generali	601,586,930	5.077%
Fondazione C.R. Padova e Rovigo	583,404,899	4.924%
Fondazione Cariplo	554,578,319	4.680%
Ente C.R. Firenze	400,287,395	3.378%
Fondazione C.R. in Bologna ²	323,955,012	2.734%
Carlo Tassara S.p.A.	296,764,457	2.504%
Barclays Plc	256,784,188	2.167%
Barclays Global Investors UK Holdings Ltd. ³	239,017,266	2.017%

² of which 50,000,000 euro in bond loans in favour of Mediobanca, with restriction on voting rights in favour of the lender

³ Savings management for asset management

Our Social Responsibility

Again in 2008 matters regarding social and environmental responsibility characterised the business of the various departments of the Bank. Our commitment is such that CSR is not merely an activity in addition to ordinary business, but rather characterises our approach to banking and our relations with stakeholders (employees, customers, shareholders, suppliers, the community and the environment).

CSR milestones in the new Group

2007

The Management Board and Supervisory Board approved the Group Code of Ethics

The document is the result of involvement from all departments of the new Group, which stated their values and principles of conduct in relations with each stakeholder. The strong corporate identity is founded on the social and environmental responsibility approaches that already characterised the strategic guidelines of the pre-merger companies.

Mechanisms for dealing with reports of stakeholders' failure to observe the Code of Ethics have been fine-tuned and formalised.

Internal policy

The arms policy and environmental policy are issued. Their aim is to guarantee transparency and professionalism in relations with the various stakeholders, and security and quality in its management processes for Bank's core business areas.

Management model

The CSR Unit has adopted a management model that establishes a criterion of "self-responsibilisation" for Bank departments involved in guaranteeing application of the values and principles of social responsibility in their day-to-day business activities. The model is centred on the Social Report, prepared in a series of steps: listening to stakeholders, definition of improvement objectives, implementation of projects and initiatives, and their efficiency testing.

Network of CSR Delegates

The Human Resources Department appoints

59 CSR Delegates. These colleagues liaise with the CSR Unit to disseminate social responsibility culture and tools within their departments: Departments, Business Units, and Italian and international subsidiaries.

Adoption of international standards

Intesa Sanpaolo has adopted a number of important international initiatives: Global Compact and the UNEP Financial Initiative of the UN, and the Equator Principles of the International Finance Corporation (World Bank).

Listing on ethical indexes

Intesa Sanpaolo is listed in the FTSE4Good, ASPI Eurozone and Ethibel Investment Register ethical indexes.

2008

Publication of the first Intesa Sanpaolo Group Social Report

The 2007 Report was prepared on the basis of Global Reporting Initiative principles and indicators and achieves a B+ rating. The Intesa and Sanpaolo IMI merger is reflected in the common objectives, business activities and constant improvement processes.

Internal policy

The arms regulations for the leading Subsidiary Banks in Italy progressed steadily, and operating instructions were issued providing details on internal management policy.

Management model

In order to analyse the level of CSR integra-

tion in management processes, verification was performed during the year by both an external CSR specialist and the Internal Audit Department. The analysis results form the basis for further development of the management model.

Network of CSR Delegates

The network is extended and strengthened, also in adaptation to the new organisational structure. Training for both CSR Contacts and

training planners, who play a key role in disseminating corporate CSR culture.

Multi-stakeholder forum

The first meeting is held between opinion leaders, customers, members of the financial community, research centres, universities and NGOs. The aim is to listen to stakeholder expectations and outline the role of financial institutions in the construction of a stronger sustainable development model.

Stakeholder engagement

For some time Intesa Sanpaolo defined listening and dialogue channels with its key stakeholders, implementing various forms of engagement.

The main forms include: customer satisfaction, complaint handling, dispute settlement through commissions set up with consumer associations are dedicated to customers. Employees are periodically involved in working climate surveys, Focus Groups (discussion groups mediated by an external moderator), increasing levels of Intranet interaction including a virtual staff-management forum on topics of major current interest to the company. Last but not least, community associations have open contact with the local banks and the CSR Unit. The outcomes of these encounters are illustrated in the various chapters of the social report (particularly employees, customers and shareholders). The CSR Unit has adopted a leading international methodology to implement a constant engagement process with the aim of defining business improvement plans and monitoring the efficiency of processes and activities illustrated in the Social Report.

The methodology adopted

The stakeholder engagement process was adopted on the basis of AA1000 standard principles (in particular, AA1000 SES) issued by AccountAbility, an international applied research and advisory institute based in London. Through this standard a methodology has been implemented founded on the observance of certain basic principles which, combined, define our commitment to inclusion, i.e. consideration of the points of view and expectations of the various stakeholders in every stage of the process:

- materiality: understanding what is important to the Bank and its stakeholders;
- completeness: understanding and managing the actual impact and expectations of the stakeholders;
- response: providing an adequate response to stakeholder requests, which must be coherent with matters that are equally important for both stakeholders and the company.

2008 Accountability Rating

In 2008 Intesa Sanpaolo was included in the first Accountability Rating for Italy.

In the rating, which takes into consideration the 40 Italian companies quoted on the S&P MIB segment of the Italian Stock Exchange, Intesa Sanpaolo took fourth place (with a rating of 55.9 out of 100) after: STMicroelectronics (69.8), Eni (60.3), Montepaschi Group (58.0).

Through corporate disclosures the rating assesses:

- *to what extent the companies have integrated responsibility practices into their business strategy;*
- *their commitment to reporting to stakeholders and their engagement;*

● *the impact of their business on the market, society and the environment in which they operate.*

Our positioning in the four contexts was:

- *strategy (18.2 compared to a sector average of 10.2);*
- *management and governance systems (13.9 compared to a sector average of 9.9);*
- *stakeholder engagement (15.1 compared to a sector average of 7.9);*
- *business performance (8.8 compared to a sector average of 12.2).*



Engagement initiatives

In 2008 we completed an engagement programme launched at the end of 2007 and involving the setting up of Social Report Focus Groups in Milan and Naples. Private customers, SMEs, colleagues and Trade Union organisations were engaged. Interviews were held with opinion leaders, academics, researchers, specialist magazine editors and members of the local community to verify the consistency of Bank activities with commitments assumed and the level of awareness of the sustainability approach adopted by the Intesa Sanpaolo Group. We also involved Top Management, gathering the points of view of executives in a questionnaire on “ethical dilemma” scenarios that represent the possible decisions resulting from sustainability criteria or short-term growth priorities.

An analysis of the responses from our internal and external stakeholders allowed us to build a reference framework including the various points of view and corporate strategy in balancing stakeholder interests.

The programme ended with a “multi-stakeholder” workshop, a structured encounter between representatives of the various stakeholder groups that focused on transversal issues and topics of general interest.

Lastly, with regard to our international subsidiary banks it is important to mention the action taken by CIB Bank, which has for some time focused on listening to community organisations that in recent years have increased considerably in Eastern Europe, particularly in Hungary. This focus ensured that CIB Bank has become a leading economic and social player in civil society. Jointly with Euclid, an association of leading social and Third sector companies, in 2008 the Bank organised a stakeholder engagement initiative, the first in the entire region, with Third sector and community associations.

International organisations such as the Hungarian Red Cross participated in the event, along with other local associations. These associations and the Bank discussed the role that the Bank might play as financial partner to help the associations with their local community activities.

The engagement programme will allow the preparation of an action plan to be taken into consideration in preparing the 2009-2011 Business Plan to be disclosed in the coming months.

Intesa Sanpaolo Multi-Stakeholder Forum

The first meeting was held in Milan on 3 December, with key roles played by the Bank (the Managing Director and the CSR Unit) on the one hand, and on the other hand a qualified selection of opinion leaders, customers, members of the financial community, research institutes, universities and NGOs, with discussions held in four working parties, each dedicated to a topic identified on the basis of OECD forecasts as follows:

- Environment and Energy;
- Macroeconomic trends and Social globalisation;
- Population and immigration;
- Quality of life.

The discussions, mediated by Prof. Stefano Zamagni, Economics professor at Bologna University, brought up some interesting points for development in the action plans, and directly involved the Managing Director.

Around 20 experts were called upon to identify social issues that could emerge in the near future, with respect to the macro-topics identified by the OECD. In a second stage of the debate, the experts were called upon to discuss the possible role of financial institutions expected to assess risks and opportunities of the outlined scenario, with respect to the trends identified.

Environment and Energy

PARTICIPANTS: Edoardo Bai (Company Doctor, Legambiente scientific advisor); Cesare Boffa (Chairman of F.I.R.E.); Riccardo Giovannini (RGA Managing Director); Flavio Menescardi (Marketing and Strategic Development – AMSA); Clara Poletti (Director of IEFE – Centre for Research on Energy and Environmental Economics and Policy, Bocconi University).

Discussions centred on the need to find the necessary balance between a hoped-for economic growth and the reduction of environmental impact. The challenge faced in the next few years will be to manage to reconcile competitiveness and economic development with social and environmental responsibility. In this sense, innovation and research could

play a decisive role in the development of new technology to reduce pollutants. There are wide margins for improvement in the nationwide system, taking into consideration the decisions of other European countries that are investing in such matters and are achieving significant results.

Social issues

Mobility

The question of mobility and transport, of both persons (and therefore the need for infrastructures that allow a more limited use of private cars) and goods. On this topic, debate was centred on food quality and the "short chains" that guarantee a more direct relationship between producers and consumers, reducing environmental impact from goods transportation.

Development of supply in support of renewable sources and energy efficiency

The need to differentiate the energy supply, released from the grip of exclusive use of fossil fuels in favour of energy produced from renewable sources and tools for improved energy efficiency. Decentralisation of management and an open supply market can only help this process.

Lifestyle and waste disposal

Correct waste management also called for under European Union Directives: prevention, preparation for re-use, recycling, other forms of recovery (e.g. energy recovery, waste-to-energy plants) and, only as a last resort, land-fill disposal. In this context a cultural aspect should also not be underestimated: a change of lifestyle is needed – especially in terms of "consumer" habits – in the community, and incentives for a more "environment-friendly" conduct.

Natural resources and climate change

Particularly the use of water, a basic asset to the community, which has seen a deterioration of quality and reduced availability. The causes are well-known: the global population increase, which leads to a constantly growing demand for this resource; pollution, which results in the exclusion of important sources; global climate change.

We need to rethink the management and more rational use of water sources and the "public" must play a decisive role, before it is too late.

Risks and opportunities for action

Reduction of environmental impact generated from company operations

Intesa Sanpaolo's commitment has achieved recognition in the field of initiatives leading to an increased reduction of such environmental impact. We have been asked to continue along this path, where possible improving the results achieved in order to become a "leading example" for the sector.

Environmental impact generated by customers and suppliers

We have been asked to become more involved with initiatives to:

- introduce environmental criteria in assessing creditworthiness;
- finance projects for the use of renewable energy and to rationalise energy consumption (e.g. through greater support of Energy Saving Companies (ESCOs) which study, implement and where appropriate manage action to reduce energy consumption on behalf of companies, public authorities or individuals).

Macroeconomic trends and social globalisation

PARTICIPANTS: Francesco Estrafallaces (Censis – Social Investments Research Centre); Loretta Napoleoni (Economist); Luigi Rossi Luciani (Chairman, CAREL Board of Directors); Antonio Tricarico (CRBM – Campaign for World Bank Reform).

What are the challenges faced by financial institutions from globalisation? How can they be met? According to the working party, the only real globalisation so far has been in the financial and capital services sectors. The main effect has been that means of getting around the rules and controls, which do exist, have been found, leading to the current crisis.

In terms of general globalisation, the working party identified the main topics to be studied further.

The new international economy is already characterised by a profound change, with the emergence of BRIC countries (Brazil, Russia, India and China) and the parallel decreasing importance of western countries (the United States and Europe). In particular, though the current contribution to global GDP from the

United States and China are, respectively, 22% and 13%, this ratio will be overturned in the next few years. In the new scenario there will be a continued trend towards regional policies and the absence of a single governance role at European level will complicate the situation even further. Current trends indicate that the current economic model will probably be maintained, but the increased weight of BRIC countries will lead to a reduction in available resources and consequently a progressive marginalisation of Western countries.

Social issues

Supporting the real economy

A bank such as ours has to make strategic decisions, starting with the decision – as the working party hopes – to support the current de-financing process of the world economy, i.e. reducing the weight of pure financial activities on core business to the benefit of support for the real economies. The challenge is therefore faced on the level of relations with the real economy: what supporting innovation can be adopted? how? An awareness of the local situation and adoption of a new development model are the key to competing at global level.

Proximity to local economies

The Bank already has a heritage that could be expanded, and which comprises an awareness of companies that are actually able to compete in the new economic structure.

A similar model calls for venture capital investment between bank and company, in which the Bank becomes the venture capitalist, providing support and advice to the company on what moves to make in the international sphere.

The Islamic finance sector offers a successful precedent, in which funding for this type of venture capital investment was through the issue of bonds linked to the real economy, guaranteed by the bank and by its investment in the underlying initiative.

This is the new model for the Bank emerging from working party discussions, very close to that of a cooperative financing – which recently saw a significant increase in deposits, as both a sign of trust in a bank seen as ethical and as a response to the current crisis. One of the strong points of cooperative financing is not so much the quantity of loans allocated as the capacity to work alongside businesses in their industrial plans. The importance of “local” emerged strongly, which confirms the In-

tesa Sanpaolo decision to promote the “Banca dei Territori” concept.

Risks and opportunities for action

The bank as a social and economic driver in society

The current crisis overturns the outlook of markets, from a short-term to a long-term logic, rewarding overall creation and distribution of value rather than the achievement of short-term financial profit.

With regard to relations with stakeholders, the community and businesses, much action has been taken: the foundations exist on which it is possible to build in terms of branch networks, relations and historic knowledge.

All of this could be enhanced to improve awareness of the real economy system and identify a target group of companies with potential, and to provide them with development support.

In this context, a further recommendation concerns analysis of the Sukuk model (Islamic bonds), in which the bank – acting as intermediary between the international and local economies – becomes the true social and economic driver for the area.

Support to businesses and the real economy

The bank-company relationship must be closer also in requiring the observance of social criteria. This strategy can be broken down into two macro-topics for action:

- a modern approach to internationalisation, defined as macroeconomics or business intelligence, involves the analysis of industrial scenarios at international level and the application of this data to effectively steer high-potential businesses towards sectors with stronger prospects in accordance to their areas of business. This step is not yet applied systematically, resulting in this wealth of expertise and relations on the one hand (the bank) and the potential growth and competitiveness (businesses/community) cannot be classed as a development resource for the country;
- venture capital investments to encourage industrial innovation.

Action in new sectors

It must be applied by also promoting relations with non-business customers, e.g. local authorities and other players or sectors that represent potential.

The following example regards support of tourism: the bank's identification of areas in which businesses can excel and co-invest in capital ventures, would enhance tourism of a cultural nature, which then encourages local growth. The policy applied over the last decade in countries such as Spain has resulted in the Valley of the Temples in Agrigento now recording only a quarter of the number of visitors to Bilbao.

Innovation and research

A sensitive subject for development in Italy, as support for research is not a problem of availability of financial resources per se. What is lacking is start-up support, a role that unfortunately almost no-one provides, with the result that this wealth of innovation and skills remains unused.

Identification of new social segments

There is another innovation approach for the bank: identification of social segments with greatest potential that are practically unheard of on the market. Excellence in this respect is seen in the Australian banking system where over the last 10 years one bank pursued a highly conservative policy, and rather than following the international financial markets preferred to concentrate on certain sectors, providing particular support to women.

In just a few years this led to widespread enterprise and a wealth that has made women a new social segment. In Italy, the same example could apply, not only to women, but also to immigrants and young people.

Support for Southern Italy

A similar project could be set up in support of an adequate industrial policy that offers the Bank the opportunity to act as the social and economic driver.

Population and immigration

PARTICIPANTS:

Otto Bitjoka (Chairman, Fondazione Ethnoland); Luigi Di Comite (Professor of Demography, Political Science Department, Bari University); Giulio Giangaspero (Research Centre on International Politics); Mario Pavone (Chairman of A.N.I.M.I. - Onlus, the National Association for Immigration in Italy); Suor Anna Maria Villa (Opera San Francesco).

One aspect emerging strongly from the initial stages of discussions was the need not to brand immigrants within a set of statistics, as this is a non-uniform phenomenon that cannot be grouped into any one social category.

But if it was easy to agree on the fact that every personal background is different from the next, it was more difficult to come up with a strategy to tackle the phenomenon from an overall perspective.

The best way to deal with the issue is to focus not on what divides, but what unites. And what is it that really unites all immigrants? Their lifelong plans or, in a word, their fate. It should be possible, therefore, to make the immigrant the leading player in his or her future and focus not on representation but on success stories that are strongly repeatable. The immigrant population must therefore be considered as a set of individuals, each with his or her own needs, experience, skills and life objectives.

Social issues

Citizenship

In putting life objectives into action, the immigrant encounters a serious obstacle: illegal immigration. When he left his country of origin his position was probably completely legal, but his arrival in this country involved a decision to become illegal, or his position could become illegal due to bureaucratic problems at a later stage. This distinction is fundamental in considering the great difficulty faced by immigrants in having their rights recognised: work, health, family and financial inclusion. The illegal question therefore becomes a problem of citizenship.

Health rights

Health matters were acknowledged by the group as one of the most serious problems from the point of view of immigrant health and the full recognition of their professions within the health and social services (nurses, carers, etc.). For example, to guarantee health rights to those that cannot be cared for under the National Health Service because they do not have the necessary documents calls for consistent efforts by the voluntary associations, often inadequately backed by private organisations and institutions. This commitment reflects positively across the entire country as it avoids the potential spread of diseases, possibly contagious, and maintains an overall stronger condition of health.

Recognition of value

Also highlighted was the need to at least informally recognise the skills of people whose educational and professional qualifications are not accepted in Italy, and to learn how to make the most of the wealth of human resources they represent.

Risks and opportunities for action

- further study of the phenomenology of the needs of immigrants, without stereotyping;
- guarantee access to the various forms of credit needed to launch a business or in general to develop the projects underlying their reason for immigration, also in the absence of real guarantees (microcredit, special purpose loans, etc.);
- offer services that allow links to be maintained with the country of origin:
 - money transfer services
 - home purchase in the country of origin
 - financing children's education;
- produce insurance products for specific needs (health cover, lack of employment, return of the body to the home country in the event of death, etc.);
- mitigate difficulties between local authorities and health-risk populations;
- develop reception capacity in the branches.

Quality of life

PARTICIPANTS: Michele Bertola (Chairman of Andigel – National Association of Local Authority Managing Directors); Andrea Di Stefano (Editor of the magazine "Valori"); Lorenzo Guerini (Chairman, ANCI Lombardia); Emilio Novati (Chairman, Cooperativa Al-treconomia e Equo Mercato); Andrea Rolando (Milan Polytechnic).

In the initial stages, discussions focused on how it is more or less impossible to establish "absolute" parameters to define this topic: the perception of quality of life is completely subjective, as are expectations which – unfortunately – are quite easy to "manipulate", if instrumentally used by politics and the

media (an example applying to everyone is safety).

Another fundamental assumption on which analysis was based was the awareness that this is a "transversal" topic (i.e. quite rightly affecting all topics discussed by the other working parties), and which can be considered intergenerational. From a development point of view, in effect, we cannot ignore the fact that any initiative or project launched in relation to our surroundings, the area in which we live and the social networks we create will affect future generations.

Social issues*The right to beauty*

One strategy is lacking in local planning – the existence of a department that involves the public, individuals and society in "Urban Management", which exists in other European countries, and this weighs heavily on the construction of infrastructures, homes, public buildings (schools, hospitals, etc.) and especially on their "quality".

The "right to beauty" is that defined by Prof. Zamagni in conclusions of the morning's work as "philocaly" (the love of beauty), also sanctioned in the Universal Declaration on Human Rights, and must be guaranteed to all and not just to those who "can afford it".

From this point of view, it is not only the "quantity" of works completed in a community but, more importantly, their "quality", which has a profound impact on the "quality" of life of their users.

Preservation of natural capital

Maximum attention must be paid to optimisation of natural capital which, particularly in the Lombardia region, is not given much consideration, and the quality of urbanised areas, the design of which so far has been less than perfect.

Accessibility

Projects in this context must involve more sustainable mobility (and therefore the creation of infrastructures that "reduce" the use of cars: rail services, underground railways, etc.) and accessibility to all areas dedicated to culture, creativity, social relations – an area in which so far the "public" has been well noticed for its absence. Much could be done, for example, by using "derelict areas".

Risks and opportunities for action

- ad hoc financial instruments, such as

'closed-end funds', as incubator support for innovative projects and valid enterprise ideas;

- assessment of the social/environmental impact of financing a project, developing indicators not limited to a mere analysis of "quantitative" data but analysing the qualitative aspect (costs produced, loss of landscape

value, etc.). "Reward" the quality of the chosen projects with financing incentives;

- support for the institutions/local authorities to ensure they have the capacity to apply these parameters in assessing the social cost of projects;

- financing for the recovery of derelict areas.

Control and Management of sensitive aspects

To ensure sound and prudent management, Intesa Sanpaolo S.p.A. combines business profitability with attentive risk-acceptance and an operating conduct based on fairness.

Therefore, in line with legal and supervisory regulations in force and consistent with the Code of Conduct for listed companies, the Bank has adopted an internal control system capable of identifying, measuring and continuously monitoring the risks typical of its business activities, including those attributable to failure to implement the Code of Ethics. More specifically:

- the Compliance Department supervises compliance risk regarding the breach of legal or regulatory standards (e.g. laws, codes of conduct, self-regulatory codes). Specific attention is paid to the dissemination of a corporate culture with implicit principles of honesty, fairness and respect to the letter for regulations;
- the Internal Audit Department guarantees that the Bank's processes and operations are conducted correctly and independently, in order to avoid or identify anomalous or risk-related conduct as it occurs. In particular it monitors the safeguarding of the value of activities, including those connected with the Bank's ethical and social responsibilities. It also supports the Control Committee in ensuring that the principles and values of the Code of Ethics are respected.

The two departments, which since June 2008 operate separately, direct and coordinate activities of the corresponding subsidiary Compliance and Audit Departments in order to guarantee an appropriate level of attention to the various types of risk and standardised monitoring and control.

In terms of controls performed in 2008, two important tasks conducted by the Parent Company Audit Department, the results of which were presented to the relevant Business Units, involved verification of:

- the effectiveness of the overall structure of the internal control system governing Corporate Social Responsibility;
- the correct application by Reporting Departments of the Corporate and Investment Banking Division of regulations on the financing of import, export and transit of arms and weapon systems, in observance of the "Unarmed Bank" principle.

In addition, during periodic compliance audits on the purchase of goods and services, the Audit Department

confirmed that the Bank, aware of the role it can play in encouraging environmentally responsible conduct, has included specific clauses in the purchasing agreements signed with suppliers. These clauses require that suppliers comply with the principles set out in the Intesa Sanpaolo Environmental Policy.

In more general terms, respect for the principles of the Internal Code of Conduct was verified during all audit action performed, on site and/or remote, on the Parent Company business units. Any violation of the aforementioned principles and related responsibility aspects by employees were reported to the departments concerned.

Control of application of the Code of Ethics

The CSR Unit has fine-tuned certain second level control and internal data flow mechanisms to guarantee a stronger focus on control of the correct application of the Code of Ethics. An independent consultant also performed an assessment to identify strong points and weak points in the various company departments in relation to application of the Code.

During 2008 44 reports of non-compliance were received via the e-mail box of codice.etico@intesasanpaolo.com, the majority of which related to problems linked to physical access to the Branches, consideration of the disabled in the planning and distribution of banking services, the organisation and management of Branches and counter relations with customers (see chapter on Customers). 

In addition to handling individual non-compliance reports, the CSR Unit submits reports at least once a year to the Control Committee of the Supervisory Board on the application status of the Code.

Crime prevention

To the extent of their respective responsibilities and in reference to certain risk-related aspects such as corruption, anti money-laundering, combating terrorism and embargos, the Audit and Compliance Departments monitor process adequacy and control effectiveness with the aim of preventing crime.

For example, with regard to anti money-laundering, combating terrorism and embargo regulations, 2008 activities focused on:

- implementation of a project coordinated by the Compliance Department, in enactment of the third European Directive on anti money-laundering and combating terrorism, involving the issue of specific Group Guidelines, the implementation of tools to strengthen customer awareness and the preparation of adequate internal organisation measures;

- the remote and on site controls performed by the Audit Department, including audit of the Treasury Services for Public Administration conducted on a sample of branches selected on the basis of a prior risk analysis and "anti money-laundering" action on both the Italian and international subsidiary branch networks. Specific monitoring tools are in use to manage anti money-laundering and embargo matters.

With regard to corruption, this is monitored as part of the Organisational, management and control model of Intesa Sanpaolo pursuant to Legislative Decree 231/01. In reference to the risk of administrative liability introduced by the aforementioned decree, the Compliance Department is responsible for guaranteeing the long-term existence of operating rules, procedures and practices to effectively prevent the violation or infringement of regulations in force. It also provides support to the Surveillance Body in monitoring the effectiveness of the Model with regard to rules and principles of conduct to prevent sensitive offences.

Again with regard to the risk of administrative liability introduced by the decree, the Audit Department operates across the board, in particular with regard to:

- monitoring observance of the Model;
- monitoring and participating in reviews and updates of the Model;

- preparing information flows to the internal Surveillance Body on the effectiveness and observance of the Model;

- recommending corrective action as necessary.

Great attention is paid to risk connected with corruption within all Italian companies which have adopted organisational and surveillance models under the terms of Legislative Decree 231/01. Likewise, high-level monitoring of corruption-related risk is also applied in the international subsidiary banks where specific national law exists on the matter. In countries without such regulations, the subsidiaries are in any event expected to apply the Parent Company guidelines and perform controls in areas of greater risk.

Should any non-compliance occur, the Compliance Department provides support and cooperation to the business unit affected to ensure that action required to bridge organisational and procedural gaps is identified and implemented. Furthermore, in particularly critical cases, the Audit Department promptly conducts investigations, examining the events/phenomena to ascertain the causes and/or damage/responsibilities involved. In such cases, further information is provided to support the Departments responsible to answer to reports/claims received from stakeholders.

Policies

Environmental Policy

- This policy defines the Group's approach to preventing, managing and, where possible, reducing the direct and indirect environmental impact generated by Group activities. It underlines the importance of integrating economic aspects of society with due care for social and environmental factors, to safeguard future generations.

Arms Policy

- In accordance with the values and principles of the Code of Ethics, this policy envisages a ban for both cen-

tral and area offices from setting up loans and transactions involving the import and export of arms and weapon systems, in Italy subject to Law 185/90. The bank may, however, assist clients in transactions concerning existing inter-governmental agreements or other transactions – considered compatible with the spirit of an "unarmed bank" – authorised by the Managing Director and CEO (see chapter on Customers).

These policies can be consulted on the Group's website, group.intesasanpaolo.com 

Sustainability Indexes

Ethical indexes are characterised by the criteria applied in selecting the stocks they include. These selection criteria privilege the adoption of programmes supporting corporate social responsibility, alongside financial performance. The criteria adopted to verify a company's degree of social responsibility and its admissibility to the indexes mainly concern environmental

sustainability, employee rights, and in the supplier and distributor chain the respect for human rights, relations with stakeholders and anti-corruption policies.

These indexes are an important point of reference for investors and the SRI (Social Responsible Investment) management agencies.

Intesa Sanpaolo has been listed on a number of the leading European ethical indexes since 2007.

Name	Provider	Registered Office	Launch Date
FTSE4Good	Eiris	UK	07/2001
ASPI Eurozone	Vigeo	F	07/2001
Ethibel Investment Register	Vigeo	F	12/2003

Adoption of international standards



Global Compact

Global Compact is a UN initiative that involves United Nations agencies, businesses, trade unions and society in the promotion of respect for 10 fundamental principles in the areas of human rights, labour rights, the environmental protection and transparency.

www.unglobalcompact.org



UNEP Finance Initiative

A global partnership between UNEP (United Nations Environmental Programme) and more than 200 institutions in the financial sector that promotes dialogue on the relationship between safeguarding the environment, sustainability and financial performance.

www.unepfi.org



Equator Principles

A set of voluntarily adopted guidelines based on the environmental and social standards of the International Finance Corporation (IFC), a World Bank organisation that deals in private sector investment in developing countries and assists financial institutions in the choice of projects, with a view to reducing social and environmental risk from project financing.

www.equator-principles.com

Intesa Sanpaolo has adopted important international initiatives that promote dialogue between companies, international organisations and civil society and pursue respect for the environment and human rights.

Our partnerships in sustainability



ABI

The ABI (Italian Banking Association) work group on Social Responsibility in Credit Institutions.

ABI work group on Consumer Associations.
Consorzio ABI Energia, a point of reference for activities related to the optimisation of energy efficiency in the Italian banking system.
www.abi.it



Global Business Coalition

The Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC): the leading organisation involved in fund-raising among the international community for the fight against HIV/AIDS, tuberculosis and malaria. The Coalition, which has achieved wide success in a very short time, involves 220 multinationals – with vast experience and resources – in a proactive campaign against these illnesses.
www.businessfightsaids.org



Forum per la Finanza Sostenibile

Finanza Sostenibile Forum: a multi-stakeholder association that pursues the objective of spreading the culture of sustainable development throughout the Italian financial community; it is the Italian representative of EuroSIF (European Forum for Sustainable and Responsible Investments).
www.finanzasostenibile.it



Sodalitas

Sodalitas is an association for development of the Third sector and the dissemination of corporate social responsibility.
www.sodalitas.it



CSR Europe

A non-profit organisation that supports its members in the implementation of social responsibility programmes.
www.csreurope.org

The Intesa Sanpaolo Group participates in and supports associations and work groups involved in social responsibility.

Intesa Sanpaolo's adoption of the Global Compact Principles

	Global Compact Principles	Intesa Sanpaolo initiatives	Global Reporting Initiative KPI ¹
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> ● The protection and safeguarding of human rights, as stated in the Universal Declaration of 1948, have been integrated into the Group Code of Ethics among the principles of conduct to be adopted in relations with stakeholders. Principles established by international treaties are also recognised. ● A policy is in force that bans central and local departments' involvement in new loans and transactions regarding the import and export of arms and weapon systems, in Italy governed by Law 185/90. ● We support international solidarity initiatives in favour of health protection of populations in developing countries. In particular the Malawi Project and the Global Business Coalition on HIV/AIDS (see pages 45, 164). ● We have begun implementation of the Equator Principles issued by the World Bank IFC, also in countries where we operate through subsidiaries (see page 154). 	Human Rights: HR3, HR4, HR5, HR6, HR7, HR9 Economic Performance: EC5 Labour Practices: LA4, LA6, LA7, LA8, LA9, LA13, LA14 Society: S05 Product Responsibility: PR1, PR8
	2. Businesses should make sure they are not complicit in human rights abuses	<ul style="list-style-type: none"> ● An organisational, management and control model has been finalised (Legislative Decree 231/2001). ● The selection process requires that new suppliers are committed to adopting the principles of the Code of Ethics and to support the protection of human rights (see page 132). 	Human Rights: HR3, HR4, HR5, HR6, HR7, HR9 Society: S05
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> ● All employees are guaranteed the right to participate actively in activities promoted by Trade Unions for the protection of individual and collective rights, also in countries in which trade union rights are subject to different regulations (see page 112). 	Labour Practices: LA4, LA5 Human Rights: HR3, HR5 Society: S05
	4. Businesses should uphold the elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> ● The Bank respects the law of the countries in which it operates. ● Adopted Group values include the support, protection and safeguarding of human rights as established in the Universal Declaration of 1948 and in principles established by international treaties. ● Respect for diversity and human rights are included in initiatives that aim to reinforce Group identity in the countries in which it operates. ● Active participation has continued in the UN Environmental Programme (UNEP FI) Working Party which studies the impact of financial institutions on human rights. 	Human Rights: HR3, HR7 Society: S05
	5. Businesses should uphold the effective abolition of child labour	<ul style="list-style-type: none"> ● The Bank respects the law of the countries in which it operates. ● The protection and safeguarding of human rights, as stated in the Universal Declaration of 1948, have been integrated into the Group Code of Ethics among the principles of conduct to be adopted in relations with stakeholders. 	Human Rights: HR3, HR6 Society: S05
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> ● Through the Equal Rights principle, included in the Code of Ethics, we are committed to eliminating discrimination from our conduct, and to respect differences of gender, age, race, religion, political beliefs and trade union membership, language and disability. 	Labour Practices: LA2, LA13, LA14 Human Rights: HR3, HR4 Society: S05

¹ See chapter "Attachments" Indicator Table.

Intesa Sanpaolo's adoption of the Global Compact Principles

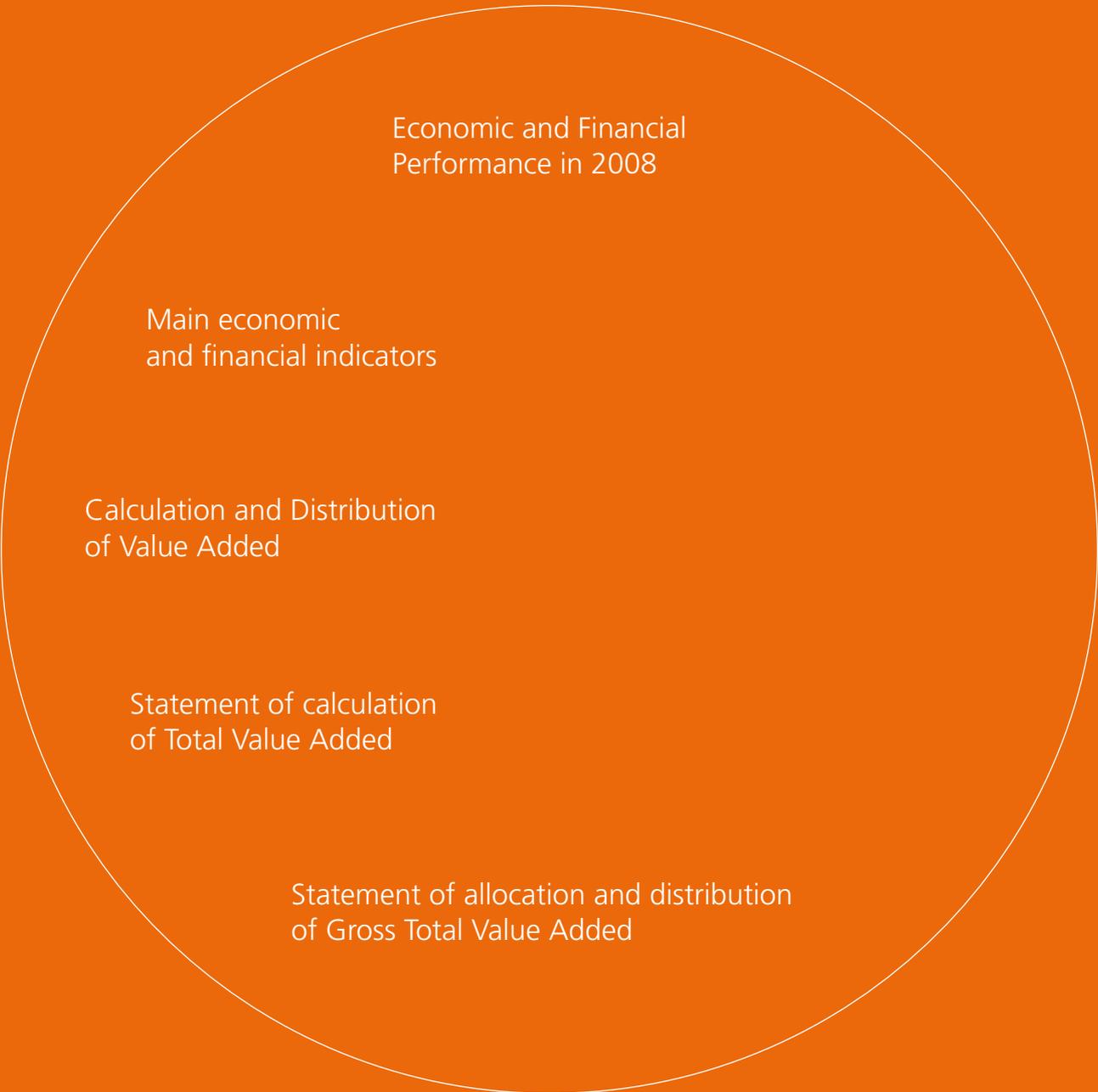
	Global Compact Principles	Intesa Sanpaolo initiatives	Global Reporting Initiative KPI ¹
Environment	7. Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> ● An ISO 14001 Environmental Management System certificate is in force for the management of significant environmental aspects and which also envisages constant improvement objectives and specific processes to achieve the objectives (see page 140). ● We have begun implementation of the Equator Principles issued by the World Bank IFC, also in countries where we operate through subsidiaries (see page 154). 	Economic Performance: EC2 Environmental Performance: EN18, EN26, EN30 Society: S05
	8. Businesses should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> ● We circulate a newsletter to employees on environmental matters and publish reports from expert associations and organisations on the Intranet, to increase awareness of individual conduct in favour of the environment, also in countries with different regulatory standards. ● We actively participate in targeted action and make financial contributions to conferences and public debates to disseminate environmental awareness. In particular, we are involved in the Sustenergy Campaign launched by the European Commission to achieve objectives of the Business Plan on energy efficiency (see page 141). ● Through integrated Mobility Management initiatives we intend to approach employees mobility management in an increasingly sustainable manner, thereby also contributing to the reduction of the environmental impact from transport (see page 146). ● We have continued to purchase hydroelectric power to reduce the use of fossil fuels (see page 143). 	Environmental Performance: EN1, EN2, EN4, EN5, EN6, EN7, EN8, EN16, EN18, EN22, EN24, EN26, EN28, EN29, EN30 Society: S05 Product Responsibility: PR3
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> ● We have contributed to the dissemination of new environmentally friendly technology by developing specific products and services to promote technological innovation in the environmental field, access to financing and incentives for the adoption of energy saving and efficiency solutions. For this purpose we have continued cooperation with institutional partners to encourage the adoption of good conduct practices in this context (see page 152). 	Environmental Performance: EN2, EN5, EN6, EN7, EN18, EN26, EN28, EN30 Society: S05
Anti-Corruption	10. Businesses should work against corruption in all its forms	<ul style="list-style-type: none"> ● The Bank respects the law of the countries in which it operates. ● The organisational, management and control model has been finalised (Legislative Decree 231/2000). ● We have adopted a Group Code of Conduct. ● The Group has adopted a Code of Ethics which, regarding its relations with its stakeholders, declares its position and contribution to the campaign against corruption, support of OECD guidelines and the anti-corruption principles laid down by the United Nations in 2003. ● To the extent of their respective responsibilities, the Audit and Compliance Departments monitor process adequacy and control effectiveness with the aim of preventing crime (see page 42). 	Society: S02, S03, S04, S05

¹ See chapter "Attachments" Indicator Table.

Economic Report

In 2008, the Intesa Sanpaolo Group met the international economic crisis thanks to the solidity of its business model.

Gross total added value was 10.6 billion euro.



Economic and Financial
Performance in 2008

Main economic
and financial indicators

Calculation and Distribution
of Value Added

Statement of calculation
of Total Value Added

Statement of allocation and distribution
of Gross Total Value Added

Economic and Financial Performance in 2008¹

In a market context made particularly difficult by the worsening international financial crisis, which has driven the real economy into a recession, the Intesa Sanpaolo Group closed 2008 with a net income of 2,553 million euro, significantly influenced by major effects generated by non-recurring events or extraordinary interventions. These effects were seen in a number of items: profits on trading, other income and charges, adjustments to goodwill and intangible assets, adjustments to assets available for sale and of equity investments, adjustments to loans to Lehman Brothers and Icelandic banks, as well as income taxes, income from discontinued operations and integration charges.

Net income recorded in 2008 decreased by 64.8% with respect to the previous year mainly as a consequence of lower non-recurring capital gains generated by discontinued operations, which in 2007 were 3,844 million euro compared with 1,036 million euro in 2008, and due to the considerable impairment of financial and intangible assets recognised in 2008 financial statements (2,778 million euro net of the tax effect). The serious economic

downturn has however negatively affected the operating margin, which totalled 8,221 million euro, down 11.1% on 2007. The slight decrease in operating costs was not enough to offset the decline in revenues, primarily attributable to losses on trading. Lastly, income before tax from continuing operations, which fell by 50.3%, was affected by the need to record higher adjustments to the loan portfolio, as a consequence of the weakening financial position of many companies, and by the negative impact of adjustments to goodwill and financial assets.

Quarterly development of the economic margins shows a largely stable operating margin in the first three quarters of 2008, while the decline in the fourth quarter, mainly driven by losses on trading of 354 million euro, reflects a further deterioration in the financial markets. Income before tax from continuing operations, after an initial decline in the third quarter, recorded a loss of 2,059 million euro in the fourth quarter, strongly affected by the impairment losses in addition to the fall in operating margin.

¹ The figures and comments refer to the reclassified consolidated income statement published in Intesa Sanpaolo 2008 Annual Report. Changes in annual percentages are calculated on 2007 figures, restated on a consistent basis to take into account changes in the scope of consolidation and discontinued operations. The amounts are expressed in millions of euro. For further details or clarification, reference should be made to the Intesa Sanpaolo 2008 Consolidated Financial Statements, which can also be consulted on the Bank's website: group.intesasanpaolo.com.



Main economic and financial indicators¹

Indicators	2008	2007
Personnel efficiency indicators (millions of euro)		
Loans to customers / Number of employees	3.65	3.15
Operating income / Number of employees	0.17	0.17
Customer financial assets ² / Number of employees	9.08	9.22
Balance sheet indicators		
Shareholders' equity / Loans to customers	12.4%	14.6%
Shareholders' equity / Customer financial assets ²	5.0%	5.0%
Capital ratios³		
Tier 1 capital ratio (Tier 1 capital / risk-weighted assets)	7.1%	
Total capital ratio (regulatory capital / risk-weighted assets)	10.2%	
Profit indicators		
Parent Company net income / average Shareholders' equity	5.2%	18.9%
Operating costs / Operating income (Cost income ratio)	54.7%	51.9%
Risk indicators		
Net doubtful loans / Loans to customers	1.0%	0.9%
Net substandard and restructured loans / Loans to customers	1.4%	1.1%
Adjustments to doubtful loans / Gross doubtful loans to customers	69.6%	70.7%

¹ The indicators were calculated with reference to reclassified statements and figures published in the Intesa Sanpaolo 2008 financial statements. The 2007 figures were restated to take into account changes in the scope of consolidation and discontinued operations.

² Customer financial assets: direct and indirect deposits, after netting referred to components of indirect deposits which are also included in direct deposits (insurance business financial liabilities designated at fair value and fund-based bonds designated at fair value issued by Group companies and placed by the networks).

³ The ratios as at 31 December 2008 were calculated using the methodology set out in the Basel II Accord. As at 31 December 2007 these ratios, determined on the basis of the previous method (Basel 1) were respectively: Tier 1 capital ratio, 6.5%; Total capital ratio, 9.0%.

Calculation and Distribution of Value Added

Note on methods

Value Added, i.e. the difference between global revenues and the total costs for goods and services (Consumption), expresses the wealth that the Group has been able to produce, and which is then distributed among the stakeholders with which the Group has relations at various levels in its day-to-day business operations.

First and foremost among the stakeholders are the human resources – through which the Group interacts with other stakeholders – who receive a part of the corporate value added in the form of direct or indirect remuneration, including that linked to professional training costs.

Next come the shareholders, who expect an economic return on their financial resources invested in the Bank.

An important stakeholder in terms of distributed resources is the State – the combined

central and local government departments – which in the form of direct and indirect tax receives a significant share of the value generated.

Special attention is also paid to the needs of the community and the environment, through charity initiatives and also by means of commitments of a social and cultural nature.

Last but not least is the corporate system, which needs sufficient funds to allocate to profit-making investments and everyday operations that offer economic growth and capital stability to the company, guaranteeing the generation of new wealth to the benefit of all stakeholders.

From a methodological point of view, the calculation of value added is achieved by restating income statement items used in the consolidated financial statements. The specific aim of restatement is to highlight how value added

was generated, in its various forms, and its distribution.

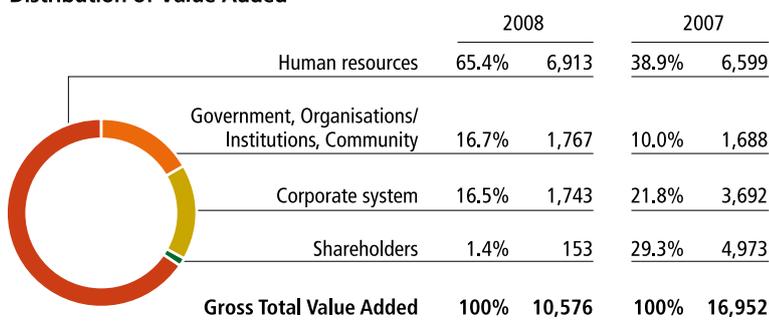
Statements on the calculation and distribution of Value Added are therefore formulated on the basis of data taken from the 2008 Consolidated Financial Statements – after audit and approval from the Supervisory Board on 9 April 2009 – and comply with guidelines issued by the ABI (Italian Banking Association).

Distribution of Value Added

Despite the unfavourable market context, the Intesa Sanpaolo Group again achieved a satisfactory net production in 2008. Consumer trends, on the other hand, were hit harder by the consequences of the financial crisis. The Total Gross Value Added, determined by the difference between total revenues and the total cost of goods and services (“consumption”), amounted to 10.6 billion euro. This amount expresses the value of the wealth produced, which is distributed among the various stakeholders with which the Group interacts in various ways on a day-to-day basis. In particular:

- human resources benefited by approximately 65% of the Total Gross Value Added produced, for a total of 6.9 billion euro. Specifically, this item includes – for a total of 570 million euro (gross of the tax effect) – personnel-related integration costs, including the best estimate of future costs expected on agreements signed with trade unions to provide a more effective integration of the Group’s human resources after the Banca Intesa-Sanpaolo IMI merger;
- the State System recorded an influx of resources for a total of 1.8 billion euro, equal to approximately 17% of the Total Value Added. This value also includes substitute tax related to the taxable element of goodwill pursuant to Italian Law no. 2 of 28 January 2009; Group companies used 15 million euro to the benefit of the community, through the allocation of profits to the “Allowance for charitable, social and cultural contributions” and from donations and contributions;
- approximately 16% of Value Added, equal to 1.7 billion euro, was withheld by the Corporate System in the form of retained earnings and amortisation. This amount can be considered an investment made each year by other stakeholder categories to maintain efficiency and promote development of the Bank as a whole. With regard to amounts withheld on the Corporate System, the effects of recognition of non-recurring components for future tax benefits resulting from taxation on goodwill, pursuant to the aforementioned Law 2/2009, were also taken into consideration;
- in 2008 Shareholders benefited only minimally from the Total Value Added. In fact, at a time when the market attaches particular importance to the capitalisation level of banks, regardless of the actual risk to which each bank is subject, it was decided to use net income to strengthen the Group’s shareholders’ equity rather than distribute dividends, except distribution to savings shares – pursuant to the Articles of Association – of dividends equal to 5% of their nominal value, for a total of 24.2 million euro. A further 129 million euro is the portion of income attributed to minority interests.

Distribution of Value Added



Statement of calculation of Total Value Added

Financial Statement Captions (millions of euro)	2008	2007
10. Interest and similar income	28,041	24,385
40. Fee and commission income	6,738	7,304
70. Dividend and similar income	704	781
80. Profits (Losses) on trading	-1,329	-165
90. Fair value adjustments in hedge accounting	-143	27
100. Profits (Losses) on disposal or repurchase of:	46	266
a) loans	-50	-156
b) financial assets available for sale	80	420
c) investments held to maturity	0	0
d) financial liabilities	16	2
110. Profits (Losses) on financial assets and liabilities designated at fair value	6	320
220. Other operating expenses (income)	182	162
240. Profits (Losses) on investments in associates and companies subject to joint control	176	338
A NET TOTAL REVENUES	34,421	33,418
20. Interest and similar expense	-15,587	-14,219
50. Fee and commission expense ¹	-873	-913
180.b Other administrative expenses (net of indirect tax, donations and personnel training expenses) ²	-3,361	-3,058
130. Net losses / recoveries on impairment of:	-3,270	-1,141
a) loans	-2,433	-1,043
b) financial assets available for sale	-963	-62
c) investments held to maturity	0	0
d) other financial activities	126	-36
190. Net provisions for risks and charges	-365	-577
200. Net adjustments to/recoveries on property and equipment (excluding depreciation)	-2	-10
210. Net adjustments to/recoveries on intangible assets (excluding amortisation)	-759	-12
260. Goodwill impairment	-1,065	-196
B TOTAL CONSUMPTION	-25,282	-20,126
150. Net insurance premiums	1,773	1,708
160. Other net insurance income (expense)	-1,575	-2,124
C NET INCOME FROM INSURANCE BUSINESS	198	-416
D GROSS TYPICAL VALUE ADDED	9,337	12,876
250. Valuation differences on property, equipment and intangible assets measured at fair value	0	0
270. Profits (Losses) on disposal of equity investments	203	41
310. Income (Loss) from discontinued operations (net of tax)	1,036	4,035
E GROSS TOTAL VALUE ADDED	10,576	16,952
Depreciation/Amortisation	-1,415	-1,336
F NET TOTAL VALUE ADDED	9,161	15,616
180.a Personnel expenses (including training costs) ³	-6,913	-6,599
180.b Other administrative expenses: Indirect taxes and duties ⁴	-148	-117
180.b Other administrative expenses: donations ⁴	-7	-5
G NET INCOME BEFORE TAX	2,093	8,895
290. Taxes on income from continuing operations	589	-1,539
330. Minority interests	-129	-106
H PARENT COMPANY NET INCOME (LOSS)	2,553	7,250

¹ This figure differs from that recorded in the income statement in the annual report as remuneration to the Fideuram network of financial advisors was reclassified to "Personnel expenses".

² This figure differs from that recorded in the income statement in the annual report due to the exclusion of indirect taxes and donations (itemised separately), and personnel training expenses (reclassified to "Personnel expenses").

³ This figure differs from that recorded in the income statement in the annual report as it includes remuneration to the Fideuram network of financial advisors and personnel training expenses.

⁴ This figure is itemised separately in the calculation of value added.

Statement of allocation and distribution of Gross Total Value Added

Financial Statement Captions (millions of euro)	2008	2007
A NET TOTAL REVENUES	34,421	33,418
B TOTAL CONSUMPTION	-25,282	-20,126
C NET INCOME FROM INSURANCE BUSINESS	198	-416
D GROSS TYPICAL VALUE ADDED	9,337	12,876
E GROSS TOTAL VALUE ADDED	10,576	16,952
Allocated to:		
1. Shareholders	153	4,973
– Private shareholders	24	3,610
– Foundations ¹	0	1,257
Minority interests	129	106
2. Human resources	6,913	6,599
Personnel expenses	6,913	6,599
– employee expenses; personnel expenses for permanent and temporary employment contracts	5,969	5,558
– integration charges	570	572
– other collaborator expenses	374	469
3. System, organisations, institutions (Central and peripheral public administration)	1,752	1,656
Indirect taxes and duties	148	117
Income taxes for the year ²	1,604	1,539
4. Community and environment	15	32
Donations	7	5
Allocation of profit to the Allowance for charitable, social and cultural contributions	8	27
5. Corporate system³	1,743	3,692
Change in reserves	328	2,356
Depreciation/Amortisation	1,415	1,336
GROSS TOTAL VALUE ADDED	10,576	16,952

¹ This figure refers to dividends paid in 2007 by Intesa Sanpaolo to Foundation investors in the Bank, whose mission involves action in the social, artistic and scientific fields on behalf of the community.

² The 2008 value includes substitute tax related to the taxable element of goodwill pursuant to Italian Law no. 2 of 28 January 2009.

³ Amounts retained by the Corporate System for 2008 also take into consideration the effects of recognition of non-recurring elements relating to future tax benefits from the taxable element of goodwill pursuant to Italian Law 2/2009.

Social Report

Materiality, completeness and responsiveness: these are the stakeholder inclusivity principles which inspire us and make our Social Report an effective tool for dialogue.



Stakeholder map

CUSTOMERS

Private customers
Consumer Associations
Small and Medium Enterprises
Corporate Enterprises
Public entities and Public
Administration



EMPLOYEES

Employees
Trade Unions



SHAREHOLDERS

Institutional Investors
Small Investors
Foundations
Media



SUPPLIERS

Small and Medium Enterprises
Large scale Suppliers



ENVIRONMENT

Environmental Organizations
Future generations



COMMUNITY

Society
Non-profit entities
National and international
Public Institutions



Key topics in the Social Report

In preparing this edition of the Social Report, we have highlighted the topics that correspond to issues that came to the fore in our dialogue with stakeholders (focus groups, interviews, Intranet questionnaires addressed to our colleagues, meetings with trade

unions, etc.). Our aim is to continue to increase the degree to which the Report matches the interests of our stakeholders.

The following table contains a summary of these topics and indicates the section in which they are discussed.

Stakeholder	Key topic	Reference Section
Customers	Customer-bank relations: branch office proximity and accessibility, quality of customer support, handling of complaints and critical situations	<ul style="list-style-type: none"> ● <i>Branch office proximity and accessibility</i> (p. 62) ● <i>Customer satisfaction surveys</i> (p. 69) ● <i>Complaint handling</i> (p. 74) ● <i>Dialogue with consumer associations</i> (p. 76)
	Assistance to customers in the investment sector and the protection of savings	<ul style="list-style-type: none"> ● <i>Investment assistance services</i> (p. 66)
	Commercial offer: offer consistent with customers' needs	<ul style="list-style-type: none"> ● <i>Credito al Lavoro and the Financial Check-Up</i> (p. 80) ● <i>Debt sustainability</i> (p. 79) ● <i>Quality of commercial offer</i> (p. 77)
	Communications with customers: clarity and promptness, contractual transparency	<ul style="list-style-type: none"> ● <i>New reporting project</i> (p. 65) ● <i>Eurosif Transparency Guidelines</i> (p. 83)
	Financial education: enabling customers to make informed decisions	<ul style="list-style-type: none"> ● <i>Initiatives to promote informed purchasing and knowledge of financial products</i> (p. 67)
	Projects developed in partnership with local communities: facilitating access to credit by developing agreements with other local players	<ul style="list-style-type: none"> ● <i>Operating in cooperation with the other market players</i> (p. 84) ● <i>Internationalisation: cooperation agreements</i> (p. 85) ● <i>Public Administration</i> (p. 90)
	Abstention from setting up loans and transactions in the arms and arms systems industry	<ul style="list-style-type: none"> ● <i>Controversial markets: the arms sector</i> (p. 92)

Stakeholder	Key topic	Reference Section
<i>Employees</i>	Training: classroom sessions, accessible to the maximum number of people; development of intermediate and commercial positions; support for the development of skills allowing adequate relationships with multi-ethnic customers	<ul style="list-style-type: none"> ● <i>Training by content and channels (pp. 108-109)</i> ● <i>Training for relations with multiethnic customers (p. 108)</i> ● <i>Training for professional positions (pp. 108-109)</i>
	Incentive systems: based on transparent criteria; encouraging teamwork and the quality of customer relations	<ul style="list-style-type: none"> ● <i>Incentive systems and principles of the integrated incentive system (p. 105)</i> ● <i>Listening 100% (p. 105)</i> ● <i>Listening and commercial action (p. 112)</i>
	Professional assessment systems: simpler assessment process; greater integration of self-assessment phase and interview with superior; sensitisation of supervisors regarding the importance of interviews	<ul style="list-style-type: none"> ● <i>Professional assessment systems (p. 103)</i> ● <i>DPO and intangibles (p. 103)</i>
	Harmonisation of company welfare benefits and system	<ul style="list-style-type: none"> ● <i>Remuneration policy (p. 102)</i> ● <i>Labour/management relations (p. 112)</i> ● <i>Corporate welfare and support for employees (p. 117)</i>
	Safeguarding health	<ul style="list-style-type: none"> ● <i>Health and security (p. 118)</i>
	Equal opportunities: expanding conciliation initiatives, also by increasing company crèches and focusing on the differently able	<ul style="list-style-type: none"> ● <i>Inclusion and diversity management (p. 114)</i> ● <i>Reconciliation of work and home responsibilities and flexibility (p. 115)</i> ● <i>Protected categories (p. 116)</i>
	Company Intranet: expansion and enhancement; even greater interactivity	<ul style="list-style-type: none"> ● <i>Intranet: information and access (p. 110)</i>
<i>Environment</i>	Inclusion of social and environmental criteria in financing policies	<ul style="list-style-type: none"> ● <i>Adoption of the Equator Principles (p. 154)</i>
	Controversial sectors: compliance with the international standards adopted	<ul style="list-style-type: none"> ● <i>Adoption of the Equator Principles (p. 154)</i>
	Sustainability in the use of materials and waste management	<ul style="list-style-type: none"> ● <i>Waste treatment (p. 149)</i> ● <i>Consumables: paper and eco-compatible products (p. 150)</i>
<i>Community</i>	Support for Third sector organisations	<ul style="list-style-type: none"> ● <i>Support for social enterprise (p. 160)</i> ● <i>Banca Prossima (p. 161)</i>
	Safeguarding of architectural, artistic and local heritage	<ul style="list-style-type: none"> ● <i>FAI (Italian Fund for the Environment) – Luoghi del cuore (Places to be restored) (p. 167)</i> ● <i>The preservation and promotion of the country's cultural heritage (p. 171)</i>
	Social solidarity to improve quality of life at both the Italian and international levels	<ul style="list-style-type: none"> ● <i>Financial inclusion of categories inadequately served by banks (p. 158)</i> ● <i>Project Malawi (p. 164)</i>

Customers



CUSTOMERS

Private customers
Consumer Associations
Small and Medium Enterprises
Corporate Enterprises
Public entities and Public
Administration



Strategies

The attention we dedicate to our customers forms the foundation of our business activities, which are constantly focused on pursuing the best product quality and service, as well as maximum protection, based on a relationship of trust and with a view to continuing relations in the long term. The organisational and service model consolidated in 2008 allows the Bank to provide the best possible service in two key areas: on the one hand, responsible management of household savings and, on the other hand, lending and the correct allocation

of resources to both private and corporate customers. The model is based on enhancing local presence and specific qualities of the environment, especially in trade relations with customers, but without losing sight of the national scenario and service excellence. For businesses, we have concentrated on sector specialisation and on the awareness of competitive strategies of the individual sectors so as to help develop the economy and offer the best possible support to customers in the various – and not always positive – market situations.

Commitments for 2007-2009 and our achievements in 2008

QUALITY OF RELATIONSHIPS

Guarantee simplicity and transparency in communications:

● The *New reporting* project has rendered communications with customers more transparent. ☒

Provide assistance to the customer, promoting informed purchasing:

● New advisory models have been developed for both mortgages and other loans. ☒

Define operative guidelines to direct corporate behaviour to long term relations:

● Policy for the creation and sale of transparent, quality products, policy for the provision of advisory services by managers. ☒

Promote accessibility:

● New website for Internet Banking services and new functions for private and corporate customers; advanced ATMs allowing customers to undertake transactions independently. ☒

LISTENING AND DIALOGUE

Arrange for assessment and listening sessions throughout the territory, during which customers can express their expectations:

● Systematic surveys of private and corporate customer satisfaction, as well as for customers of foreign banks. ☒

Improve management of complaints and controversies:

● Conciliation of Parmalat bonds extended to all customers. ☒

QUALITY OF THE COMMERCIAL OFFER

Develop quality products with an eye to costs:

● New quality products developed with an awareness of the costs to customers: *Facile senior* account, loans and mortgages for young people. Mortgage substitution and renegotiation of mortgages, free of charge. ☒

Adapt commercial offer to local environment, customer segments and financial inclusion:

● Constant development of an offer devoted to customers with difficulty in accessing the financial system: immigrants, young people, the unemployed, temporary workers. ☒

Offer ethical investments:

● The Bank continued to offer reliably managed investment funds that take into consideration social and environmental issues. ☒

☑ target achieved

☒ activity in progress

☐ activity not yet launched

OPERATE IN COOPERATION WITH THE OTHER MARKET PLAYERS

Offer products and services that sustain innovation, the internationalisation of businesses and competition:

● Cooperation agreements continue with the trade associations that support access to financing for small to medium businesses through the Confidi Association; [»](#)

● The Bank consolidated its offer of loans to support small to medium businesses in achieving technological innovation: Nova+; [»](#)

● Expansion of the structures and the scope of

competence of the “Polo di Padova” Centre, which supports Italian companies that operate abroad. New agreements reached with trade associations; [»](#)

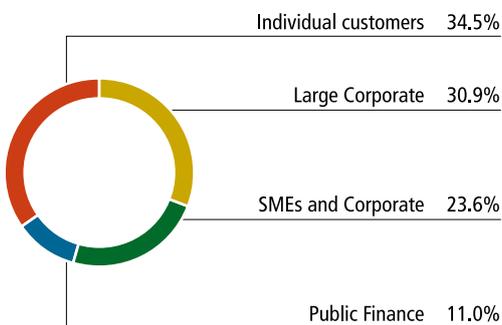
● The Bank continued to provide companies with technical and institutional support for access to European funding. [»](#)

Support the Public Administration:

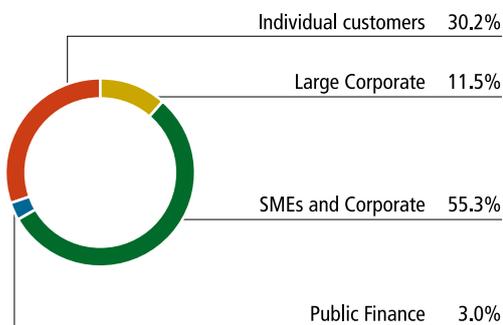
● Banca Infrastrutture Innovazione e Sviluppo continued its work targeted to public and private players that collaborate to build large-scale infrastructures and establish public utility services in Italy and abroad. [»](#)

The Group had 19.8 million customers as of December 2008 (compared to over 17 million in 2007). Of these, 11.3 million were located in Italy, including 130,000 businesses and over 2,600 public entities. The Group’s customers abroad numbered approximately 8.5 million.

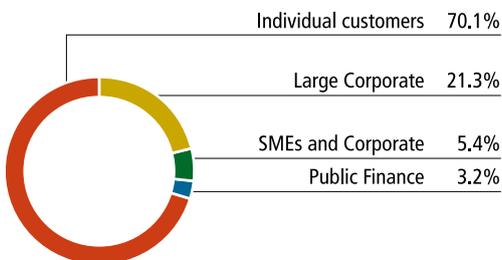
Loans by customer type: Italy 2008



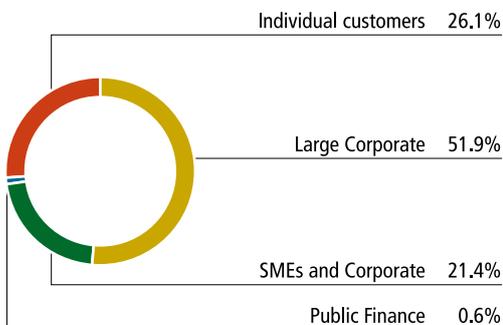
Loans by customer type: Abroad 2008



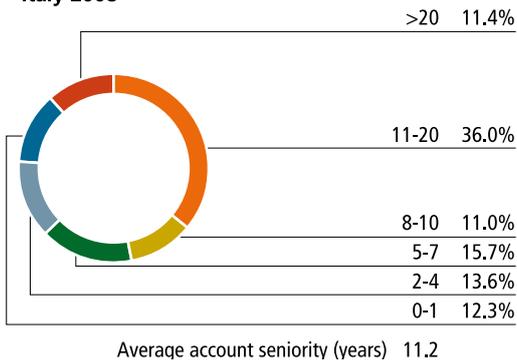
Deposits by customer type: Italy 2008



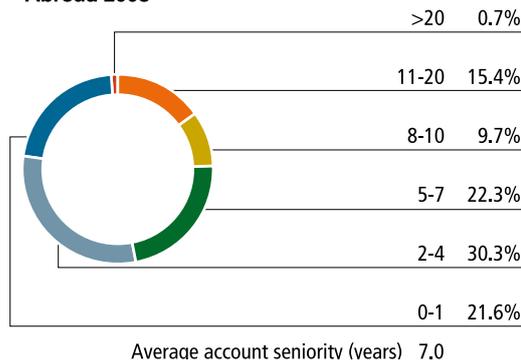
Deposits by customer type: Abroad 2008



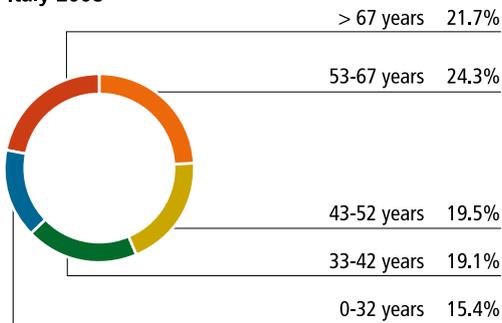
Retail customers by account seniority (years): Italy 2008



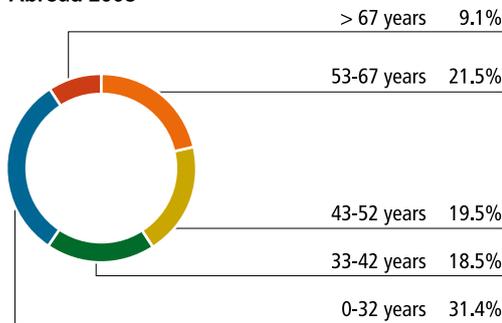
Retail customers by account seniority (years): Abroad 2008



No. of customers by age groups (years): Italy 2008



No. of customers by age groups (years): Abroad 2008



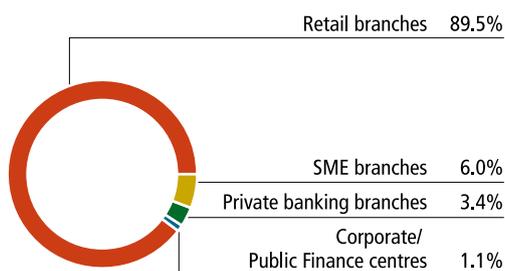
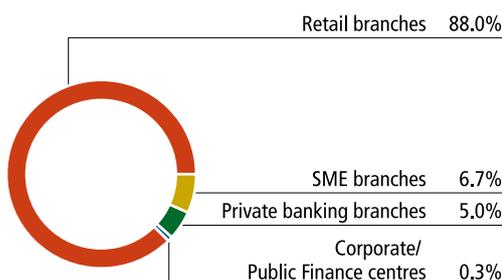
Quality of the relationship

Organisational Model

The distribution model for households and SMEs adopted in Italy beginning in 2007 is that of Banca dei Territori, which also provides services to non-profit organisations and social enterprises through a specialised structure, Banca Prossima.

This model represents an effective organisational solution capable of developing the geographical roots and specific qualities of local banks through the national scale and centrality of services, thereby ensuring product innovation and the availability of operational and IT platforms of unparalleled excellence. The philosophy of this model was confirmed in December 2008, when the organisational structure was revamped through the introduction of eight Regional Departments, charged with coordinating 22 Areas / Network Banks. The new

structure aims to improve customer relations, a timely awareness of risks and opportunities, as well as the speed of decision-making. We have also strengthened the customer relations model for corporate customers in order to bring it into line with new market scenarios, in the interest of making it an effective source of leverage to accompany and support customers in varying – and not always positive – market conditions. The first step was to review and fine-tune customer segmentation with an eye to the “uniqueness” of each customer, specialisation by business segment, and an awareness of the context in which each customer operates in terms of risks and opportunities. The framework of the organisational structure made available to large and medium corporations and financial institutions is completed by the over 4,000 professionals, relationship managers and product specialists devoted to this activity in the various specialised departments.

Specialisation of branch offices: Italy 2008**Specialisation of branch offices: Abroad 2008****Proximity to the customer**

Intesa Sanpaolo's broad branch network affords it a high degree of proximity to its customers throughout Italy while developing each area's specific qualities. The Bank provides broadly available, easily accessible service through its network of 6,463 branches in Italy and over 2,000 branches abroad in the 13 countries in which it operates¹.

In addition, the Group offers its corporate customers high quality competence, advisory and financial services through an international network of banks, branch offices and representative offices in 34 countries.

Branch office accessibility and proximity

The analysis of local coverage requirements continued in 2008, resulting in the opening of 48 new branch offices and the relocation of 38 operating points. Renovation, revamping or restyling work was also done on more than 1,000 branch offices in Italy. All thoroughly renovated branches were modified to facilitate access by the disabled: room for manoeuvre, ramps, and lifts. Modifications to the exterior of the buildings were sometimes rendered complex or even impossible by architectural obstacles and the lack of planning permission. The new branch office layout is based on the philosophy of open space and absence of barriers and has been devised with the aim of increasing the quality of service offered to customers, promoting the multichannel culture and facilitating customer relations and commercial operations. A member of staff will be dedicated to customer reception, helping them to use the alternative channels which will become more interactive and up to date.

Self-service areas have been created inside the branches, where customers can use the new, highly evolved ATMs in complete autonomy to perform all the transactions previously carried out at the counter with the teller – withdrawals, deposits, payments – thus avoiding the queue. An Internet point is also provided where cus-

tomers can access the Bank's on-line services. An extensive project to revise the layouts of International Subsidiary Banks was also launched, focusing attention on customer experience.

The new branch model, which is the result of the best experience in this field at international level, aims to strengthen the Group's identity beyond Italy's borders by adopting a common, recognisable, and innovative branch format. Homogeneity and modularity are the primary traits of this new model, which calls for a single layout for all Banks, while also allowing for modules that may be combined according to customer type and the space or investments available. The first branch prototype was inaugurated at Intesa Sanpaolo Bank Romania and the second in Cairo (Bank of Alexandria). The third prototype will be built in Slovenia by Banka Koper.

VUB Banka also devoted particular attention to disabled persons as it renovated 176 branch offices to eliminate architectural barriers. All new branch offices are based on a structure that may be modified to eliminate restrictions and branches built in the future will be free of architectural barriers.

Lean Banking

The planning phases of Lean Banking, a strategic project that aims to establish processes, procedures and logistics that are better suited to a simple, streamlined bank, in part through spreading a corporate culture founded on the principle of constant improvement, were completed in 2008, in which 90% of the target was achieved.

Work was planned through the involvement of colleagues at branches in specific experiments at "laboratory" operating points. This work was then extended to the entire network. The remaining activities will be completed in 2009 as part of the ordinary initiatives already being carried out by the Departments concerned.

Direct channels

At the end of December 2008, the Intesa San-

¹ See also Chapter "Intesa Sanpaolo Group Profile", p. 16

paolo Group had over 2,570,000 customers in Italy who had stipulated services via the Internet, mobile phone and the traditional phone service, equal to nearly 25% of its total retail clientèle. Over 40,000 of these customers are legal entities (private partnerships, condominiums, cooperatives, consortia, and joint-stock companies).

The Group continued to report constant, significant transactional growth: in 2008, approximately 6 million bank transfer transactions were completed (+25% on the previous year), and the percentage of automation rose by two percentage points from 47% in 2007 to 49% in 2008. Approximately 3.6 million trading transactions (excluding Intesa Trade) were also executed via direct channels, representing 68% of total securities trading undertaken.

In April 2008, the integration of the Intesa Sanpaolo Group's websites was completed, culminating in the release of the new store-front site under the domain www.intesasanpaolo.com, which serves as a single point of access for all of the Group's customers. In addition, action was undertaken to unify layouts, involving all of Banche del Territorio's websites. 

New web technologies were used to facilitate the surfing of the graphical interface and improve the accessibility of the site content, which can now be located using the new search engine, an emotional area, and the new icon-based menu. New text- and map-based search tools were added, the range of interactive tools available (for example, the ability to request an in-branch meeting) was expanded, and the Product Catalogue was implemented. In terms of basic banking services, the *Bonifico Europeo Unico*¹, the ability to pay vehicle registration fees for Lombardy Region, and the option of topping up prepaid cards and Mediaset Premium cards were all added. In addition, the ability to access account statements over the Internet was expanded, allowing customers to view Fund Listings and credit card transactions online.

The number of customers who have signed up for Internet Banking services abroad is over 1,500,000, or nearly 30% of the total clientèle. The focus on direct channels led Banka Koper, our Slovenian bank, to launch a new e-banking service. *Bankaln* reflects a new concept of the virtual bank: in addition to offering customers total 24-hour support, *Bankaln* adopts an innovative service model that allows each customer to contact a fully dedicated personal advisor. All communications and transactions take place over the Internet and all contractual,

information, and transaction-related materials are stored electronically, with positive consequences for the environment as well.

The Croatian Privredna Banka Zagreb also continues to play a highly innovative role. In addition to traditional channels, PBZ 365, its remote-banking service, it now offers WAP and mobile-phone banking services. The bank recently launched a new application entitled PBZ CPM (Contact Processing Management), which allows all ideas and suggestions sent by customers via e-mail to be collected and analysed and then integrated into the process of developing new products.

Corporate Internet Channel

At year-end, the customers of the Intesa Sanpaolo Group who had signed up for the remote-banking service included nearly 325,000 primary companies² and 80,000 associated companies, for a total of 405,000 companies using the Bank's online services.

In 2008, the number of transaction instructions sent by customers over the remote channel came to approximately 31 million, which, when added to the number of account-statement type operations, brings the total number of operations executed to over 170 million.

During 2008, significant changes were made to the *LINKS Intesa Sanpaolo* service, which was taken as a point of reference for the entire Group's customers. Specific profiles were introduced for the definition of powers to sign (amount weights and limits), new diagnostic methods and corrective functions were developed for transactions generated by customers through their own applications, and the number of print-outs was reduced.

The activities associated with the transition of the nearly 120,000 customers that had used the system previously employed by Banca Intesa to *LINKS*, which began in April 2008, resulted in 65% of customers using the new service, making for an abandonment rate of approximately 10%, despite the expected difficulties.

The *Bonifico Europeo Unico* was also made available within the suite of payment products provided by *LINKS*, allowing us to provide a valid response to companies with international operations that wish to use a single payment

Intesa Sanpaolo offers its customers direct access to banking through Internet, telephone and cellphone, developing new functions and improving security and usability.

¹ The Single European Payment is used to transfer funds exclusively in euro, in favour of any banking recipient within the 31 European countries of the SEPA.

² 80 % comprises small businesses, 13% medium-large businesses, 1% corporate, 1% public entities and 5% other market segments.

instrument, regardless of the beneficiary's country of residence, with the assurance of certain, guaranteed execution times.

Further planning activities were also initiated in 2008 and are scheduled for completion during 2009. Particularly noteworthy are the activities leading up to the release of the second SEPA product, known as SEPA Direct Debit¹.

Lastly, the launch of the product *Trade Explora* in late 2008, which allows customers to obtain economic, fiscal and commercial information concerning a wide range of countries, represents a response to the needs of Italian companies intending to develop production activity abroad to obtain information about foreign markets.

ATM Channel

During 2008, work on the Bank's network of approximately 6,500 ATM terminals continued, involving updates and replacement with new machines equipped with Web technology in line with international standards for the management of cards with EMV microprocessors² (approximately 80% of the total at the end of 2008). These machines provide customers with a wider range of services, including bank transfers (and in future also the *Bonifico Europeo Unico*). Approximately 1,500 terminals allow customers to deposit both cheques and cash into their accounts.

Some of the terminals were also equipped with touch-screens, in addition to the traditional alphanumeric keyboard, and approximately 2,130 terminals have been fitted with jack systems that allow vision-impaired customers to make withdrawals via vocal guidance.

Short-sighted customers were also provided the ability to make withdrawals using high-visibility display format (a yellow font on a black background). This function may be enabled on all Web terminals by hitting the "5" key before inserting a card.

Safeguarding security

One of the Group's goals is to ensure the utmost peace-of-mind of its employees and customers by safeguarding the data and information processed by the Bank, thereby guaranteeing customers continuity of service even in crisis situations and protecting people and property. At branch offices, cash-in cash-out mechanisms have been installed at the tills to maintain a high level of security. This system improves security measures against robbery and theft as the money is blocked by a time mechanism; it also automatically checks the banknotes with

a remotely updated system which safeguards the customer.

Regarding the security of direct channels, the Group continued to devote considerable attention to safeguarding access and transactions over remote channels in 2008 by adopting "secure authentication" measures aimed at error-free recognition of customers through both the use of automatic password generation devices and recognition processes based on questions the answers to which are known solely to customers (used, for example, during telephone interactions with customers).

During 2008, the distribution of O-keys³ used for dynamic password generation to all customers was completed, resulting in the substantial elimination of all online fraud to the detriment of customers.

Other important security measures include the ability for customers to activate and personalise an SMS transmission service, which sends text messages to customers' mobile phones describing each transaction undertaken, and the adoption of the best cryptography standards available on the market to protect the transmission of data over the Internet.

Noteworthy developments in business customer security include the introduction of separate passwords for access to the service and to validate information flows sent to the Bank, which, when combined with restrictions on IP addresses and the hours of access to the site that may be set directly by the customer using the *LINKS* service, contributes to increasing the level of security during times of greater risk of computer fraud.

In October 2008 a product known as *Banca Identity* was released. This product allows for the digital signature of documents and transactions in electronic format as part of the online services provided to business and public administration customers.

The digital signature placed using this product has the same legal force as a traditional hand-written signature and is recognised both by Italian law and in the entire *Identrust* inter-bank circuit (an international business-to-business payment circuit).

During 2008, analyses were initiated with the aim of extending the use of *Banca Identity* to all of our customers who use the *LINKS Intesa Sanpaolo* service, both for the validation of transaction flows and access to the portal, thereby significantly combating the phenomena of phishing⁴ and the theft of credentials, which have been constantly on the rise over the last few years. Other measures aimed at combating phishing include monitoring the

¹ SEPA Direct Debit is a method of payment that the creditor can use to give standing orders for debits on current accounts that have been authorised by the debtor directly to the creditor. Its adoption by the European banking system is envisaged by 1 November 2009, after the implementation of the European PSD Payment Services Directive (concerning the internal market) by the legal systems of countries within SEPA.

² EMV is a standard deriving from the cooperation between the main worldwide payment circuits such as Europay, Mastercard and Visa, which in 1993 established a platform (EMVCo) for the development of specifications regulating the application of electronic payments based on smart cards.

³ An electronic device that generates a single use password for secure access to the Internet site.

⁴ Illegal activity employed to obtain access to private personal information (current account number, credit card number, identification codes etc.) through the use of messages that imitate the graphics and logos of institutional sites.

Web to seek out and close websites that make illicit use of the Bank's name and logo. The institutional website also contains suggestions for customers concerning security measures that they can take on their own initiative.

During the year, a new online transaction monitoring system for corporate customers was activated. This system allowed us to anticipate the detection of fraud and achieve excellent results both in terms of reducing the time required to recover money and manage the fraudulent transactions detected and of significantly increasing the sums recovered.

Regarding the security of direct channels, in 2008 VUB Banka added information on phishing and pharming¹ to its website, according to a model that allows customers to manage their transactions independently within daily limits. In addition, the SMS authorisation service allows customers to receive confirmation of transactions directly on their mobile phones. Lastly, an electronic signature, saved on a floppy disc or a chip, is used to render Internet banking transactions more secure.

In 2008, in addition to renewing the previous ISO27001 certification (certification of the Information Security Management System) for the Internet banking and phone banking channels, ISO27001 certification was also applied for and obtained for the *Banca Identity* product.

Privredna Banka Zagreb, our Croatian bank, still remains the only bank in its area to have obtained ISO IEC 27001:2005 certification for electronic transaction authentication and identification systems via the remote banking service PBZ 365.

Operational continuity

In order to strengthen the availability and operational continuity of service for customers and the financial system (given Intesa Sanpaolo's significance therein), we increased and modified our operational continuity protections, which consist of technological, organisational and infrastructural solutions that guarantee the ability to operate in all risk scenarios identified by the Regulatory Provisions on operational continuity. The Bank expanded and modified the Group's operational continuity protection in a single Business Continuity Management Model.

Commitment to the transparency of and accessibility to banking services

PattiChiari Consortium –

A commitment to quality

The *PattiChiari* project, promoted by the Italian Banking Association (ABI) in 2003 to lay the

basis for a new relationship of trust between banks and their customers, is currently undergoing thorough revision.

In June 2007 the Italian Banking Association approved a plan of action that aims to improve relationships with retail customers by implementing a set of tools to provide clarity, simplicity, comparability and mobility and by promoting plans for distributing information and financial education to the community.

This plan of action was entrusted to the industry vehicle *PattiChiari*, inasmuch as the latter already possessed the required infrastructure in terms of technology, methods and technical analysis.

After intensive analysis and dialogue within the industry, 30 initiatives² were identified and included in the "Commitments to Quality" aimed at improving relations with customers. These initiatives are intended to be adopted by the entire industry inasmuch as they are viewed as tools essential to achieving the goal of a fully efficient and competitive retail market.

The responsibility for monitoring the implementation of the aforementioned "Commitments" by consortium members has been assigned to a body within said Consortium (rather than to an external certification entity, as in the past), the Consultation Committee, which includes three members designated by consumer associations, which have entered into a specific memorandum of understanding with the Italian Banking Association. Said Committee performs its task by reviewing the reports sent by Consortium members, market surveys completed by customers, and complaints forwarded by the bank or consumer associations, or sent directly to the Consortium. The approval in late October 2008 of the required amendments to the bylaws by an extraordinary meeting of Consortium members represented the conclusion of the long process of transforming the Consortium. In December 2008, Intesa Sanpaolo's Management Board passed a resolution in favour of immediate membership in the Consortium for all Banks fully integrated into the Group³.

The New Reporting Project

The Project entailed the complete revamping of statements for accounts, securities deposits, and credit cards, in terms of both content and presentation. The style of communication with customers was changed in order to improve clarity, rationalise communications activities, and bring documentation into line with the Group's identity guidelines. In further detail, the changes pertain to the

¹ A technique used to obtain access to private personal information which leads users to reveal unintentionally their sensitive data, such as current account number, username, password, credit card number etc.

² A list of initiatives will be available on the site www.pattichiari.it

³ Intesa Sanpaolo, Banca dell'Adriatico, Banca di Trento e Bolzano, Banco di Napoli, Cassa dei Risparmi di Forlì e della Romagna, Cassa di Risparmio del Friuli e Venezia Giulia, Cassa di Risparmio del Veneto, Cassa di Risparmio di Venezia, Cassa di Risparmio in Bologna.

“dashboard”, i.e. the summary on the first page, which contains complete information on the bank account, the summary of transactions, notices and targeted communications, and, most importantly, personal contact information for assistance and relationships with the branch and the Manager. The Manager's electronic mail address was also published for the first time, in order to provide customers with an additional contact possibility. In 2009, the branch manager's e-mail address will be replaced by that of the account manager in order to personalise the relationship further.

The layout uses fonts of various sizes to improve readability and establish a visual hierarchy.

The New Reporting Project will continue to involve significant changes, particularly to the investment area. Beginning in 2009, each securities statement will inform the customer of his or her portfolio's consistency with his or her risk profile and answers to the relevant questionnaire.

The Project also includes simple, convenient, secure and economical *Online Reporting*, which allows customers to receive documentation and correspondence concerning their relationships with the Bank via remote channels, and thereby to contribute to protecting the environment. Documents and account statements received in electronic format have the same value as their printed counterparts, with the advantage of being immediately available, thereby eliminating mail delivery time, as well as being viewable in a secure environment and stored on the user's PC so that they may be consulted as necessary without having to print them.

Users may also activate an alert service to receive e-mail notices when a new document is available. Customers may save as much as 75% of the costs of sending documentation by signing up for the *Online Reporting* service. Over 1.3 million customers requested the activation of Online Reporting in 2008 (+47% on 2007).

By activating *Online Reporting*, customers may also contribute to protecting the environment by preventing the waste of paper and the environmental costs of printing and transporting mail, resulting in the reduction of CO₂ emissions.

The Group has begun work on extending the Online Reporting service to companies that use the *LINKS Intesa Sanpaolo* service in order to satisfy their needs in the area of the conversion to electronic format, consultation and storage of all print documentation.

In early 2009, Intesa Sanpaolo launched an initiative entitled “Meno fogli, più foglie!” (“Fewer Pages, More Leaves”). This campaign aims to provide customers and employees with incentives for using the *Online Reporting* service. To encourage customers to sign up for the service, the Bank, under the supervision of LifeGate, committed to an important reforestation project, which will involve the creation of one square meter of woodlands for every ten customers who sign up for *Online Reporting*. A tool that may be used to calculate environmental impact, based on the printed account statements received by each customer, has also been added to the Bank's website, www.intesa-sanpaolo.com. 

Investment assistance services

Protecting customers' savings: choosing consulting services

The consulting service offered to customers as part of investment services has led to a profound organisational and cultural change guaranteeing a high level of customer protection and excellence in terms of the quality of products sold. Specific policies were also issued to govern the methods of provision of the consulting service and the marketing of financial products and instruments, guaranteeing rules of conduct for managers involved in the new trading process, along with transparency, liquidity and simplicity in product innovation.

The approach focusing on consulting improves the level of service and ensures a high degree of customer protection through both strict quality control of the products offered and compulsory adequacy testing that reduces the risk of sales errors.

During 2008, action was taken to simplify the product line, a simple, complete marketing process was introduced, advanced financial information and planning tools (ABC platform) were implemented, and investments were made in training managers in contact with customers. The rationalisation of the product line led to a 51% decrease in the number of products offered to customers without affecting the coverage of the product line. Products were selected according to their quality, liquidability, and transparency. In further detail, indexed financial products are offered for sale only if they have a probability of outperforming BTP (Italian Treasury bonds) having the same maturity of 50% or higher and bonds may be traded on screen-based markets with constant



competitive bidding processes over extended trading hours. In terms of transparency, overly complex forms of indexing have been eliminated and product summary sheets have been prepared to illustrate product characteristics for customers, replacing lengthy mandatory offering documentation.

The new marketing process, which is constantly evolving in order to continue to improve its correspondence with customers' needs, allows the analysis of customers' portfolios and hence the creation of commercial offers consistent with their financial profiles. Offers are submitted at the end of a logical process that consists of four stages: scenario, interview, strategy and offer.

During the first stage, the manager illustrates the macroeconomic and financial market scenario to the customer, drawing on information provided by the Bank's Research Department. During the second stage, the customer's investment needs are identified, the accuracy of the financial profile (prudent, moderate, dynamic) is verified, and further information that may be of use to providing more depth to the profile is collected. The third stage consists of identifying the solution best suited to the customer according to his or her profile and needs, and the fourth stage concludes the process with an illustration of the commercial solution identified.

These activities are supported by advanced information tools that allow the manager to have access to all of the customer's information, risk profile and investment portfolio and to calculate the adequacy of transactions and re-balance the portfolio according to the portfolio's risk positioning with respect to the holding period called for by the customer's profile. Regardless of whether the sale is closed, the customer is provided with a clear, in-depth overview of his or her financial situation, which may also prove useful in making an informed investment decision at a later date.

Financial Derivatives – Sales Policy

Derivatives are important for satisfying the needs for customer protection and financial risk management. Intesa Sanpaolo offers its customers a wide and diversified range of financial derivatives that can minimise, or manage dynamically, the risks connected to the volatility of the underlying economic and financial variables. The Bank's sales policy is to ensure an informed use of such products, with a prior assessment of the suitability of the transactions,

keeping in mind the customer's financial profile and his or her effective needs.

The current derivative product offer ranges from simple packages with a high protection co-efficient, to more complex solutions which may, in some cases, present both protection possibilities and active management of the risk variables. The Bank is therefore in a position to offer products with risk cover or management as long as the underlying assets are adequate. Intesa Sanpaolo is determined to pursue a financial derivatives sales policy, applying the current legislation and in full respect of professional deontology, that guarantees:

- that the financial experience and objectives of the customer are consistent with the characteristics of the product offered;
- that the customer fully understands the nature and characteristics of the product, especially its costs and risks, thanks to complete clarity and transparency.

In July 2008, these principles were formally stated in a governance document entitled "Interest- and Exchange-rate OTC Derivative Products Sales Policies".

During 2008, preparations were also made to send customers a "Monthly OTC Derivatives Statement" containing the main details of outstanding transactions and their market values.

Initiatives to promote informed purchasing and knowledge of financial products

The Bank has made a priority of clear and transparent communication with its customers. During 2008, numerous projects were completed to guarantee that customers have a better level of understanding of the services offered by the Bank and are promptly informed of organisational and legislative developments that affect them.

Among its initiatives in support of the financial education and informed investing decisions of its customers, twice a year the Bank publishes its "Macroeconomic and Market Scenario", an in-depth analysis of the macroeconomic and market situation, which is available from

The new marketing process, allows the analysis of customers' portfolios and hence the creation of commercial offers consistent with their financial profiles.

the branches or the Bank's website. In addition, all customers who use Internet, land-line or mobile-phone services, may receive, upon request, a weekly newsletter directly by e-mail containing further information on current economic and financial issues, equity market news, and a calendar of events on Italian and international capital markets.

During 2008, a number of local events were directly organised or sponsored, focusing on issues of possible interest to companies, from the economy to industrial policy, technical and financial solutions for the construction of photovoltaic facilities, support for the tourism industry, and opportunities for family businesses to reassess the presence of young people and women.

Financial education is an area in which CIB Bank has made significant investments over the past few years, resulting in the development, in collaboration with the Hungarian banking association, of a set of information for promoting transparency and improving

consumers' level of financial education. During 2008, the Bank organised a number of events to educate customers about the effects of the crisis and the devaluation of the local currency involving the participation of independent analysts and figures.

The initiative affected the entire country, and small towns in particular.

The various other initiatives also included a series of lectures at the country's secondary schools and a series of activities aimed at informing new mothers about government aid for newborn babies and the specific products offered by the Bank (*Baby Bond Account*).

Privredna Banka Zagreb has also continued to invest in financial education through initiatives launched in previous years, including "How to Balance Income and Expenditure", a cycle of workshops open to citizens aimed at teaching them how to manage their household budgets and improve relations with the Bank, that has involved 1,400 participants over the past two years.

Campaign for the introduction of the euro into the Slovak Republic

The introduction of the single currency represents the largest project in which VUB Banka has ever been involved and has proven an extraordinary opportunity for improving relations and communication with its customers and the country. The portal www.euroservis.sk, which aims to provide constantly accurate, timely and transparent general information, and a toll-free number that consumers may call for queries, have been active since 2007. Over 1,000 questions were answered in 2008 alone. Particular attention has been devoted to minorities and the less educated segments of the population, for which specific information initiatives were implemented, drawing on the support of over 400 specialists. Among the many initiatives, particularly

noteworthy is the campaign "Do Not be Afraid of the Euro", aimed at young people and women in areas of the country where access to information on the introduction to the euro is limited, with the goal of providing them with simple, accessible and practical advice for managing their money. Courses were organised between October and December 2008 in 40 municipalities throughout the country and materials were distributed in Romanian, Slovak and Hungarian. Among the seminars organised in 2008, open to both customers and non-customers, 20 sessions were devoted to journalists, concerning specific issues related to the introduction of the single currency, and 100 seminars were dedicated to businesses and small entrepreneurs. 

Listening and dialogue

The constant improvement of customer satisfaction levels remains one of the Group's most important goals, which it has been pursuing with persistence and determination for many years. To this end, activities and action devoted to focusing processes and resources on customers have been developed.

Customer satisfaction surveys

We can only win our customers' trust through a deeper understanding of their expectations, needs and opinions. Pursuing discourse with our customers, both by ask-

ing their opinions on the services we offer and by analysing the observations and questions they send to us, allows us to constantly improve the quality and efficiency of the services offered. To this end, we have been conducting in-depth analyses of the satisfaction of various customer segments and the changing state of their needs and specific local qualities as well as studying satisfaction deficiencies over time for many years. In all of our activities, we have devoted the utmost attention to customer contact methods, with a particular focus on safeguarding privacy and the level of invasiveness of interviews, which we have sought to reduce to the absolute minimum.

Activities carried out in 2008

Target	Objectives	Methodology
Individual and small business customers of retail Banks in Italy (June-December 2008)	Assess customer satisfaction levels regarding: <ul style="list-style-type: none"> ● branch and contact personnel ● branch office environment ● products and services ● relations with the banking industry ● word-of-mouth and future attitudes 	<ul style="list-style-type: none"> ● 50,000 telephone interviews with individual customers ● 25,000 telephone interviews with small business customers
Industry research: individual and small business customers and non-customers in Italy Samples representative of the populations of the geographical areas (provinces/municipalities) served by individual areas in terms of gender and age group	Assess customer and non-customer satisfaction levels regarding: <ul style="list-style-type: none"> ● branch and contact personnel ● branch office environment ● products and services ● relations with the banking industry ● word-of-mouth and future attitudes 	<ul style="list-style-type: none"> ● 5,200 telephone interviews with individual customers and non-customers ● 2,600 telephone interviews with small business customers and non-customers in each geographical area in which the Group's branches are located: interviews of customers of the Intesa Sanpaolo Group and its competitors
Corporate customers and Relationship Managers in Italy (October-November 2008)	Assess customer satisfaction levels regarding: <ul style="list-style-type: none"> ● relationships with managers ● products and services offered ● importance of the various components of the offer 	<ul style="list-style-type: none"> ● Dispatch of an e-mail questionnaire to 2,700 customers and 580 managers
Individual and SME customers of retail Banks – Abroad	Assess customer satisfaction levels regarding: <ul style="list-style-type: none"> ● branch and contact personnel ● branch office environment and organisation ● products and services ● post-sales assistance ● word-of-mouth ● the Bank's image ● customer retention ● comparisons with competitors in each country (benchmarking) 	<ul style="list-style-type: none"> ● 100,000 interviews involving 9 Banks, of which: <ul style="list-style-type: none"> – 90,000 interviews for quarterly monitoring of the active customers of the Group's foreign Banks (individual and SME customers) – 10,000 interviews of the customers of competitors for annual benchmarking

Individual customers –Italy

Customers of the Group's retail Banks were surveyed through 75,000 telephone interviews. Monthly samples were established to monitor, in a constant and systematic manner, the impact on satisfaction of the integration of organisational and IT systems in which the Group's branches participated between April and September 2008.

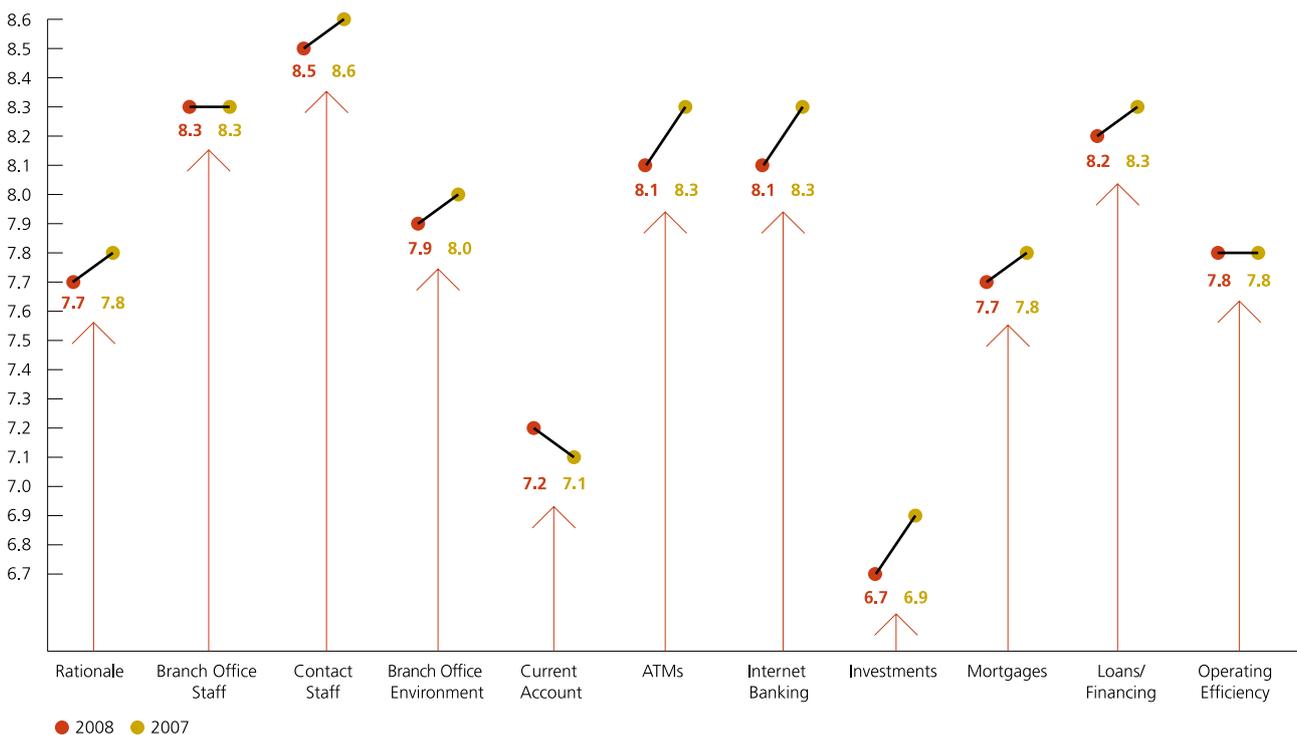
The customer satisfaction generated by the Intesa Sanpaolo Group remains generally high (Overall Rationale: 7.7).

In addition, approximately 60% of the individual customers interviewed expressed an excellent evaluation with ratings ranging from 8 to 10. This group represents our share of "promoters", i.e. enthusiastic customers and supporters ready to spread a positive impression of our Bank.

The results also show positive assessments of contact staff (8.5) and branch staff (8.3). Customer statements confirm that personnel in general remains one of the most appreciated factors due to the "competence and professionalism" of staff and their "ability to assist and listen to customers". The performance of the "Current Account" item, which was up on 2007, is particularly noteworthy.

During 2008, the Intesa Sanpaolo Group had to deal with critical factors of both an external nature (global financial crisis) and internal nature (IT migration and territorial reorganisation). Nonetheless, in the fourth quarter of 2008 customer satisfaction returned to the levels reported at the beginning of the year, recovering after the slight decline posted in the summer months.

Customer satisfaction: individual customers: average rating 1-10

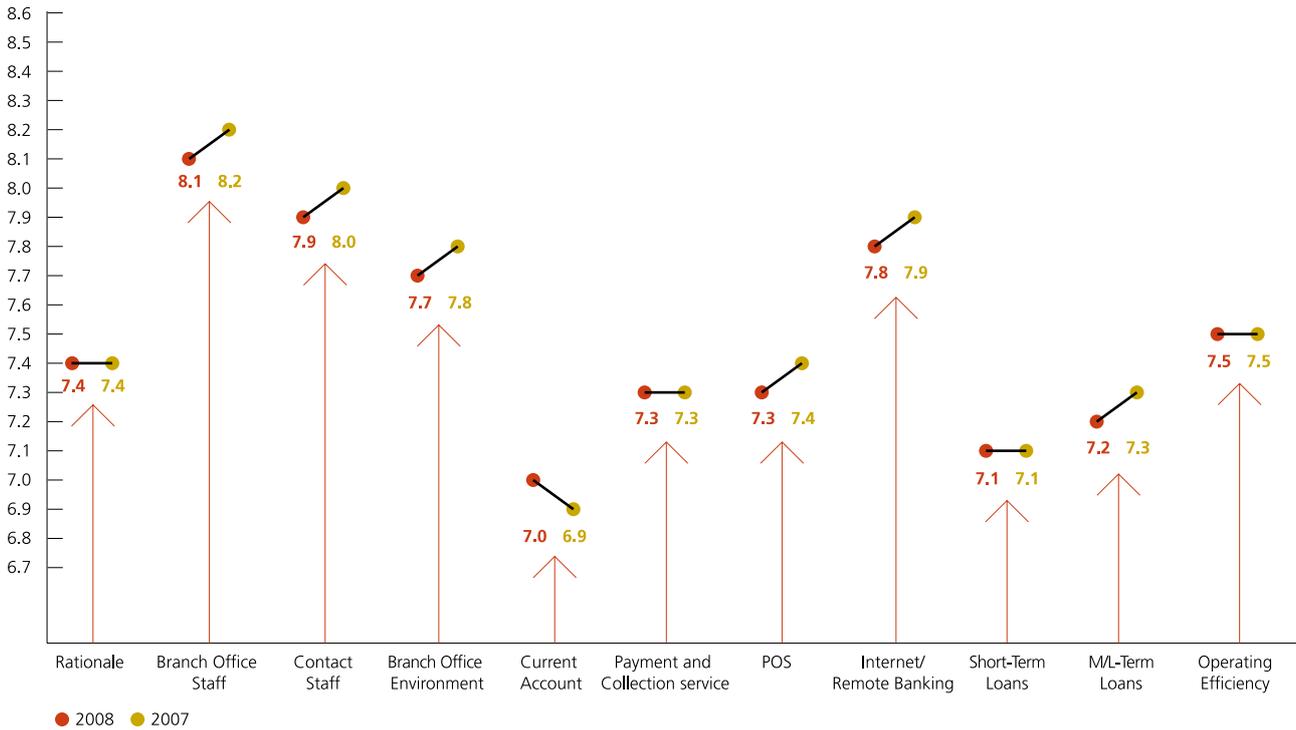


Small businesses – Italy

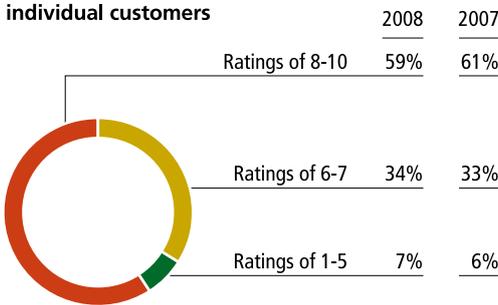
The satisfaction of the small business segment was surveyed in parallel and using the same methods. The overall satisfaction level achieved by the Intesa Sanpaolo Group remains stable (Overall Rationale: 7.4). More than half the

sample of customers interviewed gave ratings of 8 to 10. Assessments of branch staff and increased satisfaction with current accounts were foremost among the drivers of customer satisfaction in this case too.

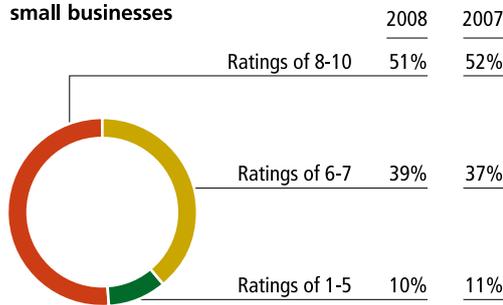
Customer satisfaction: small businesses: average rating 1-10



Distribution of Overall Rationale ratings: individual customers



Distribution of Overall Rationale ratings: small businesses



Industry research – Italy

The comparison with 2007 shows a general decline in the banking industry's performance, with satisfaction levels falling for nearly all banking groups. This result was certainly influenced by the period of severe instability that is affecting all international markets and influencing customer-bank relations.

Within this scenario, the Intesa Sanpaolo Group, which is also dealing with critical issues related to the merger process, nonetheless reported a customer satisfaction level (ACSI index)¹ that exceeded those of several important competitors, while remaining below the industry-wide average.

¹ The American Customer Satisfaction Index (ACSI) is an indicator that measures consumer satisfaction within the American economy. Established by the National Quality Research Center (NQRC) at Michigan University, it constitutes a reference model for calculating Customer Satisfaction and provides a method for comparison between sectors and at international level.

(Values from 1 to 100)	ACSI Index 2008	ACSI Index 2007
Intesa Sanpaolo	67.0	68.1
Industry	68.4	69.8
No. interviews of Intesa Sanpaolo customers	1,170	2,457
No. interviews of customers of the industry	5,200	9,000

Corporate customers – Italy

In October-November 2008 a survey was conducted to assess the level of corporate customer satisfaction with their relationships with their managers and the products and services offered by the Bank, as well as the importance of the various components of the offer. The study called for a similar analysis of the relationship manager in order to obtain a complete overview of corporate customer satisfaction through the perceptions of said customers' interlocutors.

This analysis, conducted by e-mailing a quantitative questionnaire to 2,700 customers and 580 managers, allowed us to develop plans of action aimed at better satisfying customers' needs and improving Intesa Sanpaolo's products and services in relation to the market's various and changing needs.

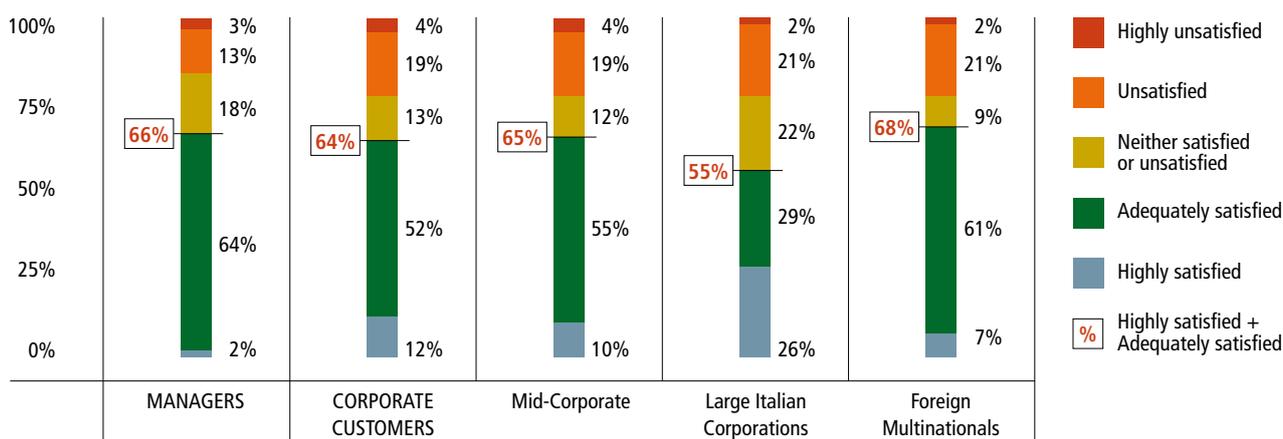
The results of the survey show that level of sat-

isfaction expressed by customers is in line with that perceived by managers. A total of 64% of customers stated that they were satisfied on the whole, whereas managers perceived the figure to be 66%.

Customers have shown a clear appreciation for managers (68%), allowing them to preserve their relationships with customers even during particularly critical moments, such as migration, local reorganisation, etc.

In terms of satisfaction with the Bank's products, the areas with room for improvement are foreign operations, internationalisation and factoring. The survey also considered the priorities expressed by customers in their relationships with their managers. The aspects to which our customers attribute the greatest importance are the promptness of answers, the availability of managers, and the resolution of operating problems.

Customer satisfaction Corporate Customers



Individual and SME customers of retail Banks – Abroad

The activities referred to as Listening 100% continued to be applied and developed at the Group's International Subsidiary Banks in 2008.

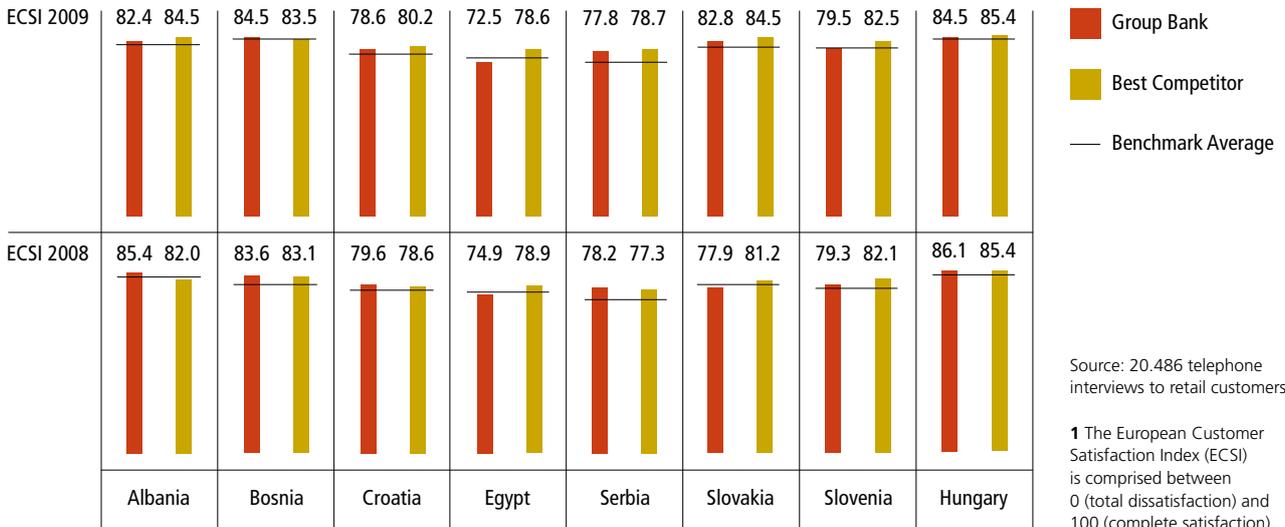
We continued and extended our ongoing monitoring process, based on direct interviews, in order to measure customer satisfaction and identify causes of lack of satisfaction in a systematic manner. This process consists of the calculation of satisfaction indexes at various organisational levels, ranging from the Bank as a whole to its individual branches, as well as its commercial areas and market divisions.

During the year, the monitoring system was gradually adopted by 9 of the Group's 10 International Subsidiary Banks, and a total of over 100,000 interviews were conducted on a sample representative of customers in the individual and small and medium enterprise segments.

A second important source of information consisted of complaints and spontaneous suggestions from customers, which were regularly collected and analysed. To this end, the complaint management process was revised for 5 banks, introducing improvements and developing a common reporting system. The collection of customer opinions was also favoured by the introduction of special Opinion Boxes at branches and on banks' websites.

European Customer Satisfaction Index (ECSI)¹ – Retail

Intesa Sanpaolo Group's International Subsidiary Banks, compared with their best competitors and the benchmark average for their markets



A comparison of the most recent evidence, gathered at the beginning of this year, with the data that came to light in 2008 shows a general decline in satisfaction levels common to most of the markets under review, attributable to the ongoing financial and economic crisis. In this unfavourable context, the Group's banks reported considerable customer satisfaction levels and, in some cases, represented the "benchmark" for their markets.

The information gathered through monitoring satisfaction and analysing complaints was immediately applied in action aimed at improving the quality of service provided and perceived (Quick Fixes). During the autumn, as the capital market situation and local real economies in many countries deteriorated, the listening system allowed us to identify the greatest critical issues involving relations with the Bank in our customers' own words.

The systematic use of this evidence and its distribution to various organisational levels resulted in the launch of the training programme entitled the Listening 100% Education Programme, which four Division banks began to run in the autumn. The Programme uses a trickle-down process to spread and strengthen awareness concerning customer satisfaction at various organisational levels and company

functions, including central and support functions, which are not directly in contact with end customers, but nonetheless often play a decisive role in determining the quality of service provided and perceived. Constant improvement of the processes, services and all factors that contribute to customer satisfaction was envisaged on the basis of the evidence gleaned through monitoring.

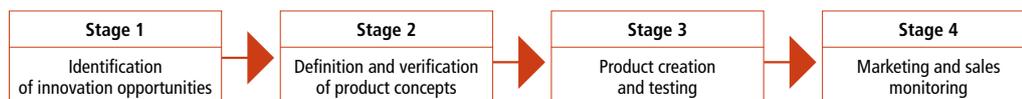
Lastly, some banks, in order to support the improvement of satisfaction and the centrality of a customer culture based on facts, data, action and results, decided to add customer satisfaction indicators to their marketing plans and incentive systems. The entire process of listening and constant improvement of customer satisfaction is supported by specific organisational units – Voice of the Customer Units – formed by each bank during the year and functionally coordinated by the central Division entity.

In 2009, this activity will be consolidated and extended to other banks, beginning with a revision of complaint management processes and the monitoring of the phenomenon through the additional 100,000 interviews already planned.



Product innovation at Intesa Sanpaolo

The Bank's innovation process aims to increase customer satisfaction by listening to customers' needs in order to provide adequate, prompt and effective responses. This process is broken down into four stages:



The first stage begins with ongoing monitoring of customers' needs and aims to identify new areas of opportunity by selecting innovative ideas for further exploration.

This stage draws primarily on the results of analyses of the development of PEST (Political, Economic, Sociological and Technological) variables. For the past several years, Intesa Sanpaolo has been using this innovative analysis technique, which begins with the study of the various sources of information available on the market and allows the prediction of sociological trends from the present day to up to five years in the future.

In parallel, the Group began constant monitoring of the competition, allowing it to collect useful information regarding its competitors' offers.

The second stage is devoted to defining the product concept and testing to identify the potential level of customer appreciation, including focus groups. The third stage involves the definition of the marketing plan and the technical creation of the product. Lastly, the fourth stage includes all activities related to the launch plan, the service model and the verification of the commercial results and customer satisfaction levels.

The various quality studies involving the Bank's customers during the year included the assessment of the appreciation and implementation of the new Internet banking website, released in March 2009, using the Eye Tracking technique, which relies on an analysis of eye movements to define the most seen portions of the site and the itineraries followed by customers to search for information or undertake a banking transaction.

In addition, the business customer service model was analysed and the resulting expectations were used to design the new service

model, which was implemented during the year. Our aim was to offer our customers a single relationship manager to provide companies with customised support and extensive advisory services concerning all business areas, particularly support for internationalisation and legislative changes.

The Voice of Employees

The Bank launched an additional channel for the survey of customer needs with the aim of making the best use of the extensive experience of network employees and involving them in innovation processes.

Various surveys were conducted in which the participating employees drew on their knowledge of their customers to express their views of their customers' opinions of various aspects of the service offered. This allowed us to identify our customers' needs and requirements, and, in particular, offered the Bank a structured method of self-awareness towards its customers' opinions.



Complaint handling

Proper and transparent customer relations necessarily involve the careful handling and assessment

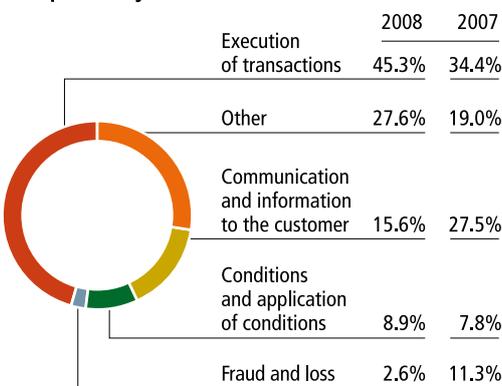
of complaints, which are viewed as a privileged listening tool and a source of precious information for improving commercial offerings, organisational procedures, and the behaviour of staff.

In 2008 the total complaints received by the various Group banks in Italy and abroad came to approximately 110,000, marking an increase of 23% on 2007.

Careful handling and assessment of customers' complaints allow us to improve commercial offerings, organisational procedures and the behaviour of staff.

Complaints by type	Total 2008	Total 2007
Investments ¹	9.7%	13.0%
General aspects	2.6%	4.1%
Cheques and collection orders	1.4%	1.7%
Bank transfers	7.8%	2.6%
Cards	39.2%	22.1%
Credits	6.8%	8.0%
Current accounts and term deposits	13.1%	15.0%
Mortgages	4.7%	5.3%
Insurance products	4.0%	4.1%
Salaries/pensions	1.0%	2.4%
Other	9.7%	21.7%

Complaints by reason



These data refer to a very loose interpretation of the term “complaint” and include the management of complaints forwarded by telephone, and handled by a group of employees dedicated to the task, internal errors that have an impact on the customers and operational problems with credit cards.

The creation of a single complaint management entity for most of the Group’s banks in Italy, organised into units specialised both in terms of the various processing stages and of the subject matter of the complaint, allowed a recovery of efficiency and partially mitigated the effects of the significant increase in complaints reported in 2008.

This increase, which was concentrated in the second half of the year in particular, and represented a reversal of the downtrend posted in previous years, may be attributed to causes both internal and external to the Bank. On the one hand, there were significant problems resulting from the completion of the merger process, which entailed IT migrations, organisational and network restructuring, new contractual arrangements, and the ensuing communications with customers, each of which

was a possible source of misunderstandings, disputes and conflicts in and of itself. On the other hand, the serious capital market crisis, renewed regulatory and legislative intervention inspired by consumer protection but not always immediately practicable in organisational terms, and increasing attention from regulatory authorities to customer relations issues objectively contributed to the creation of relationships characterised by a high degree of complexity and possible conflict.

As a consequence, the qualitative and quantitative extent of the phenomenon made it unfeasible to maintain average customer response times in line with previously achieved results, although the Group generally did fulfil its commitment to respond to complaints by the regulatory deadlines.

In Italy, the increase in the overall number of complaints regarding investment services, which, however, was more moderate than in other business segments, may be attributed in particular to the crisis that affected the Lehman Brothers Group during the final months of 2008. As is common knowledge, a large number of Italian investors, some of whom were of course the Group’s customers, had decided to invest in Lehman’s securities. Such complaints are currently reviewed on a case-by-case basis for each individual position, with the aim of verifying the formal and substantial propriety of the transaction subject to dispute. Problems reported by customers in connection with the management of the reversal of credit and debit card transactions also continued to rise, despite the constant process of updating security systems and combating fraud.

In 2008, 44 complaints concerning possible breaches of the provisions of the Code of Ethics by the Bank were received. The most common issues were the organisation and management of branch offices and customer relations (treatment at the counter, personnel changes, sales policies, direct communications methods); the access to branch premises or ATMs (involving various obstacles such as the interlocking door entry system, metal detector, and other architectural barriers); ATM terminals (privacy, illegibility for the visually-impaired); the use of the “O-Key”, the security key required for Internet banking transactions; environmental impact (home/office mobility, separated waste collection, smoking in the branches); general “mobbing” issues at the Group’s International Subsidiary Banks (Romania and Croatia); loans to businesses participating in the reconstruction of the Mochovce nuclear power plant; and the

¹ The caption on investments includes securities in default (2.3% in 2008 compared to 3% in 2007) and structured securities (0.3% in 2008 compared to 1% in 2007).

policy followed by the Bank regarding financing for companies operating in the arms sector. Complaints were sent to and/or discussed with the competent structures in order to remedy any anomalies.

The banking ombudsman Giuri received 648 complaints, whereas 395 complaints pertained to requests for updates and responses from supervisory authorities at the Bank of Italy.

On the whole, the Group received 460 complaints regarding privacy issues.

In 2008 the complaints received by the Group's International Subsidiary Banks began to be monitored in order to achieve gradual alignment with homogeneous customer relations standards, while recognising the specific qualities of each country's market and legislation. This monitoring process is closely integrated with the customer satisfaction surveys currently being conducted by the International Subsidiary Banks and will enable us to steer the current complaint handling processes launched by various banks with the Parent Company's support towards the goals of customer satisfaction and retention.

In August 2008, VUB Banka formed a new Customer Care Unit, which reports directly to the CEO and is charged with close monitoring of customers' needs, analysing their suggestions, promptly responding to their requests, answering complaints, and submitting proposals for improving customer relations and product characteristics. Customers may send their reports over a variety of channels, such as the Internet, e-mail, telephone, by writing to Customer Care, or delivering them directly to any branch. The average period for the resolution of requests decreased by 2 days in 2008 as compared to 2007, falling to 11 days.

Dialogue with consumer associations

In 2008, during the Thematic Roundtable Discussions on Conciliation and Responsible Lending, the Bank and 17 national consumer organisations entered into an agreement to extend the conciliation procedure for Parmalat bonds to the former customers of Sanpaolo (already referred to in previous years as the Intesa Group) and joint training activities for the conciliators representing the Bank and

consumer associations were started. All interested customers were invited to participate in the initiative. Over 16,500 claims, or 60% of potential positions, were received.

The process was regularly initiated in September through the establishment of the 5 Commissions, and the Conciliation Roundtables began in November 2008.

At 31 December 2008 32 conciliation roundtables had been held and 320 claims reviewed. Of these, 151 received compensation proposals totalling nearly 410,000 euro. Compensation pertains to 47% of claims and comes to 12% of the amount invested for claims with compensation proposals and 5.5% of the amount invested for all claims processed.

The examination of claims will be completed by the end of 2009.

The standing conciliation procedure, which concerns products offered to individual customers (current accounts and linked payment cards, mortgages and personal loans), already extended to customers of the Sanpaolo network in 2007, represents a tool to be used to preserve and strengthen the relationship of trust between the Bank and its customers and an additional opportunity to ensure and protect customers' full satisfaction with the quality of the products and services used. It is the first agreement of its kind in Europe, and it was made possible through dialogue and the long-term relationships established with consumer associations, consolidated by the unanimously positive assessment of previous experience in conciliation concerning defaulted bonds.

The conciliation procedure is simple, free of charge, and rapid, calling for maximum case resolution times of sixty days, and also represents a choice made at the customer's full discretion, who may decide to participate without incurring any expenses and knowing that the procedure will in no way compromise any other processes that he or she should wish to undertake, even at a later date, to protect his or her interests.

A total of 111 claims were received in 2008.

Conciliation procedures represent a tool for strengthening the relationship of trust between the bank and its customers.

Quality of the commercial offer

Expansion of the offer to promote social inclusion

The Bank has a wide range of offers, tailored to suit various needs, with specific products and services, to promote access to financial services for the underprivileged, or customers who have difficulty in obtaining loans (immigrants, young people, the unemployed, workers on temporary contracts, etc.).

Young customers: facilitating their right to study and helping them build their future

Bridge is the first bridge loan which brings together the university and the working environment. The project was launched in 2003 with the Polytechnics of Milan, Turin and Bari; it was subsequently extended to more than 40 Italian universities and university secondary schools. It has also been adopted by the Group's banks in Croatia and Slovakia.

Bridge is a fixed-rate loan, granted on scholastic merit, which does not require a guarantee from the student or his/her family. Intesa Sanpaolo provides an amount of 5,000 euro or more per year for three years (larger amounts are offered for attendance of Master's degree or specialisation programmes) and, after obtaining his/her degree, the student repays the sum effectively used in equal monthly instalments over a period of eight years.

Bridge gives the student greater economic independence, and the possibility to finish his/her university studies in the established timeframe without financial support from his/her family.

The Bank assumes the risk, which is partly shared by a fund constituted by the participating universities, each with a different quota according to the occupational potential of its graduates. This allows all Italian students to benefit from loans at the same economic terms. The regions of Piedmont and Veneto have chosen *Bridge* to sustain the "loan of honour" for their students, activating the guarantee with funds from the Ministry.

To date, 3,569 students at a variety of universities have chosen *Bridge* for a total distribution of over 32 million euro.

Bridge is also available to Croatian students from the Privredna Banka Zagreb, with access to PBZ *Bridge* loans for students from the Faculty of Electronic Engineering of Zagabria

University. In addition, an agreement with the Milan Polytechnic combined with a *Bridge* loan has given some of these Croatian students the possibility of attending a two year specialisation course in Milan to obtain a double degree.

Diamogli Credito Project

The project, promoted by the Ministry of Youth, the Ministry of Public Administration and Innovation, the Ministry of Education, Universities and Research, and the Italian Banking Association, allows university and post-university students easy access to loans so that they can pay their expenses independently, and does not require guarantees beyond their determination and academic merits. Intesa Sanpaolo has decided to participate in the initiative and the *Diamogli Credito* loan, intended for

university and post-university students of all nationalities, residing in Italy and aged 18-35, has been available since April 2008. The loan is intended to fund university tuition costs, fees for the EU's Erasmus programme, registration fees for post-graduate and Master's degree programmes, the purchase of WiFi-compatible laptop computers, and expenses associated with lease agreements (such as security deposits and estate agent's fees) incurred by students living away from home.

At 31 December 2008 a total of 194 loans had been issued, for a total amount disbursed of over 440,000 euro.

The project's guidelines are presented on the dedicated website www.diamoglicredito.it. 

Instalment plan for university fees

This is an additional subsidy aimed at supporting the right to study for disadvantaged groups through the conversion of the university fees for which students are liable to an instalment plan, debited to a current account or paid using deposit slips, without resulting in any costs for the universities or the students who have accounts with Intesa Sanpaolo or a Group bank. The service is also available to students who hold accounts with another bank and students without a bank account, in return for a small fee.

The project was launched on an experimental basis at the University of Teramo for the academic year 2007-2008.

The Bank has a wide range of offers, tailored to suit various needs, for the underprivileged customers or those who have difficulty in obtaining loans (immigrants, young people, the unemployed, workers on temporary contracts etc.)

In 2008, VUB Banka also launched a new product intended for young people of up to 26 years of age who are entering the workforce. The account has no management fees and no charges for transactions undertaken through direct channels. It has a security system with text-message and e-mail notices for credit-card transactions and a simplified mortgage application procedure that can be carried out even without visiting a branch office.

Immigrants

In 2008, the Intesa Sanpaolo Group continued to pursue the integration of its customers and to offer support to its multi-ethnic customer base; by the end of 2008, it had approximately 600,000 customers of various ethnicities.¹

Multiethnic Points have been set up in Turin, Venice, Padua, Pescara and Naples to facilitate immigrants' access to the banking world and provide linguistic and technical assistance to immigrants. These service points are staffed by personnel who speak various languages, capable of providing advice on the services and products offered by the Bank.

With regard to the range of offers, the products developed by Intesa Sanpaolo generally satisfy the requirements and needs of its immigrant customers.

However, particular attention has been devoted to the issue of remittances. The *People Family* card enables family members of the account holder, still resident in their country of origin, to withdraw cash from the banks adhering to the Cirrus circuit. The *GetMoney to Family* service allows funds to be sent quickly and inexpensively due to agreements with banks operating in the main countries of origin of foreign nationals residing in Italy. Agreements have been reached with 20 banks located in 18 countries, offering approximately 23,000 points of operation. A total of 21,700 transactions were undertaken in 2008 (marking an increase of over 50% compared to 2007), for a total value of 33.4 million euro.



The Bank has also launched various micro-financing projects which involve mostly foreign customers (see the Chapter on the Community).

Particularly worthy of mention is the *Progetto Imprenditori Immigrati* – PR.IM.I. – launched in collaboration with the Province of Milan, the Anti-Usury Foundation and the Ethnoland Foundation, which supports the development of new citizens in the world of enterprise.

PR.IM.I. responds to needs of an ethical and commercial nature: it facilitates access to financing, helps to avoid immigrants having recourse to informal sources of financing that may force them into conditions of weakness and expose them to criminality, and provides support for the growth expectations of one of society's most dynamic sectors.

PR.IM.I. is both an assessment centre for business people and projects, and an insurance guarantee fund (endowment of 350,000 euro) for the financing granted by Intesa Sanpaolo.

The fund is open to contributions from new players. Immigrant business people who participate in the project also provide funding in the form of 2% of the amount of the loans they receive. This contribution is the sole expense they have to bear.

Unemployed

When a business goes bankrupt, unemployment benefits may be delayed for several months after application. We have launched the project *Anticipazione Sociale* for workers who do not receive advances from their employers, in collaboration with Lombardy Region and the Lombard Anti-Usury Non-Profit Foundation. This project provides an account credit facility with monthly limits proportional to the amount of the unemployment benefits due. The loan is repaid when the delayed benefits are received from the INPS (Italy's social security agency). Workers do not pay any expenses and the interest accrued is paid, where present, by the project's partners, which currently include the provinces of Verbano, Cusio, Ossola and the regions of Basilicata, Lazio and Lombardy. To date, the initiative has allowed 531 households to obtain approximately 1.5 million euro in financial support.

Support for senior customers

In our focus on the elderly, we have sought to render their relationships with the Bank as simple and affordable as possible. Customers over 65 years of age have exclusive access to a special account (*Facile Senior*) conceived for those who want a simple account with low, predetermined costs, and the ability to undertake transactions in-branch or remotely (via the Internet, telephone, or ATMs). The account of-

Intesa Sanpaolo continued to pursue the integration of its customers and to offer support to its multi-ethnic customer base, by assisting the development of new citizens' business projects.

¹ This figure refers to foreign customers originating from non-OECD countries.

fers a number of benefits, and, in particular, cuts the costs of withdrawals at the counter to zero.

Loans in exchange for a fifth of pension benefits

In the vast project to promote a manageable and informed level of debt for Italian families, the Bank has created a new loan which, due also to the agreement signed with the INPS (Italy's social security agency) for loans guaranteed with *Cessione del Quinto della Pensione* (transfer of a fifth of the pension), offers bank loans at more competitive rates than in the current market scenario.

This new service allows customers to obtain a sum of money from the Bank without having to worry about repaying it personally, inasmuch as it is withheld directly from pension benefits. The distinguishing features of this loan are the absence of intermediaries between the branch and the customer and the transparency and competitiveness of its conditions. The Bank is committed to communicating the total cost of the loan (TAEG), including the cost of insurance, and to waiving start-up costs. In addition, the interest rate is more favourable than that normally applied by finance companies.

In 2008, a total of over 253 million euro in loans was disbursed.

Our International Subsidiary Banks also offer products and services devoted to retired people and the elderly.

Particularly noteworthy is the initiative launched by the Hungarian CIB Bank, which offers a basic current account to facilitate access to the Bank by those with low levels of financial education and less sophisticated needs.

Support for women's business initiatives as an expression of equal opportunity

The Corner Rosa initiative

The initiative was launched in March 2008 and led to the establishment of advisory points in easily recognisable areas within 19 branch offices in Piedmont Region, staffed by women who have completed a special training process aimed at aiding other women engaged in entrepreneurial activity. At Corner Rosa locations, as in all the Bank's other Piedmont branch offices, staff are available to assist with the loan-application process based on a special regional law.

The initiative is intended for businesses run by women, without any age limits for owners

or partners, and businesses owned by young people 18-35 years of age. These loans, which range from 5,000 to 40,000 euro and may be repaid in a maximum of five years, may be used to start up plants, purchase machinery, undertake new investments, or carry out renovations. The loan is 80% secured by the *FinPiemonte* guarantee, which draws on the regional fund. No additional collateral or personal guarantees are required. A total of approximately 1.6 million euro has been disbursed since the project was launched.

Seven other Corner

Rosa locations have been created in Lazio (Rome and Subiaco) with a dedicated small-business account manager. The project, realised in cooperation with the Risorsa Donna Foundation, entailed a commitment by the Bank during the scenario analysis phase through participation in focus groups, interviews of qualified sources, and the training of specific professional staff, known by the acronym POGEF ("Planners of Gender Financial Opportunities"), whose goal is to support and facilitate the access to credit by women through structured orientation and information of businesswomen and sensitising the lending system to recognise women as recipients of loans.

Corner Rosa locations are a window into the business initiatives of women and young people and are poised to satisfy their needs. In responding to needs in the areas of insurance and retirement protection and information concerning public subsidies, markets and administrative procedures, the Bank cooperates with all of the other players in the area: accountants, trade associations, and public institutions.

Debt sustainability

The new service model introduced by Intesa Sanpaolo aims to send a strong signal regarding the modernisation and efficiency of the consumer lending and mortgage segments. In 2008, with the aim of ensuring a sustainable level of family debt, the Bank launched a number of innovative initiatives and provided consulting services regarding the most important financial decisions. Special attention was paid to households with mortgages, young people and to those who, due

The new service model introduced by Intesa Sanpaolo intends to send a strong signal to the retail credit and mortgage sector indicating how efficient and forward-looking it is.

to unstable work conditions, are penalised in accessing credit.

In this context, Intesa Sanpaolo offers those with floating-rate mortgages flexible new options that enable them to extend the residual duration of their loans or transform them to fixed-rate without incurring any expenses. Effective 1 January 2008, in the interest of increasing the peace-of-mind for households struggling with home financing, a clause affording borrowers the option of renegotiating the duration or suspending the payment of their loans, for fixed periods and without particular formalities, was introduced into home mortgage contracts. Intesa Sanpaolo has also contributed to stimulating competition between market operators and was the first general-purpose bank to offer those with mortgages from other banks the possibility of transferring their loans to any of the Bank's branches completely free of charge. Since the end of June, after joining the Agreement between the Italian Banking Association (Associazione Bancaria Italiana – ABI) and the Italian Ministry of the Economy and Finance, we have been offering a further mortgage renegotiation option under the Tremonti Decree Law that facilitates payment of floating-rate residential mortgages by reducing and stabilising instalment amounts.

As pertains to relationships with young customers, the *Progetto Giovani* has defined financial solutions capable of facilitating access to credit for customers between 18 and 35 years of age who have been resident in Italy for at least 2 years. The *Mutuo Giovani* loan is also available to workers with temporary contracts who have worked for at least 18 months over the past 2 years and who have employment contracts with a minimum residual duration of at least 4 months at the date of application for the loan.

The product's characteristics are accessibility, flexibility, convenience and protection. *Mutuo Giovani* also allows borrowers to finance up to 100% of the value of the property. After 12 instalments have been paid on schedule, it allows for suspension of instalment payments during any periods of decreased available resources, up to a maximum of 6 consecutive monthly instalments, on up to three occasions over the life of the loan. Borrowers may also decrease or extend the duration of their loans by a maximum of 5 years, within the maximum limit of 40 years. No start-up or payment charges are made. If the customer is an atypical worker, a

free ten-year insurance policy covers possible periods of unemployment (for a maximum of 2 of 6 instalments maximum each). During 2008, 2,543 loans were granted for a total disbursement of approximately 276 million euro.

In November 2008, *Domus Giovani Fisso* was declared "best mortgage of the year" by Osservatorio Finanziario, the institute that monitors electronic banking services.

Credito al Lavoro and the Financial Check-Up

The *Credito al Lavoro* project was created to provide a significant contribution to the financial planning of Italian households, with a particular focus on salaried employees. *Credito al Lavoro* is based on the concept of informed, sustainable debt and represents an early implementation of the European consumer lending directive, which Member States must ratify by 2010. It aims to maximise the value of the customer's working life, granting him or her a discount on the personal loan interest rate. A further rate reduction is available for employees of companies that have signed up to become partners in the initiative (currently approximately 1,300). A lower rate is also available to self-employed workers who channel their professional income through the Bank.

The project is also based on in-depth research – conducted by Intesa Sanpaolo's Research Department in collaboration with *Prometeia* – on the economic situation of Italian households and their prospective use of credit.

On the basis of this survey, and after defining a series of parameters, a tool was developed for performance of a *Financial Check-Up* of the customer's situation and for preparation of a loan proposal consistent with his or her profile to be prepared. The project, prior to its availability to customers, was also submitted for assessment by consumer associations as a qualifying point of attention to and education on debt and debt sustainability. The *Financial Check-Up*, with the support of statistical models and on the basis of a detailed interview, allows the customer's profile and financial bal-

ance, i.e. the difference between effective income and essential family expenses, to be determined: this amount is the portion of income potentially allocable to savings, debt and non-essential consumption. The profile guides the financial advisor and customer as they identify an appropriate loan proposal. The profile and any solutions prepared are then described in a clear, simple document that is made available to the customer free of charge, and which the customer may then consult in support of informed, sustainable household budget planning. The service is available to everyone, even if they are not customers of the Bank.

The impact of the crisis on consumers' debt habits is also a focus of attention for the Group's International Subsidiary Banks. The Hungarian CIB Bank has launched a cycle of focus group-based surveys to measure consumer attitudes and the credit needs associated with specific family situations.

Monorata

An innovative debt consolidation service has also been created to promote informed debt management. Customers who have contracted personal loans from other banks or financial companies and who have not defaulted on their payments may replace their loans with a single new loan from Intesa Sanpaolo, which also takes care of the formalities associated with discharging the previous loans.

Customers may therefore count on a single, more convenient monthly payment that is also easier to control, and may decide on the instalment amount most appropriate to their needs, extending the duration of the new loan by up to a maximum of 72 months. A total of 1,000 loans, or nearly 17 million euro,

was disbursed during the first few months of operation.

Mortgage substitution

Since February 2008 the Bank has been offering consumers with mortgages contracted with other banks the possibility of transferring their loans to any Intesa Sanpaolo branch entirely free of charge, thereby ensuring complete mortgage transferability, as required by law and indicated by consumer associations. The Bank is fully liable for all of the costs of the transaction, including notary's fees and appraisals.

The new mortgage is precisely equal in amount to the outstanding debt on the previous mortgage, is issued under the conditions typical of Intesa Sanpaolo's products, and also offers the possibility of suspending instalment payments or changing the duration of the mortgage.

Using this simple, transparent procedure, with no costs for the new customer, Intesa Sanpaolo succeeds the original lender in all rights and guarantees, thereby avoiding the registration of a new mortgage.

Substitution by transfer also presents additional advantages, such as the exemption from substitute tax on the new mortgage and continuing access to any tax relief from which the original loan benefited (deductibility of interest expenses and other accessory charges).

Funds managed with social, environmental and good governance criteria

The system of ethical funds on offer to the customers of Intesa Sanpaolo consists of bonds and equities.

Due to the merger of the funds Nextra and Eurizon in April, the breakdown of fund assets pertains to the period from 25 April 2008 to 31 December 2008.

Fund (€ mln)	Assets	Performance (%)
Ethical international equity	100	-35.3
Ethical bonds	225	+3.5
Ethical diversified	107	-3.2

Ethical fund assets represent 0.79% of total fund assets. Eurizon Capital, among its institutional customers, manages three sub-funds of traded pension funds managed according to socially responsible criteria and two SICAVs managed according to socially responsible criteria.

Abroad, the Hungarian bank CIB's Alternative Energy Fund is deserving of mention; it is an indexed fund linked to the DAX Global Alternative Index, whose investible universe contains the principal 15 producers of renewable energy. The fund's assets come to approximately 7 million euro.

The management of the Eurizon Capital ethical funds establishes that the investments are selected on the basis of positive (inclusive principle) and negative (exclusive principle) criteria. The positive criteria are used to identify the presence of ethical characteristics in the companies or institutions under analysis, while the negative criteria highlight those areas of activity that are considered to be in contrast with the ethical principles asserted by the funds. At the same time, the "best in class" principle is applied, which combines the positive and negative criteria to reveal those companies which, while operating in sectors at risk (such as the petro-chemical sector), stand out for their positive achievements in socio-environmental areas. During 2008, the application of these criteria determined a variation in the investible universe, and consequently the potential inclusion or exclusion of certain issuing bodies from the fund portfolio. The reasons for inclusion include programmes to reduce greenhouse gases, the protection of biodiversity, the use of clean technologies, the involvement of suppliers and protection of minorities in the workforce. The reasons for exclusion include involvement in the arms sector, the breach of anti-trust rules, accounting fraud and discrimination in the issuance of loans.

The "best in class" principle is applied to the entire environmental screening process. As all the companies listed with significant capitalisation have a notable impact on the environment, this principle facilitates the selection of the most "virtuous" securities.

The Sustainability Committee

In order to guarantee that management choices correspond to the ethical principles stated above, a Sustainability Committee (formerly

the Ethics Committee) has been set up within Eurizon; this committee is autonomous and independent of the SGR and is composed of persons of recognised probity and morality. Only one Committee member represents the SGR. The current Sustainability Committee has been in office since 20 December 2008 and is composed of professionals of heterogeneous extraction, with significant experience in the various areas of social responsibility that affect product management (bioethics, alternative energy sources, corporate governance, law, medicine, environment, and equal opportunity). The Committee manages its activities on the basis of the aforesaid high profile competencies and thus formulates strategies to face and resolve ethical and social and environmental sustainability issues accordingly.

The Management Regulation also calls for "the commitment of the SGR to finance projects and initiatives of a humanitarian nature through devolving a part of the management commissions generated by the Ethical System Funds, equivalent to 0.01% of the overall average daily net worth of the International Ethical Equity and Bonds in each fiscal year". This amount is destined in part to the participating associations and in part to humanitarian initiatives chosen by the Board of Directors on the basis of proposals made by the Sustainability Committee. Those who invest in the Ethical Bond Fund may also contribute a part of the income placed in payment by the Fund itself, i.e. distribution of the proceeds, to charitable institutions or associations.

The sum of 60,000 was allocated to various associations and projects in 2008, including *Fondazione Vitae Mysterium* for bioethics scholarships in developing countries; Save the Children for an aids treatment project for the children of Malawi; CISP – Comitato Internazionale per lo Sviluppo dei Popoli for the elimination of poverty and the development and rehabilitation of poor countries; Spazio Autismo Bergamo Onlus; A.P.S. Onlus – *Associazione per la Promozione della Solidarietà*, which operates in Lazio with the Homeless Shelter for poor people with a serious lack of access to

The Committee disposes of high profile competencies and formulates strategies to resolve important social and environmental sustainability issues from a management point of view.



shelter; FA.RI.T.M.O, a non-profit organisation that funds the initiatives of the Hematology Ward and Bone Marrow Transplant Centre at San Martino Hospital in Genoa; *Friends for Water*, a non-profit association that aids the Mali community in obtaining the most important of primary rights, water; Emergency, for its free medical and surgical assistance; and CIAI Centro Italiano Aiuti all'Infanzia, a non-governmental organisation that engages in solidarity and cooperation projects in countries that serve as the "supply basin" for child slave traffickers and exploiters.

Eurizon Capital, in consolidation of a practice launched in previous years, donated 1,050 euro to NAAA Onlus (Vietnam project) after raising money from its own employees by auctioning off Christmas presents provided by third parties.

Eurosif Transparency Guidelines

Eurizon Capital SGR has adhered to the transparency guidelines issued by Eurosif, a pan-European non-profit organisation that encourages and develops socially responsible investment practices and corporate governance best practices. By adhering to these guidelines, Eurizon Capital undertakes to promptly supply accurate and adequate information to permit the parties involved, and especially customers, to understand the policies and processes adopted with regards to socially responsible investments.

Through this initiative, Eurizon Capital has joined a number of other prestigious international asset management companies in using high standards of communication with its investors; in addition, it has confirmed its intention to act as a solid point of reference for socially responsible investments in Italy.

The United Nations Environment Programme and the World Business Council for Sustainable Development

Intesa Sanpaolo has signed UNEP FI (United Nations Environment Programme Finance Initiative).

UNEP FI is a partnership between the public and the private sectors, which numbers the United Nations and 160 important financial institutions among its members.

For the seventh consecutive year, Intesa Sanpaolo, through Eurizon Capital, has actively participated in UNEP FI's Asset Management Working Group, a global platform of asset managers who collaborate to understand the impact of environmental, social and governance issues on the economic life of companies, and, consequently, on investments.

This alliance also aims to promote the integration of environmental, social and governance factors into analytical assessment models. Over the years, this group has drafted a number of publications that are considered milestones in asset management; they have been shared with the global financial community and promoted through international conferences and events. Of these publications we would mention "Demystifying Responsible Investment Performance" presented in New York and Melbourne in 2007, and "A Legal

Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment", written with the participation of the international law firm Freshfield Bruckhaus Deringer, which is still an important point of reference for managers of institutional funds interested in sustaining social responsibility in investments. All the documentation is available on the website www.unepfi.org.

International collaboration between UNEP FI and the World Business Council for Sustainable Development (WBCSD) continued in 2008. The mission pursued by WBCSD, in which the chief executive officers of 200 of the world's largest companies participate, is to serve as a catalyst to allow all forms of business to develop in a sustainable manner, thereby supporting innovation and responsible growth.

UNEP FI and WBCSD have begun to collaborate to bring together the worlds of business and finance in the context of sustainable development by organising working groups in various geographical areas, in order to draft a document that highlights the main steps on the path towards sustainability. Intesa Sanpaolo is also participating in this project through Eurizon Capital.

Working with the Community

Intesa Sanpaolo has aimed to favour the Bank's role as a partner in the development of Italian businesses with the goal of ensuring greater proximity to local production systems.

We attribute great value to the activities and projects that arise from local companies, to which the Group devotes careful study and intense collaboration with trade associations representing entrepreneurs and professionals. These activities are aimed at achieving greater awareness of the customer segment and supporting participating companies more effectively.

The study of local areas, districts and industrial sectors

The Bank is committed to supporting production in Italy, and is therefore constantly involved in studies of the territory and the regions, jointly with the operators of the various market sectors, through the publication of analysis reports and the provision of advisory services. It publishes monographs with structural analyses and forecasts for the Italian regions and the 103 provinces, which are updated each year.

The principal Italian districts are monitored, with in-depth studies regarding their economic development. In recent years we have published 26 monographs, entitled "Industrial District Studies", containing structural analyses that aim to identify the strengths and weaknesses of each individual district studied. A quarterly publication, the "District Monitor", is dedicated to an analysis of the current economic scenario in the various districts and offers a periodic interpretation of the performance of exports and lending in the main Italian districts (approximately 100). The publication has currently reached its 24th edition and has become a point of reference for the specialist press, institutions, scholars and district companies.

In late 2008, the first edition of our "Annual Report on the Economy and Finance of Industrial Districts" marked the expansion of our line of studies of industrial districts to include another important component. This report provides in-depth analyses of the accounts of companies in 103 industrial districts and includes detailed data for most of these. The goal is to become a point of reference for those who operate in

Italy's industrial districts, offering a snapshot of district development based on the companies' financial statement figures.

Our studies, research, invitations to events, and surveys of the satisfaction of our corporate customers are channelled through a communications tool, *Magellano*, which aims to put us in close contact with information needs and to support business leaders in their investment decisions. Through *Magellano*, customer relations staff may offer a wide range of studies and research conducted by the Bank, further information on market trends, and updates on developments in interest rates, exchange rates, and emerging economies. Customers have the opportunity to assess the range of resources available, make selections and modify their choices at any time, and to receive an exclusive newsletter, mailed directly to their e-mail inboxes free of charge.

Lastly, we have launched "Sector Round Tables" with the aim of improving our understanding of sector dynamics and enhancing the professional skills of staff members who manage relations with corporate customers. These are periodic meetings between teams specialised by industrial sector, consisting of managers of large Italian companies and foreign multinationals, product company specialists (Corporate Sales, Merchant Banking, Structured Finance Desk, Foreign Network, Eurodesk, etc.) and the Bank's various entities with specific competence in the characteristics of the sector in question.

The goal of these meetings is to collect, systematise and develop knowledge, enhancing its characteristics and strategies in order to capitalise on a vast range of competencies to better assist our corporate clients with their investments.

In the interest of more efficient management of these Sector Round Tables and the extension of participation to the Bank's various entities and, in the near future, to our customers as well, we are currently developing a real-time Web collaboration project (Web 2.0 tools) that will allow us to open a channel for dialogue to place working groups in contact and enable them to interact even at a distance.

Intesa Sanpaolo favours its role as a partner in the development of Italian businesses with the aim of ensuring greater proximity to local production systems.

Supporting SMEs in loan issuance

Direct dialogue with associations and Confidi concerning the main local issues has also continued in order to support the real economy, even in a period of difficulty. The partnership agreements signed in recent years, in particular with guarantee consortia, aim to support small enterprises with the financial and investment needs.

In addition to issuing a guarantee for the financing disbursed, the guarantee consortiums also provide the Bank with valuable information regarding their members. This information, which is predominantly qualitative, is enhanced through the use of assessment methodologies that conform to the Bank's standards. In 2008 a package of innovative operating methods was promoted at the national level. These methods include the use by participating guarantee consortia of a technological platform for the remote exchange of the data required for a joint assessment of companies' creditworthiness.

Especially in the light of the current economic difficulties, guarantee consortia play a highly important role for companies in that they can ensure the continuity of investments, which is of strategic value to businesses as they face new competitive challenges. There are nearly 7,000 business and small business customers with loans guaranteed by Confidi. A total of over 5,700 million euro was disbursed.

Business internationalisation

Intesa Sanpaolo encourages and supports the internationalisation of Italian companies, drawing on a network of branches, representative offices and banks that offer a wide range of innovative banking products

and services suitable to meeting the needs of various types of customers. During 2008, we opened a branch in Dubai and a representative office in Ho Chi Minh City, Vietnam, with the aim of supporting the projects of Italian companies abroad and favouring direct investments in Italy. Along with SACE, the company that insures Italian business throughout the world, we also reached an agreement with Vietcombank for a line of credit of 100 million dollars for the Vietnamese bank with a duration of three years, thereby increasing our focus on the Asian market, which offers excellent business opportunities for Italian companies.

With an international network spreading over 40 countries and teams of specialists that offer qualified consultancy in growth processes abroad, Intesa Sanpaolo is a point of reference for businesses seeking opportunities in foreign markets.

Intesa Sanpaolo, named Best Trade Finance Italian Bank by *Global Finance Magazine* in 2007 and 2008, brokers 30% of Italian commerce in Vietnam.

In addition to this important agreement, work continued at the *Polo di Padova*, a specialist competence centre focusing on internationalisation issues.

The Polo di Padova Business Internationalisation Centre

The Centre puts the experience and competence of its specialists at the disposal of businesses to aid and support them as they internationalise on foreign markets. In 2008, the Centre, which expanded its business organisation and increased its area of expertise, enhanced its consulting and support services to businesses, with regard to both specific financial and commercial needs, and to the process of entering new markets, matching opportunities offered by foreign markets with customers' development plans.

The structure draws on 5 country desks, as listed below, operated by dedicated specialists who have developed special knowledge of their geographical areas of competence in order to guarantee targeted assistance and advisory. More than 900 cases were handled in 2008.

- **China:** the desk provides assistance to customers and specialist support to the domestic network in coordination with the entities present in China (our office of representation in Beijing, the Hong Kong and Shanghai branch offices, our desks at China Development Bank and SIBAC – Shanghai Sino Italy Business Advisory Co. Ltd);

- **Americas:** the countries of greatest interest are the United States, Argentina, Brazil and Mexico;

- **Asia and the Middle East:** we offer support to our Italian customers in the main regions of Asia, from the Middle East to India and countries in the Far East;

- **Europe, the Mediterranean and Africa:** the countries of greatest interest are France, Germany and the UK, and, in the Mediterranean basin, Tunisia, Morocco and Egypt;

- **Central South Eastern Europe:** the countries of greatest interest are Romania, Russia and Albania.

Not only does the Centre offer specialist services to businesses in Italy and abroad, but it also promotes forms of subsidies and agreements with national and local institutional and business organisations. By exploiting synergies between domestic structures, the Group's various foreign subsidiaries and partner companies, it encourages the setting up of cooperation agreements customised to suit the needs of individual local economic situations.

Cooperation agreements

The support for internationalisation processes offered by the Group aims to reinforce the action already taken by responsible institutions and trade associations by re-qualifying relationships with local industrial and trade associations and stimulating business customers' strengths and competitiveness.

The Group had entered into 19 cooperation agreements with trade associations at the end of 2008. These agreements generally call for the Bank to play a supporting role for members through its foreign network, thereby favouring those sectors that most greatly contribute to affirming Italian products throughout the world. For example, the *Med & Italy* agreement will allow the approximately 2,300 companies that are members of *Federlegno Arredo* to do business on markets in the Mediterranean basin by drawing on dedicated products and customised services. Another highly significant agreement is that entered into with SMI – Sistema Moda Italiana (Textile and Fashion Federation). The

agreement calls for support for members in the management of logistics and organisation of promotional events in China. The first project in this area will involve the creation of an information monitoring desk in Shanghai. Lastly, also noteworthy is the agreement with *Consorzio Italia del Gusto*, which aims to develop awareness and consumption of Italian food products in all foreign markets where there is an opportunity to launch or increase penetration.

The initiatives aimed at rendering China effectively accessible to small enterprises as well include the important partnership between Banca dell'Adriatico and the Pesaro Chamber of Commerce, which had opened its first office in China as early as the 1990's. The entity of the Chamber involved in the project is *Aspin 2000*, its special internationalisation company, which will provide Italian businesses with access to a network of companies and advisors (law firms, components suppliers, etc.) that are based and operate in the country and are in a position to evaluate local companies and their services.

Mediterranean economic development agreement

In Paris, on 7 July 2008, at the first summit of heads of state that gave rise to the Union for the Mediterranean, Intesa Sanpaolo signed a memorandum of understanding for the economic development of the Mediterranean. The agreement between the signatories, which also includes the Bank of Alexandria among the twelve financial institutions from the northern and southern Mediterranean, calls for the carrying out of projects that revolve primarily around the transfer of money by emigrants living in Europe, the creation of specific savings and loan products, assistance and development of small and medium enterprises, and funding for large projects and infrastructures. Among its projects aimed at SMEs, the Bank is working to create specific desks, modelled after the Polo di Padova Centre, whose mission will be to provide support for the internationalisation of SMEs and assist immigrants who wish to create a company

or invest in micro-enterprise in their home countries. Banca Infrastrutture Innovazione e Sviluppo is focusing in particular on projects that aim to support the creation of infrastructure in the sectors of transport, the water cycle, energy, healthcare, sports and popular housing in countries in the Euro-Mediterranean area.

Intesa Sanpaolo and the group of leading banks from both shores that promoted the consortium intend to share the knowledge and practices in the area of finance and services that all participants have consolidated in their respective home countries, and which are increasingly heading in the direction of investor protection, economic integration, and sustainable development and growth in the various countries.

On 30 January 2009 a memorandum of understanding that calls for the launch of 20 concrete projects, identified by the working group, was signed.

Bank of Alexandria is particularly committed to supporting local development, not only through signing the Euro-Mediterranean Agreement, but also through providing nearly

1 million euro in funding to an association – *The Egyptian Small and Micro-Enterprise Association (ESMA)* – operating in the micro-lending sector.



Support for the development of small and medium enterprises in the Balkan area

Intesa Sanpaolo has had a partnership with the Association of Local Democracy Agency (ALDA) for social projects in the Balkans since 2007. In further detail, in late 2007 the Group engaged in initial dialogue with the association with the aim of defining a partnership programme, which at the outset was limited to micro-lending, but was subsequently extended to broader partnership arrangements. The countries affected are Croatia, Bosnia Herzegovina, and Serbia, and the Group banks involved are Privredna Banka Zagreb, Intesa Sanpaolo Banka Bosna i Hercegovina and Banca Intesa Beograd, respectively. The goal of this partnership was to support social and economic development in the countries in question, in particular by fostering the launch and development of new small enterprises and creating opportunities for young entrepreneurs.

The initial amount of the project was 4 million euro. The plan of action agreed upon with ALDA is based on two types of services, financial services provided by Intesa Sanpaolo and local banks (credit analysis, loan issuance, requests for guarantees for end customers, financial advisory and the sale of banking products) and non-

financial services provided by ALDA. The association, which operates through a network of local agencies, establishes contacts with potential customers, provides assistance with the preparation of business plans, supports customers during the stages both before and after obtaining a loan, supplies information, and publicises the project.

In December 2008 a first tranche of 1 million euro was provided to our subsidiaries in Bosnia and Serbia through the Council of Europe Development Bank (CEB). To date, local agencies in both countries have identified 10 potential projects that could be financed drawing on these funds. The eligible sectors, selected on the basis of each country's needs and prospects, are: tourism, small and medium enterprises, handicrafts, agriculture, and transport.

The partnership with ALDA was gradually extended to the launch of additional initiatives with the aim of improving the project's final efficacy. During 2008, various workshops were organised, at which the representatives of local banks and Intesa Sanpaolo assisted local agencies in providing banking and financial training.

Innovation and R&D

The Group has consolidated initiatives aimed at supporting businesses, with a particular focus on small and medium enterprises that intend to develop product and process technological innovation projects involving the production chain or the inclusion of enabling technologies. In further detail, after having concentrated all of its research and innovation skills in Mediocredito Italiano, it proposed a line of financial products named Nova+ to the market, representing a substantial evolution of the products offered by the Sanpaolo and Intesa networks prior to the merger. The offer is divided into four solutions, which are intended to finance, respectively: the in-house development of research and innovation projects, the acquisition and introduction into companies of more sophisticated technologies, also extending to related staff training activity, the advancement of hardware and software used by companies in the area of information and communication technology, and the execution of research tasks assigned by companies to universities and public research entities, also involving the guarantee of payment service for the university. In addition, a particularly simplified solution has been created for small and medium enterprises that engage in technological innovation and/or transfer initiatives with contained costs.

The Bank works jointly with the companies to identify their innovation needs, in the assessment of the technological and industrial aspects of the project to be financed, and the estimation of returns on investment. Projects are assessed by a specialised department within Mediocredito Italiano, consisting of a large number of engineers specialised in various technological sectors. We also draw on the contributions provided by our scientific partners (prestigious Italian universities and polytechnics), which also have the skills needed to facilitate relations between the worlds of business and academics when dealing with projects of particular complexity and/or technological significance. The offer represents an integrated assessment model of creditworthiness: the Bank views the project's technological validity and innovation and industrial potential as a criterion indicative of the company's competitiveness and an additional factor to be weighed in assessing creditworthiness.

The economic conditions of Nova+ bear witness to the Bank's concrete commitment to research and innovation: favourable rates compared to prevailing market conditions, due in part to the

use of dedicated BEI Global Loans; medium-term loans issued in advance of requirements and with a pre-payment period geared to suit the various initiatives; the waiver, in most cases, of collateral requirements; and a financial reward for projects brought to a successful conclusion, with a view to the further commitment needed to achieve an industrial application of the results of the project funded. During 2008, 64 million euro were disbursed for 17 initiatives (on the whole, a total of approximately 1.06 billion euro has been disbursed since the Group launched this type of loan, even prior to the merger).

During 2008, Mediocredito Italiano continued to enter into various operative agreements with important Italian trade associations to facilitate financing for SMEs at competitive conditions.

In addition, the agreement with Confindustria's Committee for Southern Italy, which was entered into in July 2006 and aims to support research and innovation projects carried out by companies operating in the regions of southern Italy, also remained in force. Lastly, Mediocredito Italiano continued to operate under agreement with the Ministry of Education, Universities and Research and the Ministry of Economic Development to manage subsidy applications for research, innovation and industrial development projects, also with regard to the issuance of loans at ordinary rates associated with subsidised loans from the Cassa Depositi e Prestiti and capital subsidies. During 2008, no new tenders were announced under Law 488; it was a year of transition for research and innovation, witnessing the launch of several initiatives by government Ministries, in view of the opportunities for companies expected in 2009 due to the use of funds from the National Strategic Framework.

Advisory services to facilitate access to European financing

The growth opportunities presented by the European Commission's programmes represent an increasingly important resource for the business world, but procedures for access to European tenders remain complex and often difficult to understand. For this reason, Intesa Sanpaolo Eurodesk, an Intesa Sanpaolo Group company based in Brussels and Milan,

The Group has consolidated initiatives aiming to support business that intend to develop projects concerning product and process technological innovation.

provides advisory services to companies (from customised information to the charting of available financial opportunities, the management of relations with European institutions, and the drafting of projects) and promotes research, technological development and innovation activities by encouraging cooperation between academe, business and research centres. In 2008 assistance services were provided and new contacts established with over 100 new Italian companies. In the area of information services, the functions of the portal www.intesasanpaoloeurodesk.com were expanded and a detailed publication on the EU's Seventh Framework Programme for Research and Technological Development, drafted in collaboration with the European Agency for the Promotion of Research, was distributed to customers. In addition to numerous meetings with trade associations, exploratory panels were organised on the issue of financing for innovative companies in the context of several large national events devoted to R&D, such as *Innovaction 2008* in Udine, the *R&D Forum* in Trieste, and the *Research and Innovation Forum* in Padua. Lastly, close collaboration was established with *Fondazione Filarete*, an innovative business accelerator that integrates technological platforms, university spin-offs and companies operating in the biotechnology industry founded as a joint venture between Intesa Sanpaolo, *Fondazione Cariplo* and the University of Milan. This collaboration translates into joint participation in European projects and the organisation of networking and support initiatives aimed at highly innovative companies. 

Business growth and risk capital

Intesa Sanpaolo aims to act as a financial partner to companies of value throughout the various phases of their development by acquiring equity investments in support of business growth projects, internationalisation, innovation and organisational transformation with a view to access to capital markets.

During the year, the private equity industry witnessed an increase in initiatives aimed at developing the generation of energy from renewable sources both through direct investments and support for projects launched by our subsidiaries. The Group underwrote a share capital increase for 40% of Solar Express, an Italian company that aims to install and manage photovoltaic plants with capacities between 50 KW and 1 MW. The company is

60% owned by the Pramac Group, which has long been involved in renewable power generation and services. The entire Solar Express project should achieve managed capacity for 11 MW and generate approximately 14 Gwh per year when fully operational, corresponding to approximately 7,500 tonnes of CO₂ emissions prevented per year.

Sviluppo Investimenti Energia ed Ecologia, controlled by Termomeccanica (in which the Group holds a 27% investment), is engaged in the development of wind-power fields and waste-to-energy generation projects with short production chains and has participated in a variety of concession procedures.

Lastly, also noteworthy are the activities of Novamont, in which the Group has invested, initially in the form of a venture start-up. The company, which has established itself on the market as a world leader in the field of biodegradable plastic film of renewable origin, encountered various obstacles typical to innovative start-ups (first and foremost, the slower than expected market penetration of ecological products and disputes surrounding

the granting of patents), today it is beginning to reap the benefits of its "sustainable" positioning. Novamont is on the cusp of an important growth phase for the support of demand for ecological products, most importantly that of the replacement of non-biodegradable plastic shopping bags made probable by recent legislative initiatives (for example, in Italy and France). The company is weighing an important investment plan (calling for several tens of millions of euro) to develop its renewable-source monomers and polymers according to the "bio-refinery" model, i.e. an integrated system of agriculture (in this case, the cultivation of sunflowers and corn) and chemical transformation with a view towards sustainability.

Intesa Sanpaolo is also a promoter of the Mercato Alternativo del Capitale (MAC – Alternative Capital Market) to offer a new solution for companies that wish to share in business growth and risk with a limited number of investors. The MAC is a system of organised trades established and managed by Borsa Italiana. It is reserved for professional investors and founded on simplicity of access and a strong

During the year, the private equity industry witnessed an increase in initiatives aimed at developing the generation of energy from renewable sources.



connection with leading local banks in the areas where the companies operate and fosters research by new shareholders – professional investors with consolidated financial experience – willing to share development projects with the company. During 2008, 31 companies underwent a preliminary feasibility assessment out of the 125 reviewed.

Public Administration

Out of its awareness that the economic development and competitiveness of the areas in which it operates are strongly influenced by public entities, Intesa Sanpaolo has devoted a bank – Banca Infrastrutture Innovazione e Sviluppo – which, by integrating the activities undertaken by Banca OPI and Banca Intesa Infrastrutture e Sviluppo, would therefore be in a position to specialise in public finance and occupy a position of leadership on the Italian and European markets. Intesa Sanpaolo accompanies its loan operations with intense dialogue and study aimed at supporting public entities during the ongoing modernisation process. In 2008, the Institutional Relations Department continued to analyse legislative and institutional dynamics by publishing a report on the public policies adopted by local entities and the political, institutional and legislative processes that underlie them. A study entitled “Infrastructure Networks and Local Areas: State of the Art and Additional Tools” was also conducted during the year. The study, which is available from the website www.intesasanpaolo.com, aims to reconstruct an overview of the problems associated with infrastructure delay and assesses the extent, causes and possible solutions to this phenomenon. Partnerships with several of the main trade associations in the field of local entities also continued over the year in order to create opportunities for discussion, through which the Bank and its public interlocutors might exchange knowledge and skills. One example of this process is the convention organised in collaboration with ANDIGEL (the National Association of General Managers of Local Entities) entitled “Decision-Making: A Difficult Profession. Conditions and Tools for Responsible Management: Training, Assessment and Autonomy”. As usual, as part of the Public Administration Forum, the Institutional Relations Department organised free *Master Diffusi* sessions, classroom training for the administrators and managers of local



entities concerning issues of particular significance.

Our foreign subsidiaries also engage in intense management of relations with local administrations in their areas of operation. Consider, for example, the activity of Banca Intesa Beograd, which alone guaranteed approximately 50% of the total loans received by local municipalities in Serbia from the national banking system.

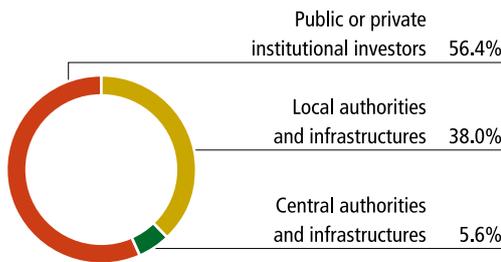
The initiatives of Banca Infrastrutture Innovazione e Sviluppo (BIIS)

BIIS continues its work at the service of the public and private players that collaborate to build large-scale infrastructure and establish services of public utility in Italy and abroad.

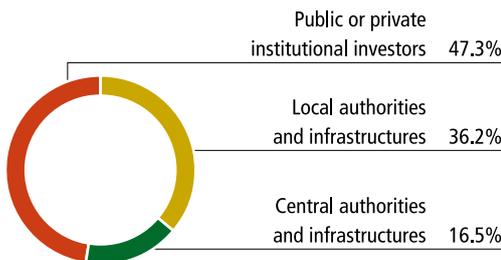
Central and local public entities, public utilities, public and private healthcare providers, universities and large project general contractors benefit from the assistance of a network of over 300 professionals who provide specialised advisory services with the aim of establishing lasting relationships founded on trust.

Partnerships with several of the main trade associations in the field of local entities also continued over the year, in order to create opportunities for discussion.

Customers at 31 December 2008 (100%=2,600)



Loans to customers at 31 December 2008 (100%=40.1bn) Year-to-date average volumes



A leading bank in Italy and one of the top industry specialists in Europe, it has focused its operations on six areas of priority of action:

- assisting and promoting the development of large infrastructure;
- financing the private and public healthcare system, universities and scientific research;
- contributing to the improvement of public services and public utilities;
- supporting the financial equilibrium of the public sector;
- fostering the achievement of urban and local development projects;
- promoting the efficient management of current banking operations for entities and companies.

BIIS has contributed over 40 billion euro to financing works of public utility and infrastructure projects. Descriptions of the main initiatives in each area of action are available in the Public Finance section of the website www.intesasanpaolo.com. 

The following are examples of some projects in various areas of activity:

- In support of healthcare services, universities and scientific research, the Bank provided Luigi Bocconi University of Milan with funding to build and renovate its teaching structures and also aided ALER – *Azienda Lombarda per l'Edilizia Residenziale* with the renovation of an historical 16th-century residence intended for conversion into a university campus. It also continued to provide advisory services to Fondazione Parco Tecnologico Padano concerning the feasibility study of the project for the new Lodi university hub.
- As regards the improvement of public services and public utilities, various projects in the integrated water cycle sector were financed with the aim of improving services for end users and safeguarding water and environmental resources. One of the main projects was that benefiting Irisacqua S.r.l., a company formed by the 25 municipalities of the province of Gorizia responsible for managing integrated water service at the provincial level. The loan, which took the form of project financing, may

benefit from specific funding provided by the European Investment Bank, and is intended for the investments set out in the Local Water Plan, including ordinary and extraordinary maintenance, the planning of new works, and requalification of existing facilities. The goal is to reduce waste and consumption for the over 140,000 users who reside in the area. In the same field, a bridge loan, to be followed by the structuring and organisation of a thirty-year financing project, was issued to Acque Potabili Siciliane, a company that holds the concession for providing integrated water service to 82 municipalities in the province of Palermo. The investments planned by the company involve drinking and waste water management systems serving approximately 1.2 million inhabitants.

With reference to the low-environmental impact energy sector, a loan was contracted for the construction of a combined facility for the manufacturing of pellets and the steam-based co-generation of electrical power in the province of Pavia. In addition, in the interest of contributing to the procurement of safe, sustainable energy, BIIS is currently participating in various projects for the construction of wind

and solar power facilities. These include the project financing loan for the construction of a wind power park in Minervino Murge, Puglia, which, when fully operational, will generate enough power to satisfy the needs of approximately 40,000 households, permitting a savings of over 52 thousand tonnes of CO₂ emissions per year.

As far as the hydroelectric sector is concerned, in Trentino Alto Adige several projects aimed at contributing to the Region's energy autonomy were financed. The Bank led a syndicate that issued a loan for the acquisition of hydroelectric power plants from Enel and Edison by Dolomiti Energia, the company that manages the generation and sale of electrical power in Trentino. Also in this field, a loan was issued to Valdigne Energie, a C.V.A. S.p.A. Group company that generates and sells hydroelectric power, for the construction of new hydroelectric plants in the Autonomous Region of Valle d'Aosta. Again in the power sector, financing was provided to Ascopiave S.p.A., a multiutility in

BIIS has contributed to financing public works and infrastructure projects for over 40 billion euro.

which various municipalities of Veneto and Friuli Venezia Giulia have invested and which is particularly specialised in the distribution of natural gas.

BIS is also highly active abroad. In 2008 it issued loans to important cities in Europe and the Mediterranean basin alongside the local public administrations that invest in infrastructure: the process of opening the first point of operation abroad was launched and culminated in the inauguration of the new BIS office in London in early February 2009. Numerous projects were launched to build road and motorway links in various countries: Slovenia, Croatia, Hungary, Germany, Turkey, Greece, Portugal and the United States. In the energy sector, BIS participated in various projects in Croatia, Finland, Russia, Kazakhstan and Spain. In the field of low-environmental impact energy, the construction of wind and solar power plants was also financed in Spain.

Controversial markets: the arms sector

The manufacture and trade of arms has always been a controversial issue and the Bank's role as a financial intermediary is highly delicate.

The "unarmed bank" concept championed by various segments of civil society is in fact an extremely complex issue due to its ethical implications, in addition to financial and commercial consequences, which has nonetheless been well represented in the Bank's strategies for some time. We are aware that Intesa Sanpaolo is fully responsible for how it conducts its business. Consequently, the Bank, in keeping with the values and principles embodied in its Code of Ethics, has adopted a policy that calls for the suspension of all operations (financing and transactions) pertaining to the import and export of arms and arms systems across the range of the entire Group's operations in the arms sector. The legal foundation of this policy is Article 11 of the Italian Constitution, cited by Law 185/90, which defines limits and rules for the export, import and transit of arms and represents a point of reference for Italy's defence industry, and, by

reflexion, the credit system. The policy allows for exceptions to be authorised by the Managing Director and Chief Executive Officer on an extraordinary basis.

Among the exceptions introduced in the concrete application of the policy, in addition to the inter-governmental agreements currently in force, under which Italy is participating in large-scale operations involving European Union countries with a view towards achieving integrated European defence, and importations by Italy's ministries or armed forces, it was decided not to damage customers and compromise in cases where transactions had already been launched or agreed upon prior to the official issuance of the policy.

In these cases, and only if there are difficulties in transferring operations to another bank, authorisation to proceed with the operation may be issued; information regarding such operations will be published on the Bank's website to ensure transparency vis-à-vis the external community.

In July 2008 a new internal circular was released providing further clarification and indications for precise application of the law by local managers and customer relations staff.

Intesa Sanpaolo has also provided support to its international subsidiary banks to ensure correct interpretation of the "unarmed bank" policy, even in countries where regulatory and operational standards differ from those in Italy. A scrupulous monitoring programme is envisaged to control the operations of those branches which operate in the field of import/export and the relations with the institutional organisms involved in the authorisation process (the Italian Ministry of the Economy and Finance).

In addition, a newsletter on the arms sector is regularly published on the Bank's intranet site containing news obtained from a variety of sources concerning companies in the industry in Italy and abroad and the most delicate issues associated with conflicts, the arms trade and military expenditures.

The subject of arms manufacture and trade has always been controversial and the bank's role, as a financial intermediary, is very delicate.

**Summary of final exports data disclosed in the Parliamentary Report
(€ million)**

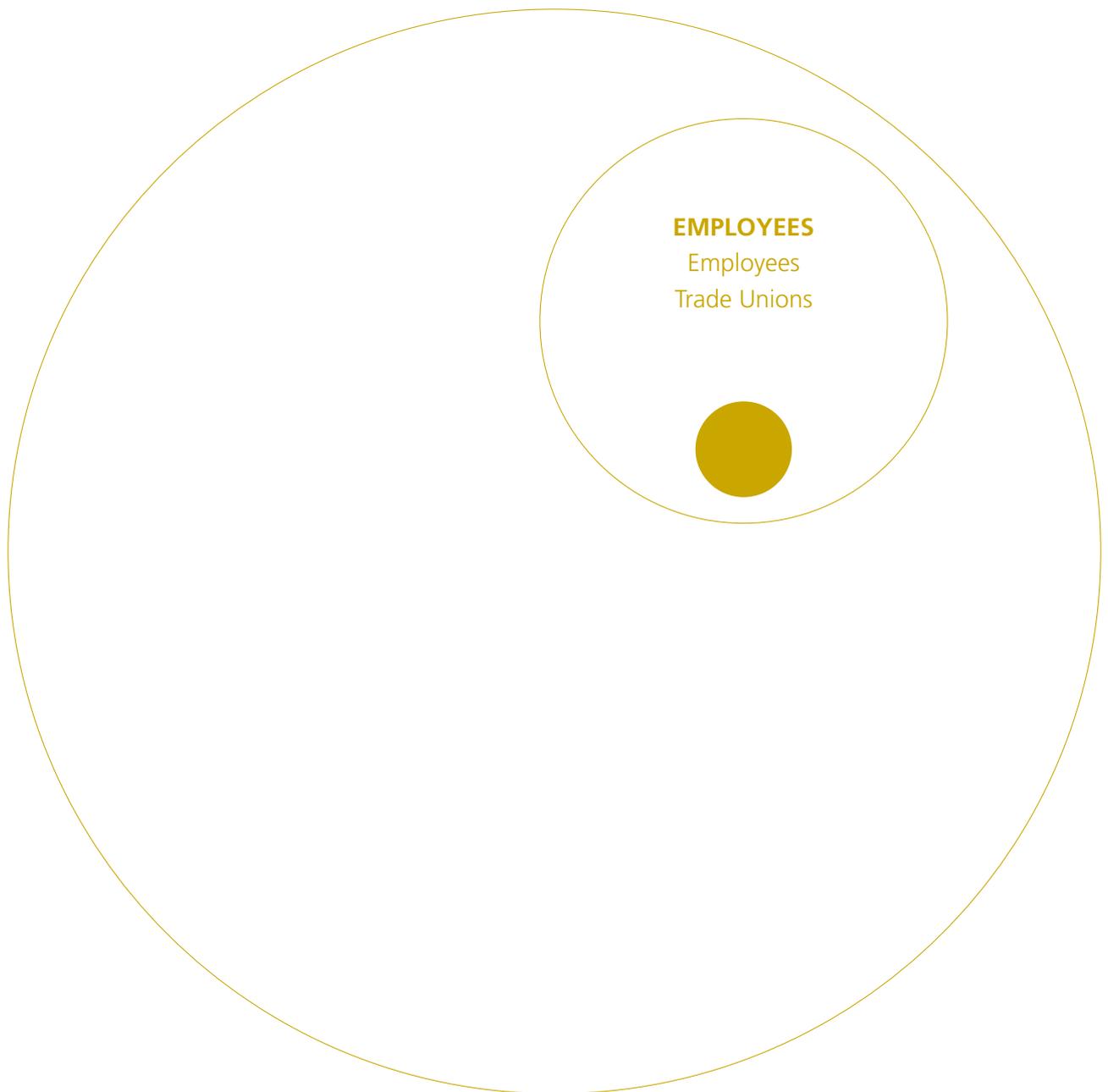
	Amounts authorised				
	2004	2005	2006	2007	2008
Sanpaolo IMI Group	366.1	173.0	448.3		
Banca Intesa Group	23.2	0.2	46.9		
Intesa Sanpaolo Group				198.2	177.6
Pro-forma total¹	389.3	173.2	495.2	198.2	177.6

¹ These figures do not include Cassa di Risparmio della Spezia (Cassa di Risparmio di Firenze Group), which became a part of the Intesa Sanpaolo Group in 2008, for which the policy has not yet entered into full effect. In 2008, Cassa di Risparmio della Spezia reported 87.5 million euro in authorisations.

**Inter-governmental programmes: amounts reported to the Ministry
of the Economy and Finance (€ million)**

	2004	2005	2006	2007	2008
Sanpaolo IMI Group	384.3	568.1	558.3		
Banca Intesa Group	11.4	0.8			
Intesa Sanpaolo Group				341.2	668.9
Pro-forma total	395.7	568.9	558.3	341.2	668.9

Employees



Strategies

Human resources management concentrated on integrating, motivating and engaging the involvement of employees in the system of Group values and objectives by exploiting the synergies of integration, with a constant focus on the streamlining of costs. By adopting a strategic approach to employee recruitment and professional development policies, togeth-

er with reinforcing the Intesa Sanpaolo brand on the labour market, the Group set itself challenging goals to maintain a solid, long-term relationship with customers, assign targets tied to the contribution of quality made by each employee, and dedicating space to the issues and tools of innovation, improvement and internationalisation.

Commitments for 2007-2009 and our achievements in 2008

PROMOTING COMPANY COHESION, TRANSPARENCY IN RELATIONSHIPS, LISTENING AND DIALOGUE

Managerial training programmes in order to consolidate the Group's identity:

- the *Top Seminar, Management Board Workshop (Top Seminar, Workshop Comitato di Direzione)* was held at Stresa: programme for the Group's 100 top managers;

- *Let's Talk about Us – Corporate and Investment Banking Division (Parliamo di Noi – Divisione Corporate and Investment Banking)* was completed: a project focused on identifying the Division's future strategic position. All managers were engaged in discussion of the following topics: market, customers, innovation, technological development and future leadership;

- *Private Workshop (Officina Private)* was launched: an integration project to strengthen corporate culture at Intesa Sanpaolo Private Banking, bringing it in line with the Group's corporate culture and highlighting its winning features;

- an *Integration Workshop (Workshop di integrazione)* was held for Eurizon Capital, targeting the Commercial and Marketing Department.

Improve the quality of leadership:

- *Continual Challenge (Sfida continua)* was completed: this course is dedicated to senior

and middle managers in the Corporate and Investment Banking Division to improve general interpersonal skills (soft skills);

- *Easymanager* was implemented: a learning environment dedicated to Intesa Sanpaolo managers. It allows individuals to create their own training and development plans according to the Group leadership skills model;

- *Leadership development* continued, reaching an advanced stage of development in this all-encompassing leadership and assessment course/workshop.

- *Intangibles and New System for Professional Assessment (Intangibles e nuovo Sistema di Valutazione Professionale)* was extended to new assessors. This initiative, which targets all managers who have staff assessment responsibilities in the Percorsi assessment system, to make them sensitive to the value of "intangibles";

- the *Development Check* project was started. This course aims to reinforce skills, to be improved on the basis of the assessment made in the *Excellence Project (Progetto Eccellenza)* that continued to accompany the process of assuming greater responsibility or taking on more complex duties;

- two projects previously developed at the Parent Company were extended to the International Subsidiary Banks:

target achieved

activity in progress

activity not yet launched

– *Development of Leadership (Sviluppo della leadership)*, broken down into an assessment phase (managerial assessments) and a series of initiatives aimed at reinforcing less-used skills. ☒

– *Position Assessment (Valutazione delle posizioni)*, for managerial positions. ☒

Increase communications initiatives in order to intensify individual involvement:

● *Web TV* was activated throughout the Parent Company; ☒

● process for extension of *Web TV* to Banca CR Firenze began. ☒

Perfect the mechanisms relating to listening and the involvement of people and trade unions:

● the focus groups continued to discuss commercial initiatives. ☒

IMPROVEMENT OF PROFESSIONAL SKILLS AND PERSONAL DEVELOPMENT AS WELL AS CONSIDERATION OF INDIVIDUAL FEATURES IN A PARTICULAR AREA

Innovation and growth towards an international dimension:

● initiatives to develop an entrepreneurial spirit in managing the Bank's investments and budget: targeting Department Heads and Office Managers involved in the *Capital Budget* process; ☒

● the *Training Courses for Expatriates (Percorsi di formazione per Expatriates)* were developed, focusing on cultural awareness and development of intercultural skills to support effective foreign assignments; ☒

● the *Training Courses for Learning English (Percorsi formativi per apprendimento della lingua inglese)* were redesigned to improve average English language skills in certain target segments (especially managers and staff with international responsibilities) and to disseminate a "managerial international mindset"; ☒

● *Team Synergies for International Performance* continued: this is a training programme for International Relationship Managers in the International Subsidiary Banks Division, to develop core skills for success in intercultural relations; ☒

● the *International Subsidiaries CEO's Annual Forum* initiative was launched, targeting the development of Top Executive Managers to

involve them in achieving current and future business plan targets while promoting synergies and integration in the Group; ☒

● the *Business Innovation Extension* programme was completed for 45 persons, including managers and professionals from the Corporate and Investment Banking Division, and extended to managers in other business units that hold particularly important positions at the Bank; ☒

● *Communication in Multi-Cultures* continued: this programme trains commercial managers in Italy to promote communication with multiethnic customers. ☒

Specialised training schemes for professional and business needs:

● *Training Programmes* were set up on the basis of the organisational model of the commercial network, focusing on the principal professional position at the retail and business branches. In 2008, the manager orientation programme was offered to about 800 new branch managers; ☒

● *HR Academy* was launched to train Human Resources staff; ☒

● the course *The Ambition of the Banca dei Territori Division (L'ambizione della Banca dei Territori)* was held for the heads of that Division; ☒

● *The Profession of Working with People (Il mestiere di lavorare con le persone)* project was realised and completed for Group HR managers; ☒

● the *Operative Epistemology Workshops (Laboratori di Epistemologia Operativa)* were implemented. This is a managerial training programme addressing key topics for the development of individuals who hold positions of responsibility at Intesa Sanpaolo Private Banking; ☒

● *Banca Prossima Training Courses (Banca Prossima percorsi formativi)* were set up. These are a series of initiatives targeting all Bank employees in the Third sector. They aim to have them internalise the mission and vision, and to promote the development of skills so that individual positions can be adequately filled; ☒

● the *Branch Manager Professional Develop-*

ment Project (*Progetto sviluppo professionale Direttori filiale*) of Intesa Casse del Centro continued to instil awareness in branch managers of their role and improve their managerial skills; ☒

- the *Growth Project (Progetto crescita)* was completed. It was prompted by the need for continuous improvement in the professional skills and conduct of the persons who work at Cassa di Risparmio del Friuli Venezia Giulia, in view of promoting internal development of resources and reinforcing local leadership for development of that bank's business; ☒

- a specific project was undertaken for *Training of the Procurement Professional Family (Formazione della famiglia professionale acquisti)*. This includes a section dedicated to selecting suppliers according to CSR principles. ☒

Professional re-conversion, exploitation of experience with long-life learning:

- an *Active Community of In-house Trainers (Comunità attiva di formatori interni)* was created. They are certified to conduct classroom activities and develop skills not only in their own technical spheres of expertise, but also learning processes, and capable of transmitting corporate culture and values, while supporting staff motivation and assisting acceleration of organisational changes. ☒

Encourage internal mobility policies through job posting:

- one hundred seven new job postings were published for a total of 209 positions in 2008. A total of 1,445 job applications were received from Group employees. Implementation of the process continued to make it even more rapid and efficient. ☒

Exploit specific company communities:

- appropriately integrated criteria, skills and systems were identified that represent the benchmark for promoting the growth and development of persons working at the Group in its various communities: Management, High Potential, Young People and Key Resources. Programmes were launched for Management, Key Resources and High Potential employees; ☒

- the *Arches (Archi)* Project continued. This programme trains and develops the Group's High Potential employees. It will be completed in early 2009; ☒

- the 6-day *Let's Get Onboard (Saliamo a bordo)* programme began. It aims to motivate junior employees and develop group working, problem solving and time management skills. Experimentation began in the Liguria area. ☒

Create a culture which highlights the importance of women by identifying and overcoming problems in their professional development:

- training programmes were planned as part of the *Gemma Project (Progetto Gemma)* to develop women's talents; ☒

- catalogue and personalised courses and training programmes were created for supervisors to increase their awareness of the development of women, targeting large segments of the Group's employees. ☒

Gauge the efficiency of training initiatives:

- the group to *Gauge the Efficiency of Training Initiatives (Misurazione dell'efficacia formativa)*, to assess the results achieved, provide information useful for improvement and facilitating dialogue with users. ☒

Involve worker representatives in study, analysis and research on training:

- a joint entity was agreed upon and set up between the company and the trade unions in order to analyse and carry out research aimed at continually raising the level of training. ☒

EQUITY AND TRANSPARENCY IN ASSESSMENT SYSTEMS AND INTRODUCTION OF INCENTIVE-BASED SYSTEMS WHICH EXPLOIT INDIVIDUAL AND TEAM MERIT

Create integrated systems which support the different management and professional development initiatives:

- the *Potential Objective Project (Progetto Obiettivo Potenziale)* continued, completing and making the "development platform" available to all Italian companies in the Group. The training provided in classroom sessions to 180 Human Resources specialists / managers and over 5,000 chief evaluators prepared them for conducting assessments. ☒

Increase the importance of the assessment process and motivate senior management towards a culture based upon feedback:

- the assessment system was modified and simplified on the basis of the comments received and dialogue with the individuals involved; ☒

● the corresponding scopes of application for both assessment systems were also extended. ☒

Define a new model of managerial roles/functions inspired by the values of the Group:

● the *New Model for Leadership Roles/Functions (Nuovo modello delle competenze di leadership)* has been formalised. It provides a solid form of direction and a source of inspiration for the work of the managers and heads at each and every level, in accordance with their responsibilities and objectives. ☒

Define compensation on the basis of internal equity, competition with the market and streamlining of costs:

● application of the *Organisational Position Assessment Methods* continued, and was expanded to other business units in the Group, involving over 1,300 positions. ☒

Adopt differentiated incentive-based systems for business areas, anticipating the allocation of achievable objectives which may also be quality-oriented:

● *Incentive Systems* based on achieved results, individual performance and different professional skills have been developed. They provide for rewards-based systems differentiated according to specific businesses. ☒

Start internal job rotation processes:

● the possibility to start specific job rotation schemes is envisaged in the assessment system entitled *Paths (Percorsi)* within the individual development plans. ☒

ADOPT POLICIES AND OFFER CONDITIONS THAT WILL RESULT IN A FIRST-RATE WORKING ENVIRONMENT FOR ALL EMPLOYEES

Unify regulations concerning personnel management and treatment:

● the process of unifying regulations continued, addressing: work hours, part-time work, Worker Safety Representatives, benefits and other forms of compensation, and job assignments. ☒

Simplify information access:

● Complete extension of *ARCO*, the access system for all internal regulations and policies; ☒

● the *Project for simplification* of corporate regulation drafting and consulting procedures was started; ☒

● the project for dissemination of *Innovative Tools and Technologies for Consultation of Regulatory Documents* was started. ☒

Anticipate and resolve commercial business operating criticalities and physical safety problems in collaboration with trade unions:

● the *Physical Safety Monitor (Presidio di sicurezza fisica)* was consolidated through constant involvement in management of relations with trade unions on physical safety issues; this involvement actively contributed to information and consultation on these topics as part of the work by the *Observatory on Sustainable Development and Safety (Osservatorio su Sviluppo Sostenibile e Sicurezza)*. ☒

Adopt policies and practices which encourage worklife balance:

● *Crèche Project*: 48 children were cared for at a company facility; ☒

● a work plan was undertaken for the planning of new company crèches to be constructed (current proposals envisage four projects: two for Turin (Moncalieri and Torino Grattacielo), one for Naples and one for Florence) and making agreements with the PAN network of crèches to satisfy the needs of a growing number of people; ☒

● detailed study began on measures for people forced to take long leaves of absence and time management. ☒

Keep attention high in relation to the protection of health and safety:

● about 2,900 inspections were carried out at branches in 2008 to check and monitor risk conditions, identifying the corrective work to be carried out, expanding safety measures and improving individual awareness and involvement. Support is always provided at banks where robberies and theft have taken place, in order to provide immediate assistance to colleagues involved and to analyse these events; ☒

● a work group has been set up with the *Slow Food Association* and the Turin Hospital (C.T.O.) for the start-up of an experiment named *Sustainable Cafeterias (Mense Sostenibili)*. Its purpose is to address the health and nutrition of people who work at the Group, in order to realise continuous improvements in the quality of their lives at the company, while dedicating increasing attention to corporate welfare. ☒

Improve the integration of differently able staff:

● as part of the *Beyond Every Barrier Project (Progetto Oltre ogni barriera)* seven new work stations have been set up for employees who suffer from impaired vision or blindness (four at the Milan Head Office and three in Padua), and a new version of software for everyone that improves navigation and thus access to a greater amount of information; ☒

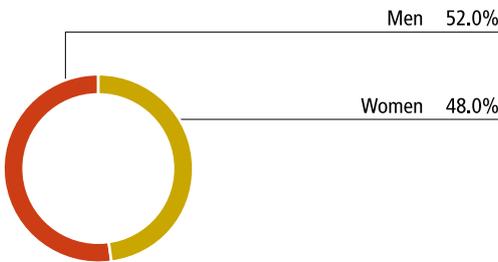
● the tools for taking the course *Communication and Business Organisation (Comunicazione e organizzazione aziendale)* were updated. These provide a specific training course designed for the visually impaired and blind with a version offered in Milan that took the characteristics of the users into particular consideration. ☒

Staff Breakdown

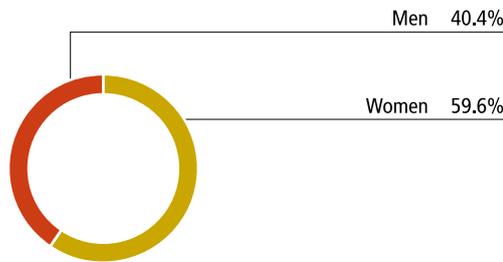
At 31 December 2008 the employees of the companies included in the scope of the Social Report numbered almost 106,000, of whom

just under 71,500 in Italy and over 34,500 abroad. Following is a breakdown of Group employees in Italy and abroad.

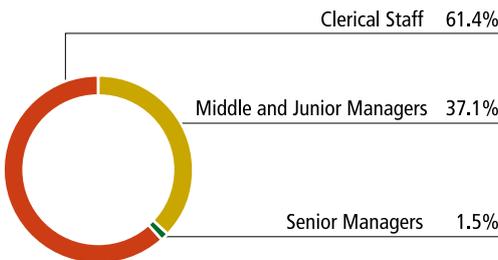
Breakdown by gender: Italy



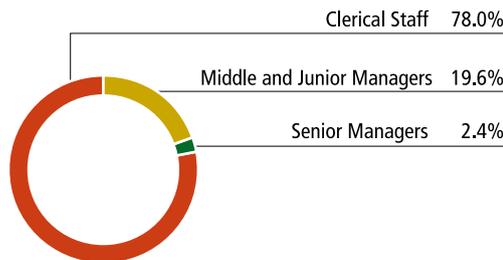
Breakdown by gender: Abroad



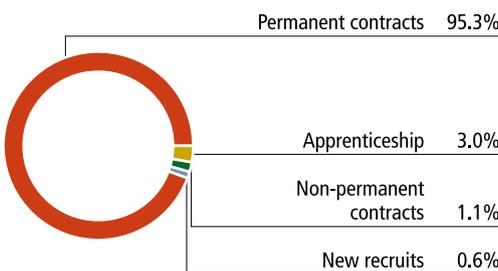
Positions held: Italy



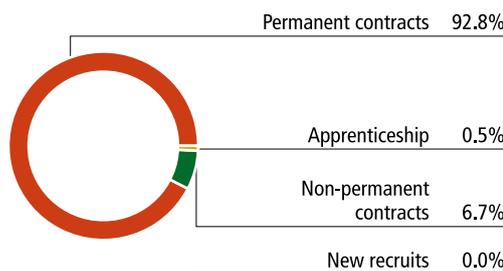
Positions held: Abroad



Breakdown by type of contract: Italy



Breakdown by type of contract: Abroad



Breakdown by level of education: Italy

University degree	
Men	14.1%
Women	13.8%
High School certificate	
Men	32.0%
Women	31.5%
Other	
Men	5.9%
Women	2.7%

Breakdown by level of education: Abroad

University degree	
Men	25.2%
Women	30.0%
High School certificate	
Men	10.4%
Women	27.4%
Other	
Men	4.7%
Women	2.3%

Breakdown of employees by age/positions held (%)

	Italy		Abroad	
	2008	2007	2008	2007
<=30	12.2	10.7	29.1	28.1
Senior Managers	0.0	0.0	0.1	0.1
Middle and Junior Managers	0.1	0.2	1.8	4.9
Clerical	12.1	10.5	27.2	23.1
31-50	66.3	68.2	56.7	58.1
Senior Managers	0.8	1.0	1.7	1.4
Middle and Junior Managers	26.3	27.1	12.4	15.9
Clerical	39.2	40.1	42.6	40.8
>50	21.5	21.1	14.2	13.8
Senior Managers	0.7	0.7	0.5	0.5
Middle and Junior Managers	10.7	10.5	5.4	5.5
Clerical	10.1	9.9	8.3	7.8

Staff evolution

The following changes took place in 2008:

- the percentage of Group female employees in Italy rose from 45.8% in 2007 to 48%, and is higher than the system average, which is 41.1%¹, while the percentage of female employees abroad was 59.6%, which raises the Group average to 51.1%;
- the number of employees in Italy who attended university remained virtually unchanged, totalling about 30% of the workforce; outside Italy, the percentage is high, ex-

ceeding 55%, which was up from 2007 (53%);

- the percentage of Group employees with part-time contracts in Italy was virtually unchanged (11.2%), but still far higher than the industry average (8.3%);
- at the Group level: the percentage of employees less than 30 years old was up from 15.3% in 2007 to 16.8% in 2008.

¹ All data concerning the system derive from the "2008 ABI Report on the labour market in the finance industry".

A company in which the number of women and people under 30 is growing.

Turnover

ITALY	Recruitments		Resignations		Turnover		Turnover rate	
	Dec 08	Dec 07	Dec 08	Dec 07	Dec 08	Dec 07	Dec 08	Dec 07
Men	1,381	871	3,981	2,610	-2,600	-1,739	-6.5%	-4.4%
Women	2,169	1,386	1,906	4,277	263	-2,891	0.8%	-8.3%
<30	3,112	1,880	1,319	502	1,793	1,378	25.8%	22.5%
31-50	434	358	1,159	1,378	-725	-1,020	-1.5%	-2.1%
>51	4	19	3,409	5,007	-3,405	-4,988	-18.2%	-25.2%
Total	3,550	2,257	5,887	6,887	-2,337	-4,630	-3.2%	-6.2%
ABROAD								
Men	1,344	1,167	1,224	1,120	120	47	1.1%	0.5%
Women	3,113	2,536	2,208	2,081	905	455	6.1%	3.2%
<30	3,197	1,493	1,673	1,306	1,524	187	24.8%	2.7%
31-50	1,204	1,885	1,388	1,521	-184	364	-1.2%	2.5%
>51	56	325	371	374	-315	-49	-7.8%	-1.4%
Total	4,457	3,703	3,432	3,201	1,025	502	4.0%	2.0%
TOTAL								
Men	2,725	2,038	5,205	3,730	-2,480	-1,692	-4.9%	-3.4%
Women	5,282	3,922	4,114	6,358	1,168	-2,436	2.4%	-4.9%
<30	6,309	3,373	2,992	1,808	3,317	1,565	25.3%	12.0%
31-50	1,638	2,243	2,547	2,899	-909	-656	-1.4%	-1.0%
>51	60	344	3,780	5,381	-3,720	-5,037	-16.3%	-21.6%
Total	8,007	5,960	9,319	10,088	-1,312	-4,128	-1.3%	-4.2%

As envisaged in the Business Plan, our commitment continued with regard to reducing the cost of labour, also by means of a voluntary severance plan agreed on with the trade unions. The turnover figures reflect these changes.

Recruitment policy

Employees are recruited through the corporate website, where job applicants can fill in an on-line form. The process of implementing and upgrading the application system continued in 2008. This allows the Parent Company to manage the entire process of collecting and selecting job applications. Job applicants' résumés are screened by means of an automated system that uses parameters defined according to the characteristics of the job position and shared with the interested entities.

The Job Posting process continues to be implemented, through which employees apply for job openings posted by the Bank through this system. 107 new job postings were published in 2008 to fill 209 openings, with over 1,400 job applications being received from within the Group.

Recruitment activity was supported by *Employ-*

er Branding measures taken to improve the Group's ability to attract talents and achieve a more effective position on the job market.

Intesa Sanpaolo increased its initiatives at more universities and business schools. Brand promotion focused on presentations, seminars and job orientation interviews

and interactive events, such as role games, with participation by various Bank departments, including the Human Resources Department.

The most appropriate tools and methods are used in the hiring process, and are chosen according to operating standards that are defined in-house by the Recruitment Department. The recruitment process is focused on attracting and identifying candidates who are pro-active, motivated to grow, and committed to continuous learning, innovation and problem solving. Personal aptitude for team work and cultivating interpersonal relations with colleagues or customers are also considered.

A process to revise the recruitment model has been undertaken so that new employees are hired "not for a position but for the company." Consequently, the recruitment process

Towards a selection model that aims to recruit not only for a job, but for the Bank.

is undergoing reinterpretation as an activity that must provide the initial basis for future actions to develop human resources, measuring not only the candidate's fitness to be hired, but also a set of information about his or her intellectual, interpersonal and organisational skills, which can guide his or her path of development from the moment of hiring. Consequently, all phases of the recruitment process are focused on assessing candidates in terms of a defined set of skills.

In 2008, 140 contracts in Italy and 302 abroad were signed with workers that are not employees of the Group (supply contracts, temporary workers, project workers).

Recruitments within the Group	Italy	Abroad
2008	3,550	4,457
2007	2,257	3,703

Recruitments during the year by type of contract ¹	Italy		Abroad
	2008	2007	2008
Non-permanent contracts	1,324	799	1,475
Permanent contracts	728	911	2,804
Apprentice contracts	1,074	499	165
New personnel contracts	424	48	13

These data confirm that, following abandonment of the "old" training and work contracts, apprenticeships are now the principal avenue for recruiting new employees by Intesa Sanpaolo in Italy. This is consistent with a specific choice made in special labour agreements. Apprenticeships enable young people to acquire specific qualifications to practice a profession, by means of a reliable mechanism that alternates work and training activities. Intesa Sanpaolo has organised the apprenticeship training programme over time to ensure that more hours of training than required by law are given. Instead of the 480 hours spread out over the 4 years of contract pursuant to current law, the Group offers 645 hours of training, which vary according to the training course.

The Bank has also made a commitment with trade unions to transform the apprenticeship contract into a permanent employment contract for 50% of the apprentices who, at 1 August 2007, were considered most worthy on the basis of their acquired skills, conduct in performing their assigned duties, guaranteed contribution to operations, and the level they achieved in the training course for professional qualification to fill the job opening.

Development of human resources and remuneration policy

Various priorities for the development of human resources have been pursued, exploiting the opportunities created by ongoing integration processes.

First of all, in-house best practices were audited by a planning workshop. The purpose of this workshop was to complete and disseminate the Development Platform, a set of tools that would enable implementation of the fundamental criteria at the basis of management and development policies: merit, equality and sustainability.

The Development Platform is based on sharing tested best practices, while simultaneously privileging innovation. Following assessment of employee potential, the informational part has been completed and provided to Department Heads and Personnel Managers.

The new system for assessing the potential of all employees, *Target Potential* (Obiettivo Potenziale), has been extended to all Group business units that use the same human resources management information system (SAP HR), which covers 55,000 employees. It is a key management tool for defining medium and long-term professional growth plans and organising horizontal and vertical growth paths. It analyses employee potential from their supervisors' perspective.

The criteria that characterise management and development policies are Merit, Equality and Sustainability.

¹ Refinement of the data collection process made it possible to report data from the Group's foreign subsidiaries, which were not indicated in the 2007 Social Report.

Driver qualities

The assessment is based on five behavioural aptitudes called "driver qualities":

Personal energy: giving one's best in all situations. Constantly challenging oneself. Capacity for self-motivation even in the absence of external stimuli. Staying highly involved in one's own activities.

Emotional stability: keeping a clear head in different situations. Adequately handling both operating and interpersonal tensions. Relying on one's own resources to deal with stress.

Generation of alternatives: using every situation as

a source of learning. Identifying solutions that were not previously used. Proposing alternative approaches and applications.

Self-awareness: being willing to confront one's own behaviour. Being aware of one's own strengths and areas needing improvement. Seeking feedback in different situations as a tool for continuous development.

Influence and impact: knowing how to frame arguments that will win over listeners. Being persuasive by channelling other people's actions and behaviour. Knowing how to use all channels of communication in relations in order to realise established goals.

The five driver qualities are measured by means of a questionnaire prepared by the Department Heads. During the first phase in 2008, the questionnaire was validated for use in the specific focus groups attended by Department Heads from various organisational and regional units.

Eight preparatory training sessions were held for 180 specialists and personnel managers. Between September and December, in-house trainers assisted by qualified external consultants held 180 training sessions (including 137 for Banca dei Territori), attended by 5,073 Department Heads.

The measurement phase generated over 50,000 assessments. In 2008, 3,038 employees (1,731 men and 1,307 women) participated in potential assessment projects. These projects originated in the business units that formed the original core of the Intesa Sanpaolo Group.

Professional assessment systems

Two distinct systems for measuring performance continued to be used in 2008:

● *Percorsi*: the professional assessment system is addressed to over 60,000 individuals. It involves almost all employees of the Bank and the Group's principal companies in Italy. Abroad, the professional performance of most employees – 62.07% in 2008 – was also as-

essed. This assessment system was designed to effectively identify merit and define individual development plans that could strengthen skills. The first assessment cycle, started in 2007, was closed in 2008, and a significant procedural simplification was implemented (development plans, validation of forms, streamlining of phases and reduction of access to the process). The process also considered the involvement of system users, by logging their comments. In particular, importance was given to the interview between the reviewer and the person being assessed, at which they had to discuss the aspects that characterised their performance. The Reviewer focused on the employee's professional strong points as well as on any aspects that needed improvement: The "Development Plan" is the result of this approach.

● *Leadership by Objectives* (DPO): this is the system used to assess managers. In 2008 it involved over 1,300 managerial positions. It guaranteed effective monitoring of the corporate objectives laid down in the Business Plan, gave a sense of responsibility to management levels in terms of managing employees (so-called intangible objectives), guaranteed a high degree of alignment concerning the growth of value (transversal EVA increase objectives¹) and encouraged the achievement of the specific objectives of various business units.

¹ Economic Value Added, a methodology for calculating the return of an investment that considers not only the remuneration of the debt capital, but also that of risk, showing the effective capacity of the company to produce wealth and supplying management with significant data for planning in the medium and long term.

All-encompassing Assessment

In the Corporate and Investment Banking Division, planning of individual professional and managerial development continued, to acquire a profile of individual managerial skills and aptitudes, including on a prospective basis.

It was in this context that the all-encompassing assessment was applied. The all-encompassing assessment uses the feedback given by everyone who came into

contact with the assessed employee (colleagues, superiors, customers, etc.) in order to pinpoint their strengths and the possibility of further professional development for the individual.

In 2008, this assessment was also introduced by VUB Banka, the Group bank that operates in Slovakia. This type of assessment involved all the managers of VUB Banka, starting from Board members.

Our communities

The variety of programmes, measures and policies targeting previously identified communities of employees has been confirmed to pursue initiatives that best address their growth and professional development needs.

Management: *(Senior and Middle and Junior Managers responsible for organisational units)*

Development and reinforcement of model Group leadership skills continued to be provided to management. The model was created by taking the values that the Group has established as the basis for its own development and success.

The Leadership Development programme is at an advanced stage of development. This programme was designed to identify strengths and areas for improvement according to the new model of managerial skills. At 31 December 2008, 1,342 managers at the Parent Company and principal Group companies were involved at the Assessment Centre.

The Leadership Workshop attracted the participation of 777 managers. The follow-up editions involved 976 managers and 1,204 all-encompassing assessments were completed.

The Excellence project (Progetto Eccellenza) is also underway, to assess the managerial skills of the human resources assigned to more complex roles in staff positions and branch network. At 31 December 2008, 519 had been assessed through the project's fast assessment programme. The Development Check project was launched, with the participation of about 50 people. This project reinforces skills that can be improved on

the basis of the diagnostics carried out as part of the Excellence project.

High Potential Employees: *individuals who are considered to have a high potential for development are offered the chance to participate in long-term training programmes, putting them on track for career development towards more complex roles. The Archi programme was launched after meticulous preparations were completed at the end of 2007. The Self Development course was offered 16 times (including two pilot runs) and attended by a total of 162 people. The Improvement course was offered 12 times (including four pilot runs) and attended by 203 people.*

Key Resources: *people who distinguish themselves by their work and strategic nature of their role are the targets of special initiatives to encourage their loyalty to the company by means of career acceleration and personalised development programmes.*

The Young: *people up to the age of 32 are targeted for assignment of responsibility and direct professional development.*

The importance attributed to human resources has been confirmed by extending the Intangibles and Professional Evaluation System to all new assessors. The purpose of this programme is to present the system and development platform and heighten awareness of "intangibles." 150 new evaluators have participated in one-day classroom sessions.

Instruments supporting development strategy and action

TCM (*Tavole per la continuità manageriale – Tables for Managerial Continuation*) was further developed in 2008. This computer tool is designed to support managerial development systems, reinforcing the criteria of merit, equality and sustainability. TCM aims to guarantee the stability of the strategic programme with a system of rules that will satisfy managerial staffing requirements. It is designed to unify current managerial development systems (weighting systems for job positions, managerial assessment and DPO) and orienting individual growth choices.

Incentive systems

A “new integrated incentive system” has been set up for the Banca dei Territori, Head Office, Division and Group company staff.

The existing incentive systems have been updated and fine-tuned, consolidating incentive-driven features that vary according to business area in order to implement measures reflecting the different professional roles found at the Group, recognising individual merit, rewarding teamwork, and even offering the possibility of long-term incentive plans.

Principles of the incentive system

The system is based on promoting individual contributions, the pursuit of excellence and equity combined with meritocracy and business growth.

The system's close ties with the new performance management system ensures compliance with meritocratic principles and adequate motivation of best performers.

This system has been implemented in the business and retail areas (Banca dei Territori Division and Private Banking Division), corporate and finance area (Corporate and Investment Banking Division, Banca IMI, B.I.I.S., Asset Management) and governance functions (Head Offices and Staff Departments at the Banca dei Territori and International Subsidiary Banks Divisions).

Enhancing the contribution made by each individual, development and incentives are key issues for the entire Group.

The purpose of the *Listening 100%* programme, which was launched about a year ago by the International Subsidiary Banks Division, is to enable Group Banks to continually measure and improve their customers' satisfaction with the strategic perspective of establishing a stable, lasting relationship between the Bank and customer that can create sustainable value for both. A monitoring system has been set up to achieve this goal. Using random interviews that are representative of each branch customers, it identifies the areas for priority action at every level to improve perceived quality and customer experience.

The customers' average level of satisfaction is summarised in statistically reliable way for each organisational unit. The availability of reliable and continuous measures makes it possible to enhance the “customer's voice” at every level, by introducing “customer satisfaction” in commercial plans and incentive systems together with the other existing performance indicators. Listening is the key value in *Listening 100%*

and applies not only to customers but also to all employees, who are considered to be an essential source of ideas that can be used to maintain or develop a high level of customer satisfaction.

The programme aims to “engage” the entire international community – through a “top-down” process at each bank – in preparing action plans that, beginning with data collected during the survey, use co-workers' experience and intuition to trigger continuous improvement of the processes, services and everything else that determine our customers' satisfaction. To achieve these important goals, the training/information programme is comprised of a series of events and telecommunication systems implemented at the local level, which aim in turn to trigger a process of improving customer satisfaction through locally developed action plans that envisage regular updates.

Remuneration policy

A gradual process of harmonising the treat-

The incentive system: recognising individual merit, at the same time making the best use of teamwork.

CLIENTS

ment of managers began through assessment of organisational positions, assuring their competitiveness on the market according to the specific characteristics of the professional families.

This assessment method identifies the materiality of each position, which is expressed by an international measurement system developed from a rigorous analysis of the level of monitored activities and their economic and organisational impact. Assessment of the positions contributes towards the opportunity to create conditions leading to internal equality (treatment, recognition and development opportunities), market competition (position in accordance with the need to attract and hold on to key professionals) and cost rationalisation (differentiated remuneration markets).

Application of this method was extended to other units in 2008. A total of 1,300 positions were assessed.

The data produced by these assessments has allowed Group management to draw up a remuneration policy based on the principles of Equality, through a reduction in pay inequalities and harmonisation of pay packages; Merit, through closer connection with the work performed and displayed managerial potential; Sustainability, through containment of the costs stemming from application of the remuneration policy within limits that are compatible with cost objectives.

Within the Group, the minimum remuneration applied for newly-hired personnel is that laid down by the CCNL¹ (national collective bargaining agreement) for the various personnel categories.

Abroad, it is linked to the particular country's own regulations as well as to the cost of living. There is no dearth of examples in this area as well, such as at VUB Banka. In 2008 it developed a new catalogue of professional positions in order to streamline them and understand their organisational weight. The criteria used for this assessment were: job complexity, management of private information, the impact of the work performed on bank performance, performance of core or support activity, the ability to build consensus, ability to manage work independently and, naturally, one's own skills and prior experience.

This new catalogue laid the basis for development of employee and management remuneration policy and the introduction of the Remuneration Committee, which is responsible for approving performance, bonuses and new appointments.

Basic average annual gross remuneration by gender/category (€/000)

	Italy		Abroad	
	2008	2007	2008	2007
Male Senior Managers	130.6	126.1	69.7	60.1
Female Senior Managers	118.7	113.1	48.8	45.5
Male Middle and Junior Managers	53.6	51.6	30.5	27.6
Female Middle and Junior Managers	47.2	45.3	21.9	21.1
Male clerical staff	34.1	32.6	14.0	13.3
Female clerical staff	31.0	29.7	11.2	11.1

Training for quality

The distinctive skills of each human resource are critical to competing successfully. In 2008 the Training Department continued to conceive, create and develop initiatives to ensure constant development of internal skills, while maintaining focus on the values set out in the Code of Ethics and promoting the integration of models, systems, processes and, in particular, cultures, styles and conduct that create and consolidate corporate identity.

These objectives are pursued with an innovative spirit, by assimilating the best of past experience, constantly measuring oneself with the competition, seeking new methodological formats created with the contribution of internal expertise and focusing on a mix of

methods. The aim is to make individuals the promoters of their own training and development, by providing them with three levels of learning: individual, team and organisational. Productive efforts were intensified: the quantity and variety of organised initiatives was significantly increased, including those aimed at involving persons, by greatly improving accessibility and responsiveness.

An important approach was the "evolution of methods and channels": three planning approaches were undertaken to measure the effectiveness of training, provide information useful for continuous improvement of initiatives, measure the consistency of training results with agreed targets and, finally, initiate dialogue with the recipients of training courses, in order to improve their effectiveness. The *Live* and *On Demand* channels were increasingly integrated for courses taught over Web TV.

Another approach, aimed at the "development and future of the company," led to

The aim is to make individuals the promoters of their own training and development.

¹ The CCNL (National collective labour contract) for the sector covers all the employees in the Group in Italy; abroad, considering the variety of different legal frameworks, there is no uniform application of collective bargaining.

opening of the skills centre dedicated to training methods and projects tied to the Group's internationalisation objectives in order to cultivate and exchange awareness and knowledge and develop international training solutions

aligned with Intesa Sanpaolo values, models and strategies, while undertaking initiatives aimed at facilitating and accelerating the process of internationalisation.

The innovation culture

Space has been provided in the Bank to accommodate projects that might promote innovation in our way of working and lead us to offer increasingly more proactive solutions and ways of cultivating relationships with our customers. Since 2006 we have offered a training course to develop and disseminate the innovation culture. The 2008 project – Business Innovation Extension – engaged the participation of 45 colleagues and four corporate customers on a trip to centres of innovation in the United States and India and

international best players¹, both inside and outside the banking industry. The trip offered participants the opportunity to learn more about innovative technologies, business models and organisational structures. Interdepartmental work groups were created from this experience. They proposed new projects, some of which are currently being developed.

Banca Intesa Beograd held two events in Serbia during 2008, targeting top and middle management, Think tank and Idea incubator.

CLIENTS

New formats and distinctive initiatives

Alongside traditional training activities, certain projects have been launched in the Training Department – frequently in collaboration with other company departments – that contribute to improving the distinctiveness of the various initiatives.

These projects include *Easymanager*, the online training and development environment for the Group's managerial community; the *Accademia Formatori* – Trainer Academy, a school whose mission is to create and maintain an active community of inhouse Trainers qualified to offer classroom instruction; HR Academy, a permanent "Specialised Training" programme dedicated to individuals who hold different roles in the Human Resources professional family; *Cross training*, workshops dedicated to examination of an interdepartmental process involving several organisational units; *Brainshop*, with a mixed brainstorming and workshop format, to accelerate the production of shared solutions to the problems that affect different company departments. Two editions in particular are worth mentioning: *Sostenibilmente* – Sustainably, whose aim was to develop and spread knowledge, stimulate proposals for business and future development or organisational proposals that were consistent with the themes of sustainability, and *La fabbrica dei format: nuove idee per la formazi-*

one e la comunicazione interna – The Format Factory: New Ideas for Internal Training and Communication, whose aim was to stimulate improvement in training activities and prompt new ideas for creating new formats and improving existing ones through the encounter of different professional specialisations. Other initiatives include *Multilevel production*, creative workshops whose purpose is to produce a large number of ideas in a limited amount of time on specific topics, and *Training box/kit risparmio energetico* – Energy Saving Training Box/Kit, a new distance training product designed to consolidate knowledge and awareness of significant issues for the firm and individuals by facilitating the transfer of Group values to daily conduct.

Finally, mention should be made of *Free 18 – Formazione fuori orario* – Free 18 – After-hours Training, programmes that offer individuals the possibility of improving their skills/knowledge off the job, even about subjects that are not strictly related to their position in the company, by providing books, CDs or audio books and simulations, even in English.

Training on the prevention of criminal offences and money laundering continued to be offered in 2008.

The percentage of employees who received specific training on the prevention of corrup-

¹ For the American tour: Stanford University, IDEA, Wells Fargo, Dilts Venture, City Lights, Microsoft, Boeing and IBM
For the Indian tour: Tata, Bollywood, Cisco, Infosys, Wipro and IBM.

tion was 30.1% in Italy and 19.6% abroad (27.3% was the average for the whole Group). Aside from the Parent Company, specific programmes were developed by CIB Bank in Hungary and Banka Koper in Slovenia. The latter

organised specific courses (on money laundering and the financing of international terrorism) and implemented a system of e-learning to facilitate training on key aspects of these issues.

Cultural integration – CSR training

Numerous initiatives in 2008 addressed topics connected with CSR, which were interpreted as a component of shared corporate culture:

Workshop on Tangible Actions Inspired by Intangible Visions dedicated to CSR Delegates, focusing in particular on creating CSR plans integrated with the business of Intesa Sanpaolo.

Workshop for Training Planners, to promote conduct consistent with the Code of Ethics through development in all training activities of continuous focus on the benchmark values of Intesa Sanpaolo.

The WBT Social and Environmental Responsibility (CSR) at Intesa Sanpaolo was created. This is a distance training tool whose aim is to raise the awareness of all individuals about CSR issues and spread knowledge about the initiatives taken by the Bank to implement increasingly consistent conduct. This course will become available in early 2009.

awareness of respect for the environment and reduce their CO₂ output in private life and at work. This will be a WBT accompanied by multi-media training programmes.

The Workshop for CSR Delegates of the International Subsidiary Banks Division was held at Bratislava in September 2008 on direct environmental impact. Its purpose was to support the banks' energy efficiency plans and in view of an Environmental Management System, by proposing adaptation of the tools elaborated by the Parent Company to the contexts of the countries where the banks operate.

The training course that mainly targeted risk management, credit department and project financing Specialists ended in early 2008. It was also attended by several representatives from the Banca dei Territori and International Subsidiary Banks Divisions. The course was offered with the support of Environmental Resources Management (ERM Italia S.p.A.), one of the four companies accredited by the IFC to offer training courses on the new performance standards of the IFC for institutions that have adopted the Equator Principles.

Finally, a special section on CSR principles was introduced in the courses dedicated to buyers.

In addition to legally mandatory courses, special courses were organised for those who are responsible for the Environmental Management System at certified branches, to increase the Group's focus on environmental issues. A training course on the environment is also being offered to raise employees'

ENVIRONMENT

SUPPLIERS

Training for relations with multiethnic customers

The course "Comunicare nella multiculturalità" (Multicultural Communication) is offered to develop the ability to manage relations and communications with foreign customers on the basis of an awareness of diversity, the adoption of specific communication practices and the definition of a simplified basic vocabulary.

CLIENTS

Training courses offered: data, channels, recipients and content

The final figures for training offered in 2008 (860,605 man/days) were even better than the excellent results of 2007 (799,163 man/days), confirming a performance that was far above the forecasts made in the Business Plan.

The Training Department provided 752,372 man/days of courses directly to business units

and companies operating in Italy. The high percentage of training offered in the finance and specialist areas reflected the impact of two important projects that characterised 2008: *Isvap and Migration*.

As for the use of "channels," the balance between classroom and distance training activities was confirmed with a couple of important features for 2008: significant support activity

(tied to the IT migration process) and more intensive use of the Web TV channel, which was rewarded by constantly growing audience and use levels. Resources also continued to be invested in training department heads and the various professional specialisations. The following table illustrates the distribution of training offered to the principal professional specialisations at the Banca dei Territori.

Content training: classroom hours + distance training hours %

	Italy		Abroad	
	2008	2007	2008	2007
Managerial	7.8	7.6	13.1	19.1
Commercial	5.1	43.4	13.9	11.7
Operative	9.0	10.2	13.3	12.7
Credit	6.5	6.8	4.4	6.3
Finance	42.7	25.9	1.4	3.0
Abroad	0.1	0.4	1.0	1.6
Computer	1.4	1.2	5.8	7.9
Specialist	25.0	0.8	37.9	15.7
Linguistic	2.3	3.7	9.3	22.0

Training by type (hours)

	Italy		Abroad	
	2008	2007	2008	2007
Classroom training	65.2%	58.6%	98.5%	98.7%
Distance training	34.8%	41.4%	1.5%	1.3%
Training days during the year (classroom + distance)	752,372	709,808	108,232	89,355
No. of participants in training (enrolled)	62,071	49,249	24,155	35,387
Training days per employee	10.5	10.1	4.1	3.5

The balance between classroom and distance training was confirmed and the Web TV channel was used more intensely, which was rewarded by constantly growing audiences.

Training by professional category and gender (average number of hours per person)

	Italy		Abroad	
	2008	2007	2008	2007
Male Senior Managers	29.5	40.0	120.6	73.8
Female Senior Managers	36.5	45.8	153.2	87.9
Male Middle and Junior Managers	54.0	48.3	26.5	24.6
Female Middle and Junior Managers	56.1	51.2	51.3	28.2
Male clerical staff	39.9	34.7	21.3	45.9
Female clerical staff	44.0	45.4	27.2	44.0

Internal communication

In 2008 internal communication activities were focused on supporting the most intensive phase of integration and territorial reorganisation and, at the same time, on publishing information and news about the new company. The main objective was to give Intesa Sanpaolo employees a clear idea of the progress being made on integration, by offering them precise information that would help them understand the ongoing changes. The Group's commitment to integrating its communication tools – through setting up the unified intranet portal, creation of the new Intesa Sanpaolo House Organ, and extension of Web TV throughout the entire Bank – has enabled it to communicate its values and strategic policies more and more effectively on the basis of a common language. While the Group offered information and comments to employees, it also received them. Several changes in this latter regard, particularly the distribution to all employees of the results of the climate analysis via the intranet and House Organ, and creation of a forum where employees could comment on those results.

Intranet: information and access

The integrated intranet is the main source of real time information about the company. It guides users so that they

can access the content, tools and applications they need for their daily work and use the many services offered by the company to employees.

The home page provides “headline” news every day, with single-click links for quick access to the site's most commonly used features (from the telephone directory to e-mail, rules and regulations and the help desk) and Web TV, and it guides net surfers through the two macro-areas: *Persons* and *Work*.

The participation in the “Photo of the Day” published on the home page has also propelled the site's popularity amongst employees, who have sent in hundreds of snapshots to the dedicated e-mail address.

Following migration of the IT system in 2008, the Intesa Sanpaolo intranet has become the access portal for employees who previously had their own dedicated intranet. The IT system migration process will be completed in 2009.

A project for further evolution in the intranet as a common Group platform was undertaken at the end of the year. The project guidelines are: to steadily increase recognition of the Group's identity, to organise content and surfing procedures according to needs, and to enable users to personalise their use of the site.

The Intranet Social and Environmental Responsibility (CSR) section

This section provides all official documents (Code of Ethics, Policy, Social Report), materials and information on social responsibility issues, periodic newsletters. It also allows consultation of the data and information

provided by the Energy Manager and Mobility Manager on the initiatives taken by the Bank to formalise the environmental priorities set out in the Environmental Policy Guidelines.

House Organ

In 2008 the house organ “Mosaico,” a bi-monthly corporate news magazine published by Intesa Sanpaolo, continued to report on the new Group. Its articles and interviews illustrate the strategies, integration process and changes in organisation at the new Group's Business Units, Head Office Departments and Banca dei Territori Division.

Adhering to a deliberate editorial policy, this newspaper addresses CSR topics in every issue, while also reporting on the Group's significant participation in artistic and cultural activities.

“Mosaico” was revised and improved after its

first year of publication. This led to changes in its graphic layout at the beginning of 2008 to improve its appeal and readability. In 2009, this revision will be extended to content, so that the House Organ will move on from its initial phase of “telling the company's story to itself” to the next phase where commonly shared culture and identity are defined in the different areas of Group activity and set in the context of the Group's operating environment.

Company television

Web TV, launched in 2002 at Banca Intesa, now reaches all Intesa Sanpaolo branches. To-

wards the end of 2008 it was extended to the Banca CR Firenze Group, as part of the technological integration process.

The topics addressed, that are strictly related to work or of general interest, enable everyone to improve their knowledge about the company. Access is possible from the workplace, directly via intranet. There are two ways to view intranet: *Live*, with a daily schedule including a summary of news headlines, TV news, and two in-depth programmes (in 2008, 960 new productions were made: 238 press reviews, 238 television news programmes and 484 programmes); *On demand* allows viewers to choose from a whole host of available clips, encouraging motivated and intentional choice of the programmes and overcoming potential problems connected with work schedules (part-time, absence, etc). In 2008 a total of 339 new clips were published on the *On demand* channel, 18 of which were produced by the Training Department.

Interactivity, structured listening and employee engagement

The integration of intranet and Web TV as instant access online tools and their ideal "triangulation" with the in-depth reports offered in the House Organ, have enabled colleagues to

receive complete information even in particularly delicate situations, such as the height of the market crisis at the end of summer and in the fall. On that occasion, a coordinated series of measures, information and operating instructions provided professional support to colleagues on the intranet, enabling them to address more efficiently the understandable apprehensions of our customers.

Online tools enabled bank colleagues to participate directly in several events simply and transparently. Two interviews for the company TV station offered participants and viewers to join in a virtual question and answer time on the most topical issues of interest to colleagues (who were able to ask their questions on video) and management. Questionnaires and forums for gathering reactions and comments were opened after these interviews and the video messages broadcasted by top management for year-end greetings.

As in 2007, and with even more significant results, the internal communication tools also made it possible to participate in solidarity initiatives, such as the collection of luncheon vouchers for the people of Malawi: 9,000 colleagues donated about 195,000 euro worth of vouchers between 15 December 2008 and 15 January 2009.

A strong corporate culture that is also shared abroad

Shared awareness initiatives and tools were developed for the International Subsidiary Banks Division in 2008 to create a sense of common belonging, increase motivation and promote the development of a strong, shared corporate culture.

The quarterly English language newsletter "What's Up," produced by the in-house editorial team, is a compilation of contributions from the various International Subsidiary Banks that address topics of local interest.

The "Sharing Forum," initially created as a tool for sharing know-how and best practices amongst commercial development and marketing specialists, is now the English language community of the International Subsidiary Banks Division, attracting the participation of about 600 employees from different business areas. It covers all main business areas and collects ideas and specific contributions supporting the development of ideas and actions to implement the Group's social and environmental responsibility.

"News from the Group" is a selection of articles from the Group's House Organ "Mosaico," the intranet in Italy and news of interest from the International Sub-

siary Banks Division that are translated into English and sent to the network of internal communication contacts, who handle the dissemination of this information to individual banks after translating it into the local language.

An easy-to-use and access website has been created for sharing all external communication initiatives (www.thinkingaheadwithyou.com), where files can be uploaded and downloaded. This tool has enabled banks in all countries to stay up to date on current campaigns elsewhere in the Group and – above all – to access creative concepts and images that have already been used by the other banks in developing their own campaigns.  Committee meetings are held every year to coordinate activities at international level, with participation by the contacts at the various foreign banks. The events offer an opportunity to present the projects and programmes underway at every bank and share the Group's key projects. They are organised on an itinerant basis: the venue rotates among the various locations of our banks, with about four committee meetings being held every year.

Employee satisfaction climate and airing of opinions

In 2008 everyone who worked at Intesa Sanpaolo in Italy was asked to participate in an employee satisfaction survey. The response rate of the selected sampling was 36.2%. Among these, 59.9% said that they were sufficiently or very satisfied. The results were published on the intranet, where a forum was also opened for comments on some of the most important results, which were also illustrated in an article published in the House Organ. At the end of 2008, the process began to extend the employee satisfaction survey to the Group's

International Subsidiary Banks in 2009. The use of forums, which have been mentioned several times in this section, became a systematic tool for airing opinions at the end of 2008. This has led to the creation of "Internal Communication Forums," which, in the early months of 2009, were also used to gather the opinions and suggestions of Branch Managers after each of the eight stages of the "Giro d'Italia" ("Tour of Italy") at which top management presented the new organisational structure of Banca dei Territori approved in mid-December 2008.

Employee opinions on commercial initiatives: Commission for Monitoring Safety and Sustainable Development

In accordance with the commitments made by the Bank for sustainable development, 26 focus groups were organised to listen to employee opinions. The 253 employees who participated dealt with issues regarding commercial initiatives and customer relations.

This experience revealed the persistence of certain stereotypes connected with the various commercial cultures of

the companies that created Intesa Sanpaolo, a need to see Heads and Commercial Managers take a more crucial representative role, general appreciation for the Group's interest in employee opinions as material confirmation of its commitments, and the need to strengthen familiarity with the basic principles of the Labour/Management Relations protocol that introduced these focus groups.

Internal Communication ¹	2008	2007
Average monthly individual accesses	77,020	61,634
Total access to Web TV	561,687	603,657
House organ: publication of copies	80,000	80,634

Engagement events	Italy		Abroad	
	2008	2007	2008	2007
Number of focus groups	34	54	1	2
Participants in focus groups	275	611	29	37
Other events	341	3	108	161

Labour/management relations

Negotiations with trade unions continued and intensified the standardisation procedure for remuneration and regulatory treatment begun in 2007, which reached an important milestone through negotiations leading to the signing of the Pay Agreement on 29 January 2009.

In 2008, the standardisation procedure addressed layoffs, working hours, part-time work, the Employee Safety Representatives, economic measures on behalf of employees (e.g. scholarships for children, contributions for workers with dependent children or spouse suffering from disability, etc.) and assignment of positions. This produced the im-

portant result of establishing common Group rules on particularly sensitive issues that guarantee equal treatment of all employees and simplification of management decision making processes. For the sake of uniformity, the same rules were also extended on company initiative to those companies that did not have any rules on the same matters and without union representatives with whom to negotiate.

In addition to standardisation, negotiations followed two main threads. The first involved assignment of the company bonus. Exploiting the potential of the new tools for negotiation of Group labour relations introduced

¹ With reference to the Group in Italy

by the renewed collective bargaining agreement, the company and trade unions made an agreement on 29 May 2008 creating the 2007 company productivity bonus for Group banks and companies and set the benchmark standards for defining the rules that will be adopted at the Group level (including the companies belonging to the former Banca CR Firenze Group) to determine the company productivity bonus for 2008-2009. This agreement was subsequently extended in June to certain companies that were previously not covered by it.

The second regards the important joint commitment to cost containment and the prevention of employment tension, with the agreement signed on 8 July 2008 (Framework Agreement), procedures launched pursuant to articles 4 and 24 of Law 223/91 and set-up of the Solidarity Fund.

These main issues are complemented by others: the negotiating procedures and agreements signed as part of the major operations carried out as part of the Group's corporate reorganisation during the year (including the

Progetto Mimosa – Mimosa Project and the merger of Eurizon Investimenti with Eurizon Capital); greater flexibility by the company in regard to lending policies that, although not a part of negotiations with trade unions, have been the object of dialogue between workers and management in the broader scope of standardisation; resumption of work

by the Commission for Monitoring Safety and Sustainable Development, at which the physical safety (anti-robbery measures) models were illustrated together with the body's main planning activities and initiatives, both ongoing and those described in the 2007 Social Report. To sum up, a total of 249 agreements were signed (of which 245 in Italy and 4 abroad) which, aside from their mere quantitative indication, represent a qualitative and innovative contribution to business culture and integration.

The 245 agreements signed in 2008 represent a qualitative and innovative contribution also in terms of business culture and integration.

Union leave ¹

	Italy		Abroad	
	2008	2007	2008	2007
Employees belonging to a union	77.01%	75.41%	36.35%	28.68%
Days absent due to union activities (all leave granted to union organisers)	85,713	111,867	606	529
Days absent due to meetings/strikes (all employees, even if not organisers)	22,218	22,017	91	76
Days absent due to strikes	7,241	5,930	0	0
Days absent due to meetings	14,977	16,087	91	76

¹ Thanks to the fine-tuning of the data gathering, it was possible to include data for 2007.

Court cases involving currently employed staff

	Italy		Abroad	
	2008	2007	2008	2007
Termination of employment	33	36	148	70
Establishment and development of work relations	74	85	2	19
Duties and qualifications	79	111	55	70
Welfare and assistance	16	18	1	2
Economic treatment	47	54	47	69
Anti-union behaviour	10	3	0	1
Active (undertaken by the Bank against employees)	8	4	18	16
Various	6	7	48	103
Total	273	318	319	350
Requests sent to the Provincial Employment Office	413	335	0	0

In 2008, the figures for current litigation and disciplinary measures remained at a structurally limited level with regard to the total number of Group employees.

Disciplinary action taken against staff

	Italy		Abroad	
	2008	2007	2008	2007
Written censure and verbal or written reprimand	174	137	191	65
Reduction in remuneration (up to four hours)	0	7	10	15
Suspension from work with subtraction of remuneration (from 1 to 10 days)	230	207	10	12
Justified dismissal	39	34	58 ¹	112
Total	443	385	269	204
Number of disciplinary sanctions towards employees for corruption	0	0	2	0
Number of dismissals for corruption	0	0	0	2

¹ The decrease in this figure results from a more exact measurement than in 2007.

Equal opportunities

Inclusion and diversity management

Through the *Progetto Gemma* – (Gemma Project), the Bank continued its initiative to make the best use of female talent, consolidate its commitment to equal opportunity and remove the organisational and cultural obstacles that limit full exploitation of all those employed at the company. This initiative, which took its first steps in the second half of 2007, arose from the desire to affirm the values of inclusion and non-discrimination set out in the Group Code of Ethics. *Gemma* aims to implement tools for promoting gender diversity in the belief that this can make a significant contribution to improving corporate performance, especially through better recruitment and exploitation of individual talents. This is being done with the awareness that greater sensitivity to internal diversity enables the Bank to understand better the needs of important market segments and develop more effective marketing products and strategies. The project began with an analytical survey of the professional status of women at the company. During 2008 this analysis was further developed through a wide-ranging online survey

and direct interviews focusing on three critical areas: career, managerial style and work-life balance, with the latter being construed as the set of tools and initiatives implemented to facilitate reconciliation of work and private life. On the basis of the results of this analysis, targeted work has been undertaken to overcome identified problems, with a broader approach aimed at all people.

Innovative dedicated tools have been implemented in this context – particularly but not exclusively – dedicated to women. These include: targeted training and development programmes; mentorship and networking tools; adoption of clear, measurable diversity targets for personal development; internal communication campaigns in support of cultural change.

The *Progetto Gemma* was conceived and has been evolving in response to the best business practices at global level in terms of diversity in the broadest sense. Intesa Sanpaolo intends to make a major and original contribution to their elaboration.

Progetto Gemma: make the best use of female talent, consolidate commitment to equal opportunity and remove the organisational and cultural obstacles that limit the full exploitation of all those employed at the company.



The Gemm@ Community

The Gemm@ Community was created in the second half of 2008. This is the virtual site accessible over the company intranet, where women and men belonging to the

Group can obtain information and discuss the issues of balancing personal and professional life, parenting and female talent.

Breakdown of employees by category/gender %

	Italy		Abroad	
	2008	2007	2008	2007
Senior Managers	1.5	1.5	2.4	1.9
Male	1.3	1.3	1.6	1.3
Female	0.2	0.2	0.8	0.6
Middle and Junior Managers	37.1	37.9	19.6	26.2
Male	24.3	25.5	11.8	14.6
Female	12.8	12.4	7.8	11.6
Clerical	61.4	60.6	78.0	71.9
Clerical staff	26.4	27.4	27.0	25.3
Clerical staff	35.0	33.2	51.0	46.6

Breakdown of branch staff (%)¹

	Italy		Abroad	
	2008	2007	2008	2007
Senior Managers Men	8.9	9.0	3.7	4.0
Senior Managers Women	3.5	3.0	4.5	4.7
Family bankers Men	20.0	20.7	20.1	21.3
Family bankers Women	29.1	26.3	30.4	20.1
Other – Men	18.6	21.1	13.1	15.2
Other – Women	19.9	19.9	28.2	34.7

¹ figures for the retail branches in the Commercial Banks

Work-life balance and flexibility

Several initiatives aimed at all employees were developed to balance professional and private life more effectively.

Crèches

Forty-eight children were cared for in a company crèche in Milan. A work plan for the design of new company crèches to be built was also begun. At this time, attention is being focused on several projects, including two in Turin (Moncalieri and Torino Grattacielo), one in Naples and one in Florence.

The company is also working on agreements with the network of PAN crèches to satisfy an ever-growing number of people.

Detailed study also began on measures for people forced to take long leave of absence and time management.

Recognition of needs connected with private life

Beyond what is envisaged by law and the industry collective bargaining agreement, various forms of support for managing the employees' personal and family life exist, which have also been addressed in the trade union agreement of 20 December 2007.

- Childbirth: 2 days paid leave.

- Move: 1 day paid leave (which becomes two days in the event of job transfers 100 km to 300 km away and 3 if the move is more than 300 km).

- Personal or family reasons: Up to five days unpaid leave annually

- Illness of child between the ages of 3 and 8 years: Up to 10 days (5 days by law + 5 by Contract) of unpaid leave annually

- Preparation for childbirth: Paid leave for the duration of the course

Furthermore, in order to meet the personal ambitions of employees to complete and improve their own education, additional leave may be taken beyond what is required by law and contract.

- Elementary and high schools: An additional eight days of paid leave – which cannot be broken down into half-days – for the years of the statutory length of study, plus two.

An additional eight days of paid leave, which can be broken down into two periods, to be taken over the entire course of study.

- University: Three days of paid leave – which cannot be broken down into half-days – for each examination taken.

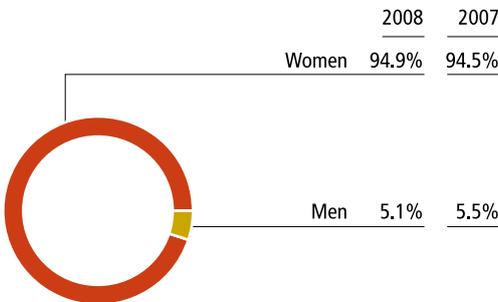


Good work-life balance practices at the Group

Several good work-personal life balance practices have been implemented at the Group. CIB Bank, the Hungarian Bank, has set up a project to facilitate the return of women at CIB Leasing after maternity leave, through courses held by outside coaches. A mentoring programme at VUB Banka, the Group's Slovakian bank, has women returning to work from maternity leave flanked for a certain period by male or female colleagues with proven experience in helping recent mothers effectively resume work. This programme demonstrates respect and attention for women at a crucial time in their career.

A distinct majority of VUB Banka employees are women (at the end of 2008, 2,735 employees out of 3,561 were women, and only 826 were men), two women sit on the bank's management board and one sits on the supervisory board. This bank's corporate culture demonstrates sensitivity towards the issues of balancing personal and professional life and has flexible work hour policies, gives employees two extra days of leave for parents with children under the age of 15 (26 if they are disabled), and organises events for employees' children in which parents may participate by using paid leave.

Part-time employees by gender: Italy



employees with impaired vision in order to improve their access to the web and more information.

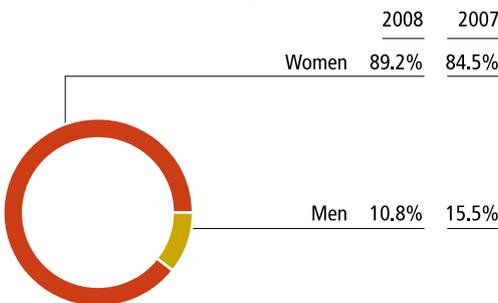
A specific training course entitled "Corporate Communication and Organisation," offered in 2008 in Milan was aimed at visually impaired and blind people. The tools for taking the course were modified according to the students' particular needs.

The *Progetto DARE* – was set up in June 2008 to hire people belonging to protected categories, including work by telecommuting.

The *Fondazione Don Gnocchi*, a foundation qualified to offer recruitment, training and hiring services to the company, was retained to carry out this project. It was created partly in order to comply with statutory hiring quotas (Law 68/99) and the commitment was made by the Bank in an agreement signed with the Province of Milan.

The project has been interrupted due to suspension of the obligation to hire disabled persons pursuant to Law 223/91 and voluntary use of the *Fondo di Solidarietà* – Solidarity Fund at the company.

Part-time employees by gender: Abroad



Protected categories

Continuing an initiative that began in 2007, seven new workstations equipped with the standard IT platform for visually impaired and blind people were installed (four at the Milan Head Office and three in Padua). A new version of software was issued for all

Protected categories out of total number of employees (%)

	Italy		Abroad	
	2008	2007	2008	2007
Disabled	4.1	4.0	0.8	1.2
Other	1.8	1.8	0.1	0.3

The quality of life in the company

The goal of general simplification of internal tools and processes was pursued with the project to unify the company regulation model and extension of this consultative tool to Parent Company and Bank Branch employees. Support was also provided to the *Progetto ISI* – ISI Project (Information System Integration), by providing a section in the ARCO regulation portal that aims to facilitate consultation of all documents regarding the migration process.

Another simplification project was the initiative to promote clear and effective drafting of company regulations. After analysis and diagnosis of existing documentation, the project will culminate with a training course on logical, linear and clear written communication.

To promote the exchange of experiences of those who work at the Bank's Head Office Departments and the experience of those who work in the Branch Network, internships were held by colleagues from the Organisation and Security Head Office at the Bank Branches in order to gather ideas for organisation improvements.

Corporate welfare and support for employees

In 2008 we endeavoured to make it easier to identify the range of welfare initiatives, by defining the "Company Welfare System" as

the point of convergence for streamlining, disseminating, accessing and raising the standard of services. Currently, the main lines of action are: supplement retirement benefits, medical benefits, leisure time (at company clubs) and solidarity (through the non-profit organisation-Onlus). The principal achievements of the year include the operating start-up of the Fondazione Intesa Sanpaolo Onlus. The mission of this foundation is to support Group employees who are in critical situations.

The action guidelines pursue the goal of raising the level of services provided to all employees, while continuing the process of standardising the different approaches that are the result of recent integration. One of the first steps for recognising a common identity involves the awareness of what is available to all employees and the collective value that can be associated with it, which is normally far higher than the pure cost borne.

Consistently with these convictions, the Bank provides economic support to causes that impact individual well-being and quality of life, such as health, maintaining an adequate level of income upon retirement and the future opportunities of one's children, while also monitoring people in difficulty.

The company welfare services, in terms of equal distribution of benefits for people, have a collective value exceeding the cost sustained.

Beyond the law and Collective Bargaining Agreement: a few examples

- **2,300.00 euro** per year is paid to employee's spouse or dependent child who suffers from a serious physical or mental disability;

- The opportunity to allocate the equivalent of the luncheon voucher value to the Pension Fund, with an option that can be exercised once every 2 years;

- **120.00 euro** annual contribution to attendance costs to employees whose children are enrolled at the Crèche or Nursery School.

For employees' children:

- **150.00 euro** scholarship to those who receive a positive assessment at the end of primary school;

- **150.00 euro** scholarship per year to those who receive a certificate from tier one secondary school;

- **200.00 euro** scholarship per year to those who receive a certificate from tier two secondary school;

- **200.00 euro** scholarship per year to those who achieve all the class credits envisaged in the university study plan for the academic year in question.

Contributions for workers¹

	Italy		Abroad	
	2008	2007	2008	2007
Insurance policies (€/000)	3,178	2,758	1,577	1,004
Accident insurance (€/000)	7,881	5,595	181	508
Loyalty bonus (€/000)	19,346	16,383	194	45
Contributions for children/students (€/000)	4,750	3,226	124	359
Cultural and recreational activities (€/000)	3,777	3,496	1,034	1,162
Grants for disabled children (€/000)	1,597	1,382	0	5
Total (€/000)	42,023	32,840	3,110	3,083
Health insurance policies (€/000)	66,509	63,916	3,808	4,270
Health care (number of users)	75,780	71,016	18,595	15,522
Complementary welfare (€/000)	135,113	149,356	5,246	7,280
Complementary welfare (number of users)	74,012	70,760	7,094	6,805

¹ 2007 foreign figures estimated.

Credit facilities for employees¹

	Italy		Abroad	
	2008	2007	2008	2007
Number of mortgages	2,663	3,416	2,474	4,126
Total cost of mortgages granted (€/000)	319,981	343,294	54,576	115,544
Number of loans	5,970	6,980	10,521	7,355
Total amount loaned (€/000)	69,180	63,260	27,725	31,034

¹ Credit facilities offered to all employees with a permanent employment contract, with the exception of subsidised loans, which were also offered to employees hired under apprenticeship contracts.

Health and security

Environmental inspections

Over 2,500 technical risk assessment inspections were carried out in work environments to guarantee employee health and safety. The Group companies' "Risk Assessment Document" was updated according to standardised criteria on the basis of this activity.

This activity drew on the specialised skills of expert consultants (universities and other institutions), and the collaboration of professionals as envisaged by specific laws and regulations (qualified experts, asbestos experts, etc.). Upon conclusion of the assessment, all the activities aimed at reducing and, where possible, eliminating any risk situations were started.

Post-robbery support

This activity involved the participation of the Group's local "Qualified Physicians" network. A total of 403 bank robberies were committed in Italy during 2008 (at a rate of 7.3 per 100 branches – there were 443 in 2007). During the year, 143 first level response actions took place with 125 follow-up actions, involving the participation of over 1,000 people from the

Banca dei Territori Division at different levels. Counselling enabled the qualified physicians to provide appropriate support to the persons affected by bank robbery. Second level response, involving a specialised examination, was necessary in only 6 cases. At VUB Banka particular attention was given to the employees who suffered a bank robbery. They may take a five-day leave of absence and seek psychological support.

The new "Risk Assessment Document": a step towards people

Enactment of the Consolidated Law on Protection of Occupational Health and Safety (Legislative Decree 81/08) entailed several new compliance measures (which are gradually coming into force over time, but which the Bank has already incorporated into its own regulations). This created the opportunity for updating the "Risk Assessment Document" by substantially revising its layout.

In addition to the traditional approach to assessing the risks connected with objective conditions (assessment of workplaces, equipment, plant, presence of asbestos, radon gas and fire risk), a method for assessment of the risks connected with subjective aspects

was also implemented. These consider differences in gender, age and origin from other countries. It also involved carrying out an initial assessment of job stress according to the contents of the European Agreement of 8 October 2004, as received by Article 28 of the Consolidated Law.

The new framework is the result of applying a model that considers the specific characteristics of individuals and outlines how Intesa Sanpaolo can implement safety measures according to an original interpretation of focus on individuals.

The adopted system places the “person at work” at the centre of the risk assessment process. This person’s “gender, age, origin (language, culture and customs), subjective conditions / vulnerability / and likeliness to incur risk” are fundamental aspects of characterising individuals and are important in order to assess any impact on occupational risks and preventive measures.

The specific biological differences of men and women make it possible to identify different disturbances and pathologies tied to their anatomical and physiological characteristics and the specific differences in roles within the socio-economic context, such as bearing the burden of supporting a family and children.

Changes in “age-related physiological conditions” introduce variables that can play a role in the complex mechanism of maintain-

ing health. Likewise, “differences in national origin” – first and foremost linguistic – impact communication and thus the perception of risk.

Dimensions and levels of analysis

Different levels and dimensions of analysis have been identified to which appropriate methods of assessment and action are applied according to the different levels and the specific object of analysis and regulatory obligations:

- **dimension of company:** regarding the organisational system as a whole, with which are connected all the activities carried out within CSR.

- **dimension of work processes:** regarding the specific nature of individual processes characterised by: duties, environment, equipment, substances, information/training and their combination (organisation of work), with specific surveys (job analysis) and measures.

- **individual/subjective dimension:** regarding all of the specific psychological/biological/social characteristics of the worker and his subjective health condition, when they are subject to worsening in connection with the work performed.

The new assessment model considers the specific characteristics of individuals.

The Mense Sostenibili (Sustainable Cafeteria) Programme

Focus on the health and wellness of individuals and increasing attention dedicated to issues related to corporate welfare: these are the bases for experimentation of cafeterias undertaken in collaboration with the Slow Food Association and the Turin Hospital (C.T.O.). This experiment has three main aims.

The first is to promote good eating habits amongst Intesa Sanpaolo employees as a factor in promoting health. To support the acquisition of proper eating habits that are sustainable over time, an innovative element was introduced in the project. This involved complementing the advice given by doctors and dieticians with suggestions on education of taste and the senses, borrowed from the experience of Slow Food, an association that promotes the culture of eating, develops education of the palate and promotes the quality of food in terms of its organoleptic, environmental and social components.

The second objective is to experiment the possibility of making safe and balanced dietary choices at two target company cafeterias (Milano Lorenteggio and Torino Moncalieri). The employees who voluntarily participate in the programme will receive information about the nutritional and caloric characteristics of the dishes offered on the daily menu. At the end of an observation period and in accordance with the rules of proper diet, they can improve their own dietary habits on an informed basis without compromising on taste and the sensorial satisfaction connected with food.

The third objective aims to assess the possibility of introducing principles for respect of the environment through the qualitative and quantitative choice of the food that is produced, harvested and transported in a more respectful way for the land and environment.

ISO 9001 Certification

The quality certification obtained by Banca Intesa in 2005 for the prevention and protection of employees against risks at its Milan headquarters was confirmed in 2008 for Intesa Sanpaolo, and thus obtained its extension to the Turin, Padua and Rome locations.

Training and security

The Bank remained heavily committed in 2008 to in-house training on security for its employees according to the demands for protecting their information and customer information.

Safety courses

Specific training courses for colleagues identified as "Disabled Person First Aid Specialists."

In the area of computer security, classroom courses have been offered on information security ("Conduct and Techniques for the User") and self-paced WBT (Web Based Training) courses, addressing "Information Security."

The contents of both courses are aligned with Bank policies ("User Rules for the Protection of Information, Corporate Assets, and Use of e-mail and Internet").

The classroom training programme dedicated to physical safety in 2008, attracting the participation of over 1,400 employees in course modules dedicated to Branch Managers (1 day) and future Managers (half a day followed by a training visit to their assigned branch). The courses are designed to present the proper behaviour to be adopted in preventing crime and how to act in the event of robbery.

Over 7,500 training days dedicated to safety were offered in 2008.

Work safely

The main components of the safety regulation framework at the Group level have been published.

Aside from the *Safety Principles*, which lay down the fundamental principles for protection of the Group's tangible and intangible assets to be applied in all Intesa Sanpaolo operating activities, both the "Guidelines for protection of information assets" and the "Business Continuity Guidelines for familiarity and comprehension of the principles and policies that govern business continuity management in company processes" were published.

Furthermore, codification of the rules and process of the physical safety regulations was completed, and will be made official for the entire Group in 2009. In particular, the adoption of a single regulatory model is the answer to the need to simplify and standardise conduct by all employees, and good use of all safety devices. To support the Group's International Subsidiary Banks, the principles and guidelines for protection of information assets and business continuity have been translated and published in English as well.

To facilitate people's work in protecting customer information and the Bank's information assets, the "Method for classifying information and risk analysis," "User rules for the protection of information, company assets and use

of electronic mail and internet," the "Rules for selecting technical solutions to guarantee the operating continuity of processes and the organisational model for crisis management (MOGC)" have also been published, among other documents.

During the year, the Group took initiatives – mainly connected with the search for high technology solutions – designed to improve the real and perceived level of safety and, at the same time, simplify and reduce device operating activities by the colleagues at Bank branches.

The elaboration of processes and mechanisms for coordination amongst the different company functions that play a role in protecting physical safety has made it possible to significantly increase measures to upgrade existing defences and replace obsolete equipment. In 2008, more than 1,500 new security installations have been applied.

Security in the future

Secure access to company systems

Keyboards with an integrated smart card reader to guarantee their secure access to company systems and their own workstation by means of a digital certificate continued to be distrib-

Training and security: a benefit for people and guarantee of respect for demands to protect customers' and employees' data.

uted to colleagues during the year. In 2009 it is expected that the system will be extended to all Group Banks so that they can be enabled for future integration of combined logical and physical protection mechanisms (e.g. use of a badge when leaving a company site prevents access to company systems until the badge is subsequently used to enter the facility).

*Security and technological innovation:
GSS and evolution of Operating
Head Offices*

In the spirit of continuous innovation towards solutions that offer ever greater mitigation of physical risks, the GSS (Global Security System) project was launched in 2008. It envisages integrating all the safety devices existing at a

branch to increase the real and perceived level of security; simplify and reduce the operation of devices by branch personnel; promptly identify any malfunctions in security devices.

Furthermore, a project to integrate the Group's Operating Head Offices was launched during the year, by unifying the systems for supervision and management of alarms. The technological investment at control centres and branches will make it possible for the Group to internally unify the contacts who manage security alarms and emergencies, standardise behaviour and simplify the activities of the individuals who work at the branch, and improve the quality of the service provided to branches through progressive expansion of remote control of plants by specialised personnel.

Absence rate according to reason

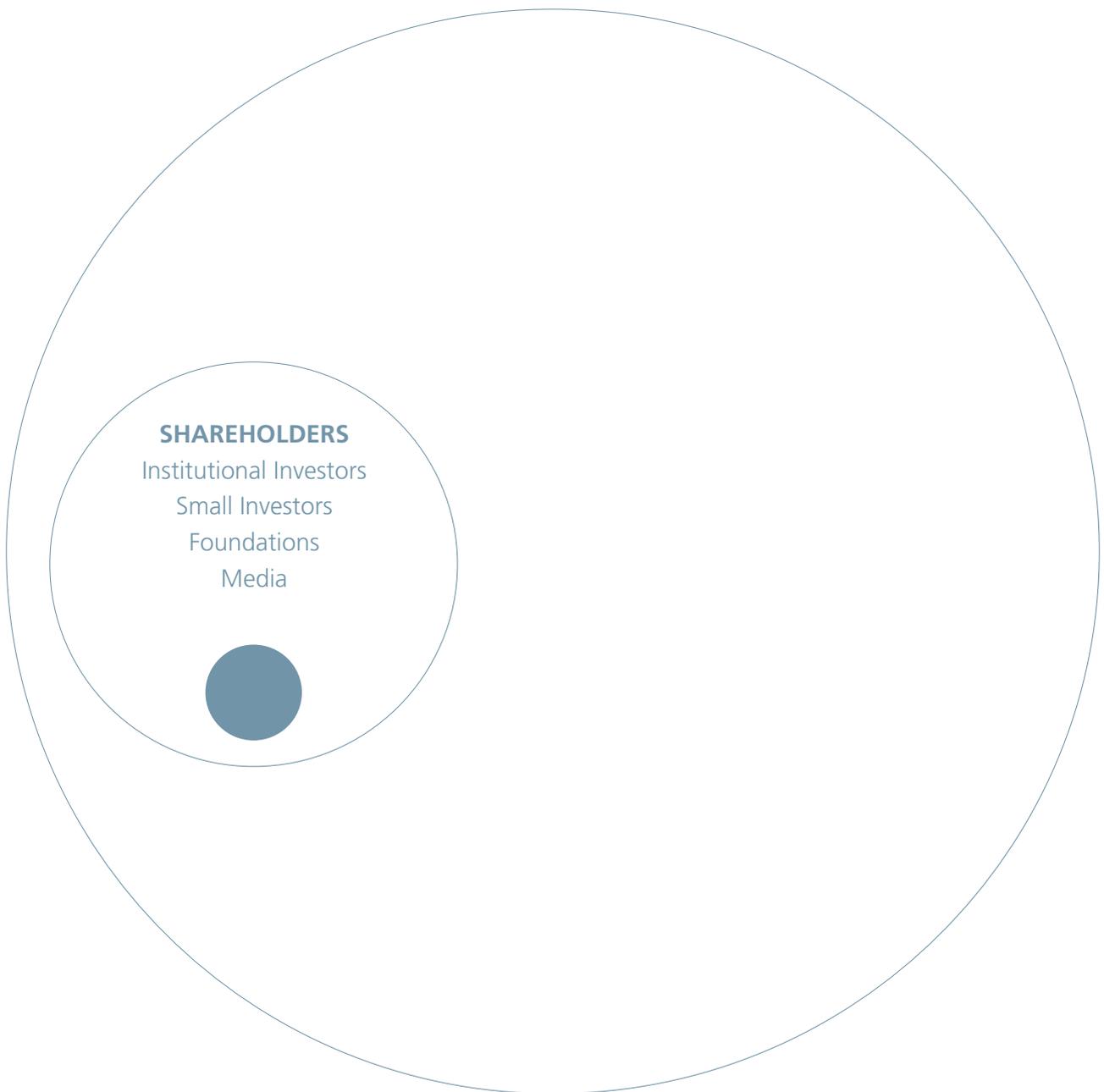
	Italy		Abroad	
	2008	2007	2008	2007
% of total theoretical working days	6.87	10.33	9.05	9.37
Illness	3.31	4.27	2.93	2.13
Accident	0.04	0.12	0.08	0.07
Child care	1.45	2.31	5.43	2.94
Personal and family reasons	1.23	0.78	0.22	0.65
Leave for public duties	0.08	0.07	0.01	0.01
Leave for blood donation	0.23	0.05	0.00	0.01
Disability (Law 104/92)	0.41	0.44	0.03	0.03
Other	0.12	2.28	0.35	3.5

Accidents throughout the year ¹

	Italy		Abroad	
	2008	2007	2008	2007
Accidents inside the Company	280	222	28	43
Accidents outside the Company	643	530	74	131
Total accidents throughout the year	923	752	102	174
% accidents out of the total number of employees	1.3	0.9	0.4	0.7

¹ 2007 Italian figures estimated.

Shareholders



Strategies

In 2008 our activities concentrated mainly on maintaining consistency in commitments made under the 2007-2009 Business Plan. Therefore, the sustainable growth objective had to adapt to the rapidly deteriorating economic situation, continuing development of a relationship of trust with all our stakeholders and applying leverage on all management variables: sustainable revenue growth, cost control, asset and risk optimisation.

The integration plan continued as planned, even in light of the acquisition of Carifirenze which was completed in April. The Carifirenze 2008-2010 Business Plan was approved on 23 June 2008 in the context of its integration in the Intesa Sanpaolo Banca dei Territori Division.

The corporate governance model has been

aligned with international best practice, consistently with organisational development plans. Governance responsibilities have been broken down into four separate areas delegated to the Chief Operating Officer, Chief Financial Officer, Chief Lending Officer and Chief Risk Officer, respectively.

The Banca dei Territori model, which was adopted in 2007 when Intesa Sanpaolo was created, has also been reinforced with a view to improving the effectiveness of its local commercial activities, relaunching marketing efforts for the development of innovative products and services, and maintaining adequate cost controls.

Full integration of the Group information system was completed in 2008, ahead of the original schedule.

Commitments for 2007-2009 and our achievements in 2008

Focus on growing return on investment for our shareholders

● the market continues to demand that all banks maintain higher capital ratios to meet the severe international financial crisis; 

● although the Bank's capitalisation is considered adequate in terms of its risk profile, liquidity and leverage, the decision has been taken to rapidly reinforce the Intesa Sanpaolo Group's capital ratios to avoid any perception of undercapitalisation. Accordingly, when it made its motion for the distribution of net income, the Management Board proposed that no dividend be paid on ordinary shares for 2008; this motion was then passed by the Shareholders' Meeting. It is expected that the Group's capital ratio will be further reinforced by application

of the Basel II advanced approach and possible capital management operations affecting non-strategic activities for an aggregate book value of about 9.5 billion euro. 

Guarantee the maximum level of transparency and promptness in communications to the market

● the Group has maintained its commitment to provide all its stakeholders with transparent, prompt and easy-to-access information. Telephone and web-based interviews and conferences have been held with the Italian and international financial community, as illustrated in the following sections. The Group's website has been further enhanced with publication of an interactive version of the Social Report. 

-  target achieved
-  activity in progress
-  activity not yet launched

Shareholders' Meeting¹

Resolutions: main functions	<ul style="list-style-type: none"> ● appointment and revocation of the Supervisory Board; ● responsibilities of the members of the Supervisory Board and, without prejudice to the concurrent competence of the Supervisory Board, of the members of the Management Board; ● distribution of net income; ● appointment and revocation of the independent auditors; ● approval of financial statements unless approved by the Supervisory Board; ● transactions reserved by the law to resolution of the Extraordinary Shareholders' Meeting.
Meetings convened in 2008 with their relative agendas	<p>In 2008 the ordinary session of the Shareholders' Meeting was called for 30 April. The meeting agenda included approval of the proposed allocation of 2007 net income, dividend distribution and the replacement of resigning Supervisory Board Members Pio Bussolotto and Fabrizio Gianni.</p> <p>On 3 December 2008 the Special Meeting of Savings Shareholders also met to resolve on the appointment of Paolo Sfameni as Savings Shareholders' Representative for the 2009-2011 period.</p>
Participation	<p>The participation of Shareholders in the Meeting continued to be significant. Specifically, the 2008 Shareholders' Meeting represented 57.86% of ordinary share capital.</p>
Voting rights	<p>Each ordinary share confers the right to cast one vote.</p> <p>Savings shares do not confer the right to vote in ordinary and extraordinary Shareholders' Meetings but entitle the holder only to attend and vote at the Special Meeting for savings shareholders.</p>

¹ For information about the ownership structure, please see Chapter 1, page 30.

Intesa Sanpaolo share performance

Ordinary Share price

In 2008 the price of the Intesa Sanpaolo ordinary shares fell in step with that of the entire banking industry, as confirmed by the changes in the Comit sector index.

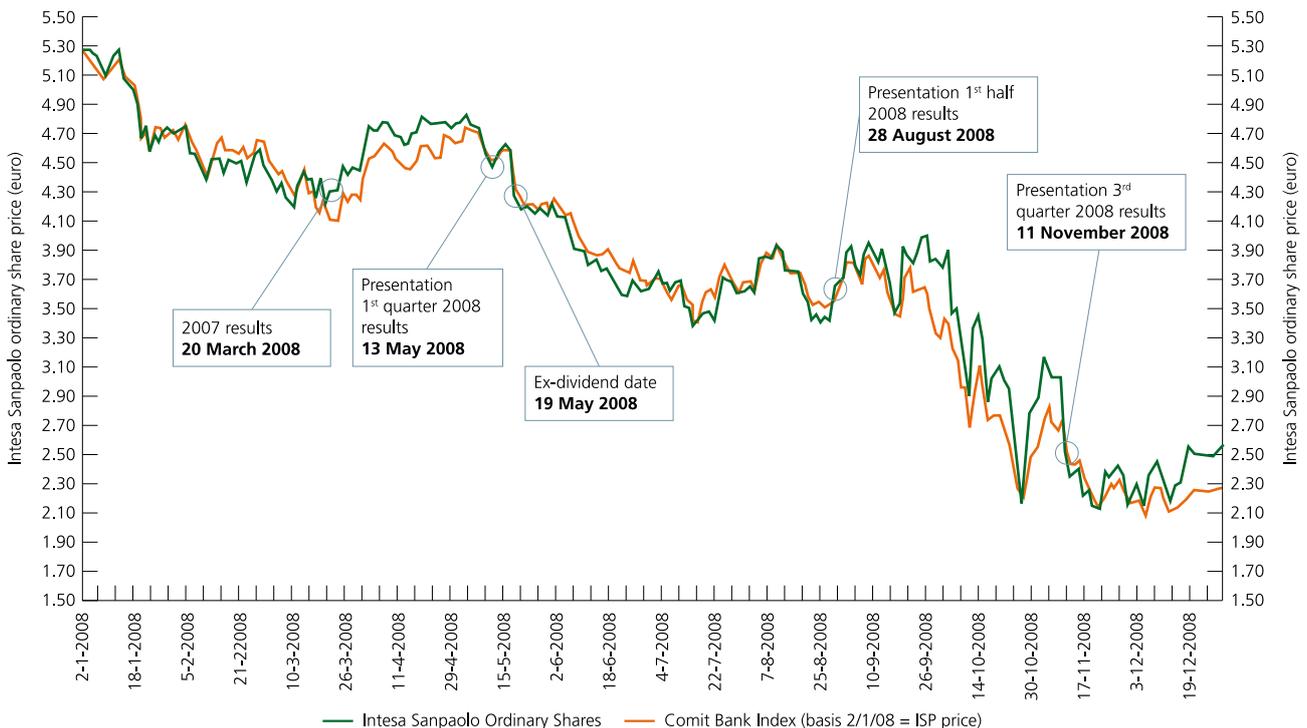
After declining steadily in the first two and a half months of 2008, its share price recovered when the 2007 results were reported.

After the ex-dividend date, the share price fell steadily until it dropped sharply in September and October, when news of the severe inter-

national financial crisis and certain large bank bankruptcies impacted the banking industry worldwide. Between the presentation of the Group's results for the third quarter 2008 in November and the end of the year, the share price stabilised in the 2.30-2.50 euro range.

At 31 December 2008, the share price was down about 53% from the beginning of the year. As at the end of 2008, the capitalisation of Intesa Sanpaolo amounted to 31.5 billion euro.

Intesa Sanpaolo ordinary share price vs Comit Bank index (from 2 January 2008 to 30 December 2008)



Dividends

The Ordinary Shareholders' Meeting of 30 April 2008 approved a dividend of 0.391 euro for each savings share and 0.38 euro for each ordinary share.

The total pay-out of these dividends was over 4.8 billion euro, in line with the 2007-2009 Business Plan to pay over 2.8 billion euro for 'ordinary' dividends and 2 billion euro for 'extraordinary' dividends in 2008.

Relations with shareholders and the financial community

The Investor Relations and Rating Agencies services assure continuous, fair and transparent financial disclosures to shareholders and the market.

Communication with the financial community – analysts, institutional investors and rating agencies – in 2008 concentrated again on the strategic objectives of the 2007-2009 Business Plan presented on 16 April 2007, and on the prompt reporting of corporate performance.

With regard to the 2007-2009 Business Plan, the priority communications objective was that of consolidation with all stakeholders – through upgrading of the website and constant direct contact – of Group potential, in relation to both creation of value and access to products and services with more competitive terms for customers.

Specifically, close attention was paid to sound capital base, liquidity and asset quality, highlighting the fact that the Intesa Sanpaolo Group is a solid reference for investors and a reliable partner for companies, based on indicators that are among the most positive for the sector at international level.

In 2008 it was also possible to guarantee equal access to information for all shareholders and for all stakeholders, by making information easily accessible and useable in timely, easy and economic ways through a range of channels: Internet, conference calls via a toll-free number, brochures and free distribution of financial statements on request via the Bank's website.

Communication with the financial community

In order to contribute to the creation of sustainable value over time, regular and frequent meetings were held with the financial community that consolidated long-term relationships

based on mutual trust. In more detail, external communications in 2008 consisted of the following activities:

Communications	2008
Institutional presentations	58
Financial communiqués published	108
Number of roadshows	22
– Europe	21
– United States	1
Meetings with investors and analysts	238
Requests received and resolved by the shareholders' help desk	12,000

Credit Rating

All the ratings previously received by Intesa Sanpaolo were confirmed in 2008, attesting to the good quality of its assets and solid capital ratios, steady profitability of its traditional activity and positive growth expectations.

Moody's

Medium to long-term debt	Aa2
Short-term debt	P-1
Financial strength	B-
Outlook	Stable

Fitch

Medium to long-term debt	AA-
Short-term debt	F1+
Individual	B
Support	1
Outlook	Stable

Standard & Poor's

Medium to long-term debt	AA-
Short-term debt	A-1+
Outlook	Stable ¹

¹ Revised to Negative on 12/3/2009

Recommendations by analysts

In 2008 the Group's stock was monitored and covered by 36 analysts, up from 34 in 2007.

Their opinions were clearly impacted by the severe financial crisis, which conditioned the prospective outlook for the banking industry. This was the backdrop for the slight deterioration in their recommendations, although the majority of opinions remained positive.

Recommend.	January 2008	December 2008
Buy	79%	72%
Hold	18%	20%
Sell	3%	8%

Inclusion in ethical indexes

Ethical indexes are characterised by the criteria applied in selecting the stocks they include. These selection criteria privilege the adoption of programmes supporting corporate social responsibility, alongside financial performance. These indexes are an important guide for fund managers, whether they mimic the index itself or use the index as a benchmark while actively engaging in stock picking.

Intesa Sanpaolo was listed on a number of the main European ethical indexes in 2008: FTSE-4Good, ASPI Eurozone, and Ethibel Investment Register.

Media Relations

The definition and management of the Group's communications with the media and Italian and foreign opinion makers is conducted by the Media Relations Office, with the main objective of communicating initiatives of strategic and operating importance for the Group to all stakeholders and to develop a highly transparent relationship with the financial community and with public opinion, both at home and abroad.

Communiqués provide punctual, detailed and transparent information regarding:

- the corporate identity values and the Group's role in providing support to the development of the country;
- the objectives of the Business Plan;
- the presentation of the quarterly, half-yearly and annual results;
- new product/service launches with particular relevance for all stakeholders;
- the development of cultural or social initiatives of particular importance;
- the development of new structures dedicated to the business, to the non-profit sector, to public finance and investment banking.

All strategic information pertaining to the Group is made promptly available on the relevant section of the Group's website, which is updated on a daily basis. This section also contains biographies and photographs of the Group's top management, the press releases issued by the Group and by Banca Intesa (from 2002 to the present) and Sanpaolo IMI (from 2000 to the present).

Communication	Number
Press releases	607
Press conferences	128
Product presentations and initiatives	50

Individuals or entities can subscribe to a mailing-list to receive press releases and information about major corporate events directly by e-mail or mobile phone; available documentation can also be sent to a physical address.

Research and relations with the world of finance

The independence and reputation of research are fundamental values for the correct functioning of financial markets and for the preservation of investor trust. For this reason we are committed to ensuring that our economists and financial analysts express independent judgements and, with regard to our external research, we have prepared templates to protect investors, on governance and conflicts of interest. The Group has concentrated all its research resources in a single research structure, the Research Department, which is completely independent of the business units and functions. Furthermore, in compliance with the MiFID and associated regulatory measures, the Research Department was reorganised to ensure a clear distinction between research on investments and the compilation of economic studies, carried out by separate departments. Specific internal regulations were introduced in 2006 to discipline the principles and rules of behaviour for the activity of financial analysts in light of applicable legislation. The Compliance department monitors the activity of financial analysts on a regular basis, to ensure that the objectives of fairness and transparency are satisfied in all investment recommendations and communications regarding specific interests and/or conflicts of interest.

In-depth knowledge of economic and financial phenomena, and of the corporate, industrial and local situations in which the Group operates is fundamental for understanding the main trends of the reference markets, identifying their growth potential and contributing to finding direction for the Group's activities.

The Group also conducts research for the promotion of public initiatives with the aim of stimulating debate on economic and financial issues and, where possible, to offer suggestions to the relevant authorities. The extensive knowledge deriving from the Group's activity and the experience of our employees is of fundamental importance in this field and guarantees participation in economic and financial

debate, at both national and international level, through internal studies and research which are distributed to the public and the financial community.

The Group's studies and research are distributed according to the contents of each publication and to the needs of the end users: corporate and institutional customers, the Bank and Group units, the general public. Publications are distributed through electronic and traditional mail, targeted mailing lists (the most extensive of which contains over 3,000 addresses), the Group's website, in which a selection of its vast production of studies is available; institutional customers may also access the websites of the companies of the Group.

In recent years the Group has promoted initiatives to increase the awareness of public opinion and economic operators for the role played by factors such as research, innovation, marketing, ICT, human resources and internationalisation in the development of competitiveness, not only of large companies, but also of SMEs.

Relations with category associations, other associations and research centres provide an opportunity to exchange views, which is fundamental for the Group's development. Therefore the Group supports and promotes external analysis and research initiatives by providing both direct collaboration and economic support. In 2008, our Research Department and *Prometeia* celebrated their twentieth anniversary of joint analysis of industrial sectors. This anniversary was marked by a review of the most important long-term changes in Italian industry.

Following tradition, the Research Department provided scientific support for the organisation of several major conferences in 2008. This involved presenting analytical reports on industrial sectors, local infrastructure and strategies in the fashion and luxury product sectors in the face of a market downturn.

Intesa Sanpaolo conferences organised in 2008 with the scientific contribution of the Research Department

Vent'anni del "Rapporto Analisi dei settori industriali – L'industria italiana al 2012"
(Twenty years of "Analytical report on industry – Italian industry from now to 2012")
 Milan, 30 May 2008

Strategie per la crescita, federalismo fiscale e infrastrutture
(Strategies for growth, tax federalism and infrastructure)
 Rome, 21 October 2008

74° Rapporto analisi dei settori industriali – L'industria italiana e le sfide del prossimo

biennio: alla ricerca del ritmo perduto
(74th Analytical report on industry – Italian industry and the challenges of the next two years: searching for lost rhythm)
 Milan, 29 October 2008

Moda e lusso nel difficile contesto di mercato: quali strategie?
(Fashion and luxury in a tough market: what strategies?)
 Conference organised jointly with Pambianco – Strategie di Impresa
 Milan, 6 November 2008

Stock market indexes

The Group publishes daily a series of long-standing stock market indexes – the best-known, the Comit Global, was launched in 1972 – which represent a reference point for investors and the financial community, including various Italian mutual funds that use them as benchmarks. The indexes are constantly integrated to respond to the changing market scenario and operator requirements. Currently 39 stock market indexes are calculated and circulated by the main info providers.

Suppliers



Strategies

One of the commitments undertaken by Intesa Sanpaolo is to promote and disseminate good practices in the areas of social and environmental responsibility amongst the individuals and entities that have relationships with us. This commitment, together with a focus on eliminating waste and conservative buying deci-

sions, have represented the backbone of the Group procurement policy.

In practice, procurement activities have applied the principles of transparency and equal opportunity, both during the process of selecting suppliers and the process of defining purchasing procedures.

Commitments for 2007-2009 and our achievements in 2008

TRANSPARENCY AND FAIRNESS IN THE SUPPLIER SELECTION PROCESS

Extend the Procurement Portal and the use of on-line bids to the entire Group:

- extension of the e-sourcing portal to almost all product categories and to a larger number of Group companies than in 2007. On-line management of negotiations. 

Develop and integrate the supplier list:

- further development of the *Supplier List*. 

Implement actions to accelerate payment as established by the contracts:

- improvement of IT procedures supporting administrative management of spending to streamline monitoring of payment schedules. 

Define listening and dialogue programmes to benefit bank/supplier relations:

- consolidation of relations with suppliers through the integration process. 

PROMOTE SOCIAL AND ENVIRONMENTAL SUPPLIER SUSTAINABILITY

Qualify suppliers according to social and environmental requisites:

- registration on the e-sourcing portal entails completing a questionnaire on the supplier's social and environmental responsibility practices. 

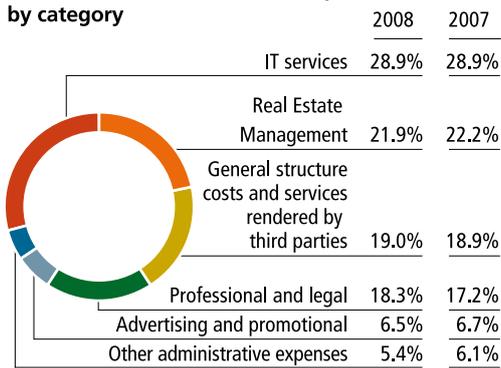
Improve the procurement process with the aim of reducing environmental impact:

- in tenders, use of technical forms that define the eco-compatible criteria for purchasing of technological material. 

 target achieved

 activity in progress

 activity not yet launched

Breakdown of administrative expenses by category

Transparency in procurement processes and the selection of suppliers

The integration process of procurement and the renegotiation and unification of supply contracts have seen intense activity again in 2008. This process also considered the availability of local outsourcers as a criterion for choosing suppliers. The integration process also produced positive results for consolidation of relations with suppliers.

The described activity was carried out in accordance with the principles of transparency and equal opportunity, relying in part on the *Supplier List*, an area on the Group's corporate website (group.intesasanpaolo.com), where accredited suppliers are listed. [Z]

During 2008, 62 product categories were examined, 107 on-line tenders were called, about 900 suppliers participated, and 700 contracts were signed in Italy.

Using the e-sourcing portal, which has been extended to nearly all product categories and a larger number of Group companies than in 2007, negotiations are carried out on-line, ensuring the transparency of our relations with suppliers. This tool enables us to track and manage all phases of negotiations: from the supplier selection process to the organisation of the negotiation itself; from the publication of the requisites of the bid to the invitations issued to potential suppliers to participate; from the collection and analysis of the offers to the automated reports and the announcements of the conclusion of the bid.

The individuals and entities that wish to apply as potential suppliers and participate in the negotiation process must register on the

system. The firms that are qualified to submit bids receive the keys that enable all of them to access and submit their bids. During the registration process, potential suppliers are required to state their acceptance of the bank's general conditions of procurement and declare their compliance with the principles laid down in the Code of Ethics, with the *Organisation, Management and Control Model* (Legislative Decree 231/2001) and the Group Internal Code of Conduct; actions or behaviour contrary to these principles may result in termination of the contract.

VUB Banka was one of the first banks to introduce an automatic procurement management system in the Slovak Republic, called Access Point (<https://access-point.vub.sk/>). It enables suppliers to make bids and renders the procurement system much more transparent and efficient. The bank has about 1,457 suppliers, about 90% of which are local. [Z]

More efficient use of IT procedures to support administrative management of spending has made it possible to monitor payment schedules more attentively, although they have not changed substantially with respect to initial forecasts.

During the portal registration procedure, suppliers are required to conform to the principles set out in the Code of Ethics and to consult the *Organisation, Management and Control Model* as well as the Group Internal Code of Conduct.

Promote social and environmental sustainability



An electronic procurement policy, or e-procurement, has been in effect at Intesa Sanpaolo for years. This procedure is a model of sustainable consumption, as it makes it possible to eliminate warehouses and inventories. This is just one way to promote sustainable purchasing practices, and also represents another means of streamlining costs.

We are mindful of social and environmental responsibility criteria when choosing our suppliers and react favourably to those that implement CSR policies in their own daily practices. When suppliers register on the e-sourcing portal as candidates to become Bank partners, they not only have to read the previously mentioned corporate documents but also complete the "Social Responsibility Policies Questionnaire." This makes it possible to define the potential supplier's "sustainability profile."

In addition to respecting the environment, a commitment to supporting protection of human rights is an integral part of the selection and contracting process.

Analysis of the received questionnaires has made it possible to identify and group certain good practices among the over 1,040 suppliers registered on the e-sourcing portal: 413 companies have implemented a Quality Management System, 98 an Environmental Management System, 487 have implemented a Health and Safety Management System and 195 satisfy the social responsibility requirements set out for SA 8000 certification.

With regard to the CSR requirements imposed by the Bank on suppliers for the purchase of certain products, in 2008 we began to use technical specifications with low environmental impact energy and efficiency parameters for tenders to purchase technological material (desktop PCs, servers and LCD monitors).

VUB Banka also has included environmental and occupational health parameters in its procurement processes, privileging recycled paper, high energy efficiency products and eco-compatible technological equipment.

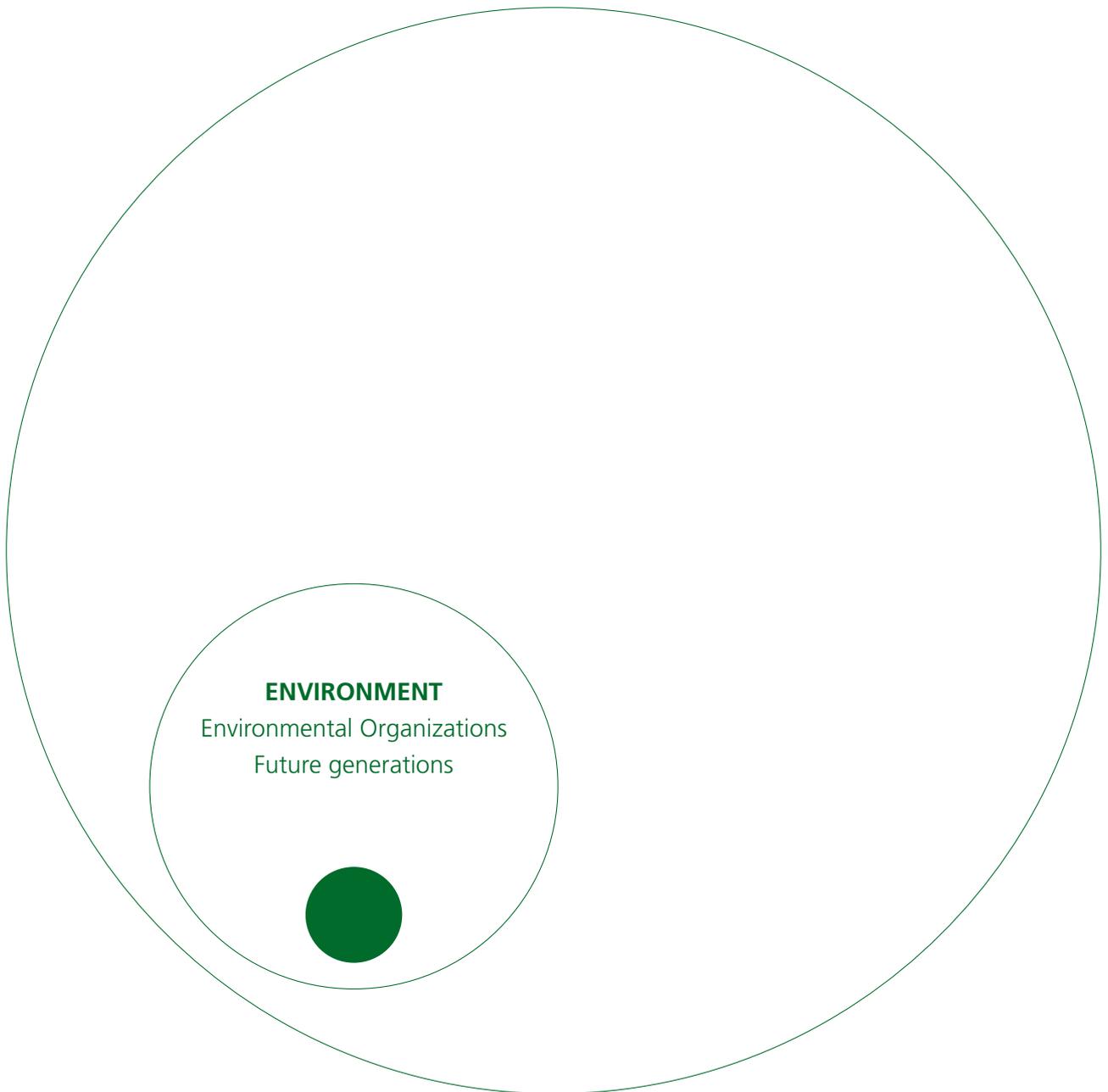
The commitment to a responsible approach in the procurement field has also been confirmed by internal Bank audits. During periodic compliance audits of the purchasing of goods and services, the Audit Department found that the Bank has included specific clauses in the purchasing agreements signed with suppliers. These clauses require that suppliers comply with the principles set out in the Intesa Sanpaolo Environmental Policy. Audits of Group subsidiaries are a part of implementation of this policy. Moreover, in countries which have passed legisla-

tive measures for the protection of the environment, frequent checks are performed to ensure compliance (in Italy, Legislative Decree 626/94). In the area of in-house training and awareness of these issues, training of staff who directly handle relations with suppliers includes a specific section dedicated to social and environmental responsibility. The "Mense Sostenibili" ("Sustainable Cafeteria") project has been launched on an experimental basis. This project, discussed in detail in the section dedicated to employees, is based on individual health and wellbeing and received the support of the Slow Food Association and the Turin Centro Traumatologico Ospedaliero (Hospital Trauma Centre – C.T.O.). One of the objectives of the project is to introduce criteria for environmental protection through the procurement of products on the short supply chain, which makes it possible to reduce the number of middlemen found in the traditional system. All of this is accompanied by the qualitative and quantitative choice of the food produced and a more respectful attitude towards the earth and the environment.

We acknowledge the principles established by the fundamental ILO (International Labour Organisation) conventions and in particular the right to association and collective bargaining, the banning of forced labour and child labour and non-discrimination in employment.



Relations with the Environment



Strategies

The Environmental Policy Guidelines, issued in 2007 and applied at Group level, regulate how we reduce the impact generated as a large company operating throughout the country not only as a consumer of natural resources (direct impact) but also the impact generated by third parties with whom we are in contact (indirect impact). Their implementation consists in a gradual extension of the process to the entire scope of consolidation and to all the Group operating environments. The integrated management of direct impact is organised through the Environmental Sustainability Office, set up at the end of 2007 and coordinated by the Group Energy Man-

ager, and we have launched a series of energy-saving initiatives, promoting efficiency and privileging the use of renewable sources. In this way, along with the introduction of employee transport initiatives headed by the Group Mobility Manager, we aim to limit CO₂ emissions.

With regard to reducing indirect impact we have intensified our product mix to private and business customers through financing in support of the use of renewable energy sources and the optimisation of consumption. The promotion of these products is backed by advisory and support activities for our corporate customers.

Commitments for 2007-2009 and our achievements in 2008

PROMOTE RESPONSIBLE USE OF ENVIRONMENTAL RESOURCES: ENERGY, PAPER, WATER AND WASTE MANAGEMENT

Extend the ISO 14001 certified Environmental Management System to new areas:

● extended to 50 locations in Lombardy, to reach a total of 132 locations. 

Adopt higher energy efficiency systems and gradually reduce carbon dioxide emissions:

● at the end of 2008, the use of electricity produced from renewable sources had reached 86% of the total for Italy; 

● more efficient energy solutions adopted when renovating and fitting 280 locations in Italy, especially involving the installation of 25 condensed gas boilers, 199 heat pumps and lighting efficiency improvements in 228 branches. The locations involved in the Green-Light Programme reached 320 in Italy and 7 abroad; 

● the issue of LCD monitors continued (approximately 11,000), to reach a total of 57,000 (around 81% of the company pool); 

● automatic night-time and weekend switch-off enabled on 70% of PC workstations in the Italian branches; 

● the use of heat retrieval systems in the Data Processing Centres (CED) in Moncalieri and Settimo Torinese as well as cogeneration/trigeneration systems for the CED in Parma; 

● new low-energy, flux-optimised signs installed in 1,000 branches, bringing the total to 1,450; 

● new systems maintenance specifications, also including energy efficiency objectives, have been applied; 

● the first Energy Classification Certificates/Declarations have been prepared pursuant to Legislative Decree 192, and energy saving works were completed in over 100 branches, confirmed by the related tax allowances granted. 

Reduce paper consumption and increase the use of ecological paper:

● use of ecological paper, with declared origin

 target achieved

 activity in progress

 activity not yet launched

from certified forests, accounting for approximately 30% of total needs; 

- use of Ecolabel and FSC-certified ecological paper for both the Sustenergy campaign presentation brochures and the related voluntary agreement with the Ministry of the Environment as well as for printing the 2007 Social Report. FSC paper was also used to print the Parent Company's Financial Statements from 2007 onwards. 

Apply purchase standards in line with the principle of eco-compatibility:

- as part of office equipment purchase procedures, criteria have been introduced for assessing aspects regarding the environmental impact of production, use and final disposal. The new methodology was applied to the purchase of approximately 70,000 pieces of equipment. 

Improve procedures regarding the processing of waste:

- new internal Operating Guidelines issued with the aim of standardising procedures for the management of waste produced by the operational units. The standardised procedures were implemented through the new personal services specifications (cleaning services, waste collection, etc.). 

Adopt technological solutions which limit the use of water resources:

- corporate standards guidelines are in force for the construction, renovation and fitting-out of new branches with a view to reducing impact, also on water resources. 

TAKE ENVIRONMENTAL RISK INTO CONSIDERATION WHEN ASSESSING CREDIT-WORTHINESS

- training on implementation of the Equator Principles has been completed, involving risk management, loans and project financing departments; 

- an interdepartmental project has been launched for setting up the Principles implementation model, and for the advance identification of potential credit and reputation risk intrinsic to sensitive sectors or countries. 

DEVELOP SPECIFIC PRODUCTS AND SERVICES AND TAKE PART IN INITIATIVES IN THE FIELD OF ENVIRONMENTAL SUSTAINABILITY

Increase the offer of products and services in the energy sector in order to support clean energy:

- personal loans to private customers for the creation and installation of photovoltaic panels and the purchase of environment-friendly transport; 

- launch of the *Progetto Agricoltura* (Agriculture Project) for small enterprises, involving the offer of current accounts, specific financing and special insurance cover; 

- small enterprise financing for investments in the photovoltaic energy sector; 

- corporate financing for photovoltaic, biomass and hydroelectric plants; 

- new Leasenergy contracts stipulated to finance renewable energy production plants; 

- *Mediocredito Energy Desk* created to assess energy projects in technological and economic terms, and in terms of financial sustainability and product-process innovation; 

- *Enerpoint Energy* joint venture established for the installation of large plants in the photovoltaic energy sector; 

- project finance funding in the renewable energy and waste management sectors. 

Take part in initiatives connected to the protection of the environment (e.g. Carbon Finance funds, partnerships promoted by the Ministry of the Environment):

- participation in the fight against climate change through association with the Carbon Disclosure Project; 

- partnership with the European Commission for the "Sustenergy – Sustainable energy for Europe 2005-2010" campaign; 

- agreement with the Ministry of the Environment to strengthen cooperation in terms of energy saving and the promotion of renewable energy; 

- participation in the third edition of EUSEW – European Sustainable Energy Week, and presentation of the guide for companies "Fare energia con l'impresa" ("Business & finance together for sustainable energy"). 

INCREASE EMPLOYEE TRAINING AND INFORMATION ON ENVIRONMENTAL ISSUES TO RAISE AWARENESS

● circulation of a periodic newsletter on environmental matters and reports from expert associations and organisations, also in countries with different regulatory standards;

● participation in the *M'illumino di meno* initiative organised by the Caterpillar radio programme, sponsored by the Ministry of the Environment, the Prime Minister's Office and European Parliament, with the aim of reducing energy consumption and raising public awareness on such matters;

● training Department distribution of an environmental sustainability kit to approximately 7,000 employees, including staff in locations covered by the Environmental Management System; the glossary and manual contained in the kit were published on the company Intranet, as was the handbook "Save the environment with a click";

● active participation, also as speakers or sponsors, in various conferences on sustainability (Energy and Mobility management, green procurement, etc.) to promote the dissemination of sustainability culture.

UNEP Finance Initiative

Financial institutions are subject to increasingly meticulous and constant scrutiny by society as a whole. Investors and financial analysts focus strongly on the challenges of social and environmental impact of transactions and investments in this sector.

The answer to this question calls for commitment from the organisations to place themselves in a position to listen to the worries of their stakeholders, and aim to improve by

learning from success stories and by actively participating in current debate.

For this purpose, Intesa Sanpaolo continues to support membership of the UNEP Finance Initiative, the United Nations Environmental Programme launched in 1992 to promote sustainable development and responsible practices with regard to the environment in the financial services sector.

Below are the principles we have adopted and the initiatives implemented to observe them:

Principles	Our commitment
<p>1. Commitment to sustainable development</p> <p>1.1 We regard sustainable development as a fundamental aspect of sound business management.</p>	<ul style="list-style-type: none"> ● Sustainability is one of the corporate values expressed in the Code of Ethics, and as such endorsed by Banks and Companies adopting this principle. The company strategy inspiring us also entails supporting the development of our country from a viewpoint which aims to create value that is not only economic but also social and environmental.
<p>1.3 We regard the financial services sector as an important contributor towards sustainable development, in association with other economic sectors.</p>	<ul style="list-style-type: none"> ● We direct our operations towards supporting initiatives which are geared to a sense of responsibility in the management of social and environmental impact, by means of listening to the requests of our stakeholders. ● We maintain working relationships with institutions that are building and controlling markets for the environment, especially those markets created to reduce carbon dioxide emissions, also with price-based incentives.
<p>2. Environmental Management and Financial Institutions</p>	
<p>2.1 We support the precautionary approach to environmental management, which strives to anticipate and prevent potential environmental degradation.</p>	<ul style="list-style-type: none"> ● The Environmental Policy Guidelines provide indications on the management of direct and indirect impact. For direct impact, the Bank is committed overcoming environment-related problems associated with resource consumption. For indirect impact, the Bank contributes to the dissemination of positive processes and conduct through its product mix, through the allocation of loans to customers, and through the purchase of goods and services from its suppliers.
<p>2.3 We acknowledge that identifying and quantifying environmental risks should be part of the normal process of risk assessment and management, both in domestic and international operations. With reference to our customers, we regard compliance with applicable environmental regulations and the use of sound environmental practices as important factors in demonstrating effective corporate management.</p>	<ul style="list-style-type: none"> ● We have begun implementation of the Equator Principles issued by the World Bank IFC, also in countries where we operate through subsidiaries. The screening of projects to be financed above all takes into account the level of environmental risk intrinsic to the project. Amongst other obligations, the Principles also envisage the mandatory preparation of an environmental assessment report by applicants for financing.
<p>2.4 We endeavour to pursue best practices in environmental management, including energy efficiency, recycling and waste reduction, and seek to form business relations with partners, suppliers and subcontractors who follow similarly high environmental standards.</p>	<ul style="list-style-type: none"> ● An ISO 14001 Environmental Management System certificate is in force for the management of significant environmental aspects and which also envisages constant improvement objectives, specific processes to achieve them and a gradual increase of the number of locations covered by the System. ● In selecting our suppliers, positive ratings were given to integrating social and environmental responsibility into their business activities.
<p>2.5 We intend to update our practices periodically to incorporate relevant developments in environmental management. We encourage the banking and finance industry to undertake research in these and related areas.</p>	<ul style="list-style-type: none"> ● As part of the Environmental Management System we always apply the most up-to-date criteria for innovation in this field. Improvement objectives are always envisaged, backed by specific processes to achieve them. ● Based on our environmental impact monitoring we assess the use of state-of-the-art technology tested in the field, providing support to research organisations operating in this sector. We cooperate with organisations who are leaders in environmental innovation.

UNEP Finance Initiative

Principles	Our commitment
2.6 We acknowledge the need to conduct internal environment reviews on a periodic basis, and to measure our activities against our environmental goals.	<ul style="list-style-type: none"> ● The Internal Auditing Department ensures high-level supervision of the Bank's day-to-day operations and procedures as well as observance of the Internal Code of Conduct and safeguarding the value of activities, including those related to the Group's ethical and CSR commitments. The Compliance Department supervises compliance risk regarding the breach of legal or regulatory standards (e.g. Articles of Association, codes of conduct, self-regulatory codes). Specific attention is paid to the dissemination of a corporate culture with implicit principles of honesty, fairness and respect to the letter for the regulations.
2.7 We encourage the financial services sector to develop products and services which will promote environmental protection.	<ul style="list-style-type: none"> ● We have contributed to the dissemination of sustainable investment principles through various dialogue formats with Pension Funds and Foundations. In fact, these financial entities are directly involved at local level with a strong focus on social and environmental topics. Participation in World Business Council for Sustainable Development projects has allowed us to transfer certain best practices to Group departments. ● We stipulate agreements with government organisations to guarantee that customers have the option of benefiting from available economic subsidies and incentives, e.g. the agreement with the electricity services provider, GSE, for <i>Conto Energia</i> incentives. ● We develop specific products and services to support the use of energy from renewable sources and initiatives to reduce carbon dioxide emissions, thereby helping to achieve Kyoto Protocol objectives. ● Being a member of ABI <i>Energia</i> enables us to make a positive contribution in influencing the adoption of environmentally sustainable conduct in the Italian banking sector.
3. Public Awareness and Communication	
3.1 We recommend that financial institutions develop and publish a statement of their environmental policy and periodically report on the steps taken to promote the integration of environmental considerations into their operations.	<ul style="list-style-type: none"> ● Through publication of the Social Report we inform all our stakeholders of initiatives implemented by the Bank to reduce the environmental impact of its operations. Environmental Policy Guidelines are available to the public via the "Sustainability" section of the Group website and internally via the Intranet portal. ● Through association with the <i>Carbon Disclosure Project</i> we report the financial implications, risks, opportunities and strategies implemented to provide a sound contribution to the fight against climate change (www.cdproject.net). 
3.3 We will foster openness and dialogue relating to environmental matters with the main target audiences, including shareholders, employees, customers, governments, and the public.	<ul style="list-style-type: none"> ● We disseminate and promote the approach to respect for the environment among all the main stakeholder categories. Via the Intranet portal we publish a periodic newsletter on environmental matters and reports from expert associations and organisations, also in countries with different regulatory standards. ● As speakers or sponsors we also participate in conferences and public debates on environmental topics. ● We have published a useful guide "Fare energia con l'impresa" ("Business & finance together for sustainable energy") for companies that need to be updated on regulations, incentives, opportunities and solutions within Italy and in other Mediterranean countries.
3.4 We ask the United Nations Environment Programme (UNEP) to assist the industry to further the principles and goals of this Statement by providing, within its capacity, relevant information relating to sustainable development.	<ul style="list-style-type: none"> ● Our assiduous and highly effective co-operation with the Asset Management Working Group of UNEP FI represents a significant opportunity to compare situations – on an international level – which are connected to environmental and social sustainability in the financial field. At the same time, it offers the chance to analyse feedback from other international situations in order to better monitor the progress of new environmental and social sustainability projects (see page 83).
3.5 We will encourage other financial institutions to support this Statement. We are committed to share with them our experiences and knowledge in order to extend best practices.	<ul style="list-style-type: none"> ● Participation in various UNEP FI working groups has resulted in a series of publications shared with the world financial community and promoted through international conferences and events.

DIRECT ENVIRONMENTAL IMPACT

In 2007 Intesa Sanpaolo created the Environmental Sustainability Office, which in its first year of operations – through the many monitoring, coordination and promotion activities in relation to efficiency, energy saving and innovation – led to progress in the more sustainable use of all resources and the avoidance of the emission into the environment of a higher number of harmful substances than in 2007. The duties of this office include:

- defining operational guidelines, within a framework of social and environmental responsibility policies, also through standard analysis procedures as well as costs/benefits deriving from their application;
- monitoring company operations that generate environmental impact, including reporting on results achieved and recommendations to reduce their impact;
- coordinating application of the Environmental Management System and controlling its gradual extension at company level;
- developing environmental innovation analyses and coordinating subsequent experimental initiatives;
- monitoring the technological evolution sector and providing guidelines with regard to environment-related purchase choices;
- collaborating with the work of Mobility Management, providing guidelines for identifying more efficient means of transport with a view to saving energy, producing fewer emissions of polluting gases and more efficient employee mobility;
- coordinating the work of local Mobility Managers, preparing annual Home-to-Work Travel Plans in municipalities where a Company Mobility Manager is appointed.

We have undertaken integrated management of direct environmental impact and promoted energy efficiency by privileging the use of renewable sources.

The Environmental Management System

The application of an ISO 14001 certified Environmental Management System enables us to manage the more significant environmental issues: energy consumption and relative polluting emissions, the production and management of waste, paper consumption, the limiting of harmful substances and maintenance activities of technological systems. The System also envisages improvement objectives for the various environmental services and specific processes to achieve them. In particular, in 2008 we focused on energy consumption and on the regulatory inspection of earthing and lift systems.

The correct application of the Environmental Management System is guaranteed not only by periodic internal audits of procedures and programmes, but also by training of the personnel involved, through classroom courses and onsite at locations subject to certification. For suppliers and contractors, an integrated aspect of the System, periodic meetings are held for promoting the observance of procedures relevant to specific services. As at the end of 2008, 132 sites were covered by the System, 50 more than in the previous year.



EMPLOYEES



SUPPLIERS



Energy and Energy Efficiency Operations

“Sustenergy”

Intesa Sanpaolo's commitment to renewable energies and energy saving can also be witnessed in its long-standing membership of the Sustenergy Campaign (Sustainable Energy Europe 2005-2010 Campaign), set up by the European Commission to achieve targets of the action plan for energy efficiency: to reduce CO₂ emissions by 20%, increase energy efficiency by 20% and increase renewable energy production by 20% – all by 2020.

The campaign, launched as part of the IEE programme (Intelligent Energy – Europe), intends to sensitise public and government opinion at local, regional, national and European levels on matters of sustainable energy in Europe. Furthermore, Sustenergy aims to create and disseminate best European practices and encourage increased private investment in technologies linked to renewable energy and energy efficiency. With support from the Ministry of the Environment, Intesa Sanpaolo was the first bank in Europe to achieve recognition from the European Commission as “Partner” in the Susten-

ergy campaign, on account of its proven commitment to the environment.

Amongst other things, the agreement requires that Intesa Sanpaolo presents a works progress report with a description of activities undertaken in the previous year and its programme for the current year.

Again in relation to the Sustenergy Campaign, in July 2007 Intesa Sanpaolo signed a voluntary co-operation agreement with the Ministry of the Environment, which aims to strengthen their cooperation in terms of energy saving and the promotion of renewable energy. The key issue of the agreement is the implementation – between 2007 and 2010 – of a series of joint initiatives such as communication, awareness and Group customer support. The agreement also offers the opportunity of setting up working parties with public entities to study the feasibility of innovative financial solutions in the energy field and cooperation in sustainable energy-related pilot schemes with innovative and local replication features.



GreenLight programme

Lighting has a considerable impact on the environment, especially in the tertiary sector where it is possible to achieve consistent energy savings by investing in efficient energy systems, thereby saving a significant amount of energy consumed by lighting. Through related improvements, in addition to reducing consumption and related costs, CO₂ emissions are avoided and the quality of artificial lighting is increased, of particular benefit to people.

In 2008 Intesa Sanpaolo once again confirmed its association with GreenLight, the European Programme open on a voluntary basis to public and private organisations committed to improving the quality and performance levels of their lighting systems and to installing new energy-efficient systems.

In addition to the use of high-efficiency lighting, the guidelines outlining the company standards for the building and fitting-out of new and renovated branches call for the installation of equipment with electronic sensors offering a confirmed saving of at least 15% compared to high quality equipment with traditional sensors. Monitoring consumption in a sample series of branches, with support from Turin Polytechnic technicians, confirmed the good level of performance and suggested further improvements based on which, with the same level of performance, a lower number of lighting appliances can be envisaged per unit of surface area, and targeting the use of eco-compatible bulbs in future installations.

Of the international subsidiaries, since 2007 VUB has also been associated with GreenLight, increasing the number of operational points to be included in the programme.



CLIENTS

Intesa Sanpaolo has received the 2008 Green Globe Banking award from Globiz, a company specialised in high-value management, marketing and communications projects mainly for the financial and banking sectors.

The project is backed by ENEA (“Ente per le Nuove Tecnologie, l’Energia e l’Ambiente” – “Entity for New Technology, Energy and the Environment”) – and aims to promote environmental culture and sustainability in these sectors. It is the first Italian award involving banks and financial institutions in the creation of eco-efficient products, activities and investments to protect and validate the “natural capital” of the areas in which they operate.

In addition to ENEA sponsorship, Green Globe Banking also receives support from leading organisations such as: Parklife – the environmental and territorial expo, Planet Life Economy Foundation – the foundation that facilitates the application of sustainable development principles in the market, and MUMAT – the Catholic University of Piacenza masters degree course in Territorial Marketing.

ABI Energia

The Intesa Sanpaolo Group is a consortium member of ABI Energia, a banking system reference point related to improving energy

efficiency. It was set up with the aim of offering the banking system its energy know-how and an awareness of the reference scenario by analysing the competitive advantages and operational risks. One of the Consortium’s objectives is to reduce supply costs, operational risks associated with energy use, consumption and the subsequent impact on the environment. The Consortium encourages dialogue between the institutions, universities and research centres to share knowledge and identify best practices in the area of energy management. Lastly, agreements are stipulated with free market energy providers, especially energy produced from renewable sources, with arrangements to sensitise consortium members on energy saving and sustainability topics.

Energy consumption

Among the Group Energy Manager’s tasks are those of monitoring energy consumption, drafting the corporate energy statement, identification and promotion of initiatives to rationalise consumption, also through energy efficiency improvements to reduce polluting emissions.

These initiatives range from the improvement of all systems in general (also as a result of management decisions extended to maintenance operators) to the reduction of final energy consumption (lighting, computers, etc); from consumption monitoring to the training and awareness of employees and from the introduction of low environmental-impact and people-impact products to the examination of new technology solutions and a gradually increasing supply of energy from renewable sources.

Energy consumption by primary energy source¹

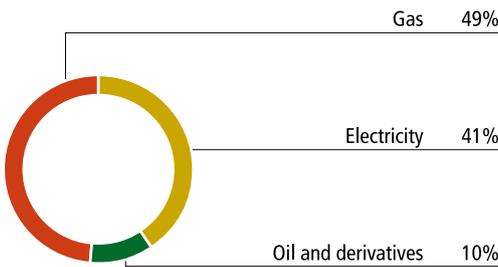
	Italy		Abroad		Total	
	2008	2007	2008	2007	2008	2007
Electricity: total consumption (million kWhe)	549.8	567.8	113.0	97.2	662.8	665.0
Heat energy: total consumption (million kWh)	233.2 ²	194.9 ²	67.6	77.1	300.8	272.0
Heat energy consumption from methane gas (million m ³)	20.5 ²	17.9 ²	5.5	7.3	26.0	25.2
Heat energy consumption from oil and other liquid fuels (million litres)	3.6 ²	2.3 ²	1.5	0.7	5.1	3.0
Renewable source energy consumption (millions kWhe)	473.4	425.1	0.1	0.1	473.5	425.2

The national percentages broken down into the various types of energy consumption from oil and derivatives, gas and electricity for the tertiary sector, compared with those of Intesa Sanpaolo, are characterised by a higher incidence of electricity consumption, more explicitly illustrating the Group’s performance in environmental terms. In fact, through the widespread use among Group branches of electrical heat pumps (lower pollution compared to traditional fossil fuel boilers) the emissions that would otherwise be generated from oil and gas consumption are considerably limited, to the benefit of the residential areas in which our branches are located. In addition, many of the locations record zero emissions, due to the use of hydroelectric power.

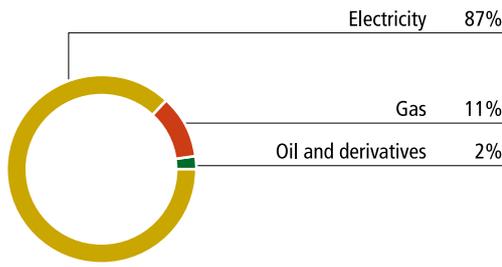
¹ For a number of Group companies the value is estimated according to expense incurred, whilst in limited cases the value is estimated on a significant sample. Intesa Sanpaolo and the Group Banks figures include the estimated joint quota.

² For Intesa Sanpaolo and the Group Banks, the estimated joint quota is included.

Tertiary sector energy consumption in Italy¹



Intesa Sanpaolo energy consumption



¹ Source: article from "Energia 24", CESI Ricerca, January 2009.

Energy saving due to energy efficiency operations

	Italy		Abroad		Total	
	2008	2007	2008	2007	2008	2007
Total energy recovered from cogeneration / heat recovery systems (million kWh)	23.7	16.1	0.0	0.0	23.7	16.1
Total energy saved by low energy consumption equipment and systems (million kWh)	6.6	5.8	0.0	0.0	6.6	5.8

Total electricity consumption (TOE/1000)

Italy 2008	132.0
Italy 2007	136.3
Abroad 2008	27.1
Abroad 2007	23.3
Total 2008	159.1
Total 2007	159.6

Total heat energy consumption (TOE/1000)

Italy 2008	20.1
Italy 2007	16.8
Abroad 2008	5.9
Abroad 2007	6.6
Total 2008	26.0
Total 2007	23.4

Total energy consumption (TOE/1000)

Italy 2008	152.1
Italy 2007	153.1
Abroad 2008	33.0
Abroad 2007	29.9
Total 2008	185.1
Total 2007	183.0

Intesa Sanpaolo's commitment to reducing its ecological footprint has in general led to an electricity energy saving at national level of 3%, despite a 3% increase in the reporting boundary. Furthermore, if we consider the 2008 net increase in electricity consumption in the Data Processing Centres (CED) (approximately 6 million kWh, equal to 1% for Italy) on account of developments in Group IT activities, the net reduction in electricity

In 2008, we reduced electricity consumption in Italy by 3%.

consumption is around 7%, mainly due to the "consolidation" of system restructuring and the replacement of office equipment. With regard to heat energy, in Italy an increase of over 19% was recorded which, in addition to the change in reporting boundary, is also attributable to weather conditions and more accurate post-integration monitoring.

The International Subsidiary Banks recorded an increase in electricity consumption of 16%, mainly due to the improvement in monitoring methods and their full implementation.

**Total energy consumption per employee (with CED)
(TOE/employee)**

Italy 2008		2.05
Italy 2007		2.12
Abroad 2008		1.24
Abroad 2007		1.19

Energy consumption per m²

	Italy		Abroad	
	2008	2007	2008	2007
Electricity (kWh)	166.06	176.19	146.45	124.18
Heat energy: from methane gas (m ³)	6.21	5.56	7.10	9.29
Heat energy: from oil and other liquid fuels (litres)	1.09	0.72	1.96	0.94

**Electricity consumption per employee (without CED)
(kWh/employee)**

Italy 2008		6,682
Italy 2007		7,026
Abroad 2008		4,257
Abroad 2007		3,855

**Electricity consumption per employee (without CED)
(TOE/employee)**

Italy 2008		1.60
Italy 2007		1.94
Abroad 2008		1.02
Abroad 2007		0.93

TOE = tonnes of oil equivalent
 1m³ of methane gas =
 0.00082 TOE
 1 litre of oil =
 0.00090 TOE
 1 kWh of electricity =
 0.00024 TOE

For comparison purposes, the electricity consumption for a large city in Italy fluctuates between 1,000 and 1,200 kWh (0.24 and 0.29 TOE) per inhabitant (Source: "City environmental observatory", ISTAT 2006).

In reference to 2003 figures provided by the *Gestore della Rete di Trasmissione Nazionale* (GRTN now GSE), the estimated annual average consumption of electricity per employee was 6,800 kWh (1.63 TOE).

Analysis carried out in 2006 by ABI Energia on a sample of 17 banks estimated annual electricity consumption per employee to be approximately 6,300 kWh (1.51 TOE) (without taking into consideration CED consumption). The reduced reporting boundary in Italy for electricity consumption (the most-used form of energy) and total consumption confirm the Bank's gradual overall reduction.

Reduction of atmospheric emissions

Through a series of combined initiatives and activities we are committed to reducing CO₂ emissions and to ensuring that our results – which show a downward trend year after year – are transparent.

In general we can say that despite a slight increase in the reporting boundary during 2008, the quantity of emissions produced has decreased significantly, largely due to a greater use of hydroelectric power in Italy and reduced energy consumption linked to the gradual upgrading of systems and office equipment.

In Italy, the use of hydroelectric power in 2008 allowed us to avoid approximately 240,000 tonnes per year of CO₂ emissions, an overall cut of almost 27% on the previous year, despite the increase in emissions due to the use of heating fuels. Furthermore, it is also important to take into account the emissions avoided due to energy efficiency initiatives listed below in this chapter, which contribute to an additional 6,100-tonne cut in CO₂ per annum, taking into account the cumulated savings achieved through similar action taken in previous years. Emissions per employee are equivalent to 1,623 kg per year, compared to an average figure for the banking sector of approximately 3,633 kg (estimated by ABI Energia on a sample of 17 banks).

Total direct and indirect CO₂ emissions (thousands of tonnes/year)¹

	total		from electricity		from methane gas		from oil	
	2008	2007	2008	2007	2008	2007	2008	2007
Commonwealth of Independent States	8.6	6.6	6.1	4.8	0.1	0.0	2.4	1.8
Central eastern Europe	32.0	31.7	24.1	21.7	7.3	10.0	0.6	0.0
South eastern Europe	35.3	29.5	30.1	25.1	4.5	4.0	0.7	0.4
Southern Mediterranean and Asia	4.5	5.2	3.7	3.4	0.0	1.8	0.8	0.0
Central Europe	1.1	1.0	0.9	0.8	0.2	0.2	0.0	0.0
Total Abroad	81.5	74.0	64.9	55.8	12.0	16.0	4.5	2.2
Total Italy	82.2	111.9	33.3	71.5	39.5	34.4	9.4	6.0
Overall Total	163.7	185.9	98.2	127.3	51.5	50.4	13.9	8.2

Emissions per employee from electricity (kg)

Italy 2008	1,106
Italy 2007	1,548
Abroad 2008	3,067
Abroad 2007	2,935

Total emissions per surface area (kg/m²)

	total		from electricity		from methane gas and oil	
	2008	2007	2008	2007	2008	2007
Italy	22	35	10	22	12	13
Abroad	100	95	84	71	16	23

¹ Quantified CO₂ emissions are those generated by the systems in Group buildings (fuel for the heating, including the percentage share where buildings are jointly-owned) and those deriving from electricity supplied to Intesa Sanpaolo by thermo-electric power stations and by the CED cogeneration plants in Parma. The direct and indirect emissions figures, expressed in tonnes/year, were calculated according to transformation coefficients by source type and

by geographical area as follows:
 kg of CO₂ per 1 kWh of electricity:
 Italy = 0.501;
 Central Europe = 0.476;
 Other areas = 0.576.
 kg of CO₂ per 1 m³ of methane gas:
 Italy = 1.92;
 Central Europe = 1.82;
 Other areas = 2.21.
 kg of CO₂ per 1 litre of oil:
 Italy = 2.60;
 Central Europe = 2.47;
 Other areas = 2.99.

Energy from renewable sources
Consorzio Idroenergia

For the electricity supply in Italy we continued our agreement with Consorzio Idroenergia, a company that provides hydroelectric power only (approx. 2,700 million kWh/year in Italy), with "Eaux de la vallée – Energia pura" certification, through the Compagnia Valdostana

delle Acque production plants. It is a step in the right direction in reducing fossil fuel dependency. Intesa Sanpaolo's share of consumption uses approximately 1.5%¹ of available hydroelectric power in Italy.

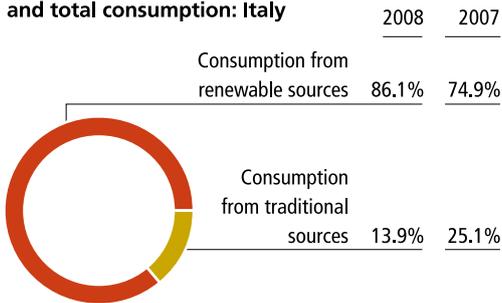


¹ Source: processed by Intesa Sanpaolo on data published by the AEEG in its "2008 Annual Report on service and activities – Structures, prices and quality in the electricity sector".

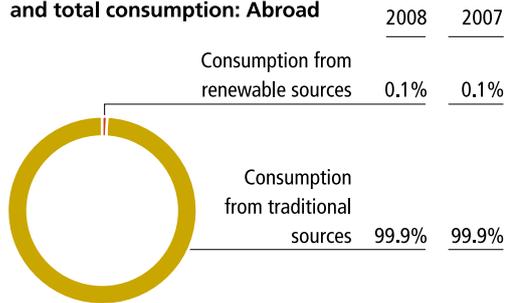
Electricity consumption from renewable sources and from cogeneration (million kWh)

	Italy		Abroad		Total	
	2008	2007	2008	2007	2008	2007
From photovoltaic	0.0	0.0	0.1	0.1	0.1	0.1
From hydroelectric power	473.4	425.1	n/a	n/a	473.4	425.1
Total energy from renewable sources	473.4	425.1	0.1	0.1	473.5	425.2
From cogeneration	9.9	7.1	0.0	0.0	9.9	7.1

Ratio between consumption from renewable sources and total consumption: Italy



Ratio between consumption from renewable sources and total consumption: Abroad



It should be noted that electricity supplies from hydroelectric power to the Banca di Trento e Bolzano is 100% guaranteed by a local supplier.

The decision to use renewable energy as its main supply source was also made by Banca Intesa Beograd, which reached agreements with hydroelectric power providers, whereas in Slovakia electricity supply is managed by the major national operators which guarantee that a minimum 15% is from renewable sources.

At the head offices of the Central-European International Bank in Hungary, the pilot scheme concerning the installation of solar photovoltaic systems continues. In 2008, these systems accounted for approximately 115,000 kWh, equal to 0.6% of total consumption.

Mobility Management

CO ₂ emissions from company mobility (tonnes/year)	2008
Total emissions	24,666
Rail travel	1,562
Air travel	8,735
Company fleet car	6,692
Personal car used on company business	7,677



Individuals, associations, companies and institutions are called upon to be aware that only agreed, well-governed action taken with regard to the conduct and day-to-day movement of persons can mitigate the critical situations generated from irrational use of transport. For this purpose, some time ago we created the role of Mobility Manager, responsible for the integrated coordination of all aspects of collaborator mobility, managed at operational level by the Human Relations Department in relation to the company fleet, mileage reimbursement and business travel.

In 2008, in addition to the ongoing renewal of the car fleet with low-pollution vehicles, we have produced a first environmental analysis of corporate mobility in Italy, including the Parent Company and Banche dei Territori in the study. The analysis shows that the impact generated by mobility is the Bank's second highest in terms of CO₂ emissions, involving over 400,000 movements per year. From the analysis of data on the main means of transport (i.e. the company fleet for both personal and business use, air travel, rail travel and personal cars used for business travel), CO₂ emissions are estimated by transport type

and solutions are identified for their gradual reduction.

The car fleet was reduced by around 25% from approximately 2,700 at the time of the merger to the current figure of almost 2,000. In addition, in the second half of 2008 a significant portion of the operational fleet in circulation was replaced with lower-cc vehicles, guaranteed to reduce emissions in terms of grams per km.

Furthermore, impacts caused by mobility have been reduced by the increasing use of video-conferences.

In four major cities (Milan, Turin, Padua and Parma) an internal bike-sharing system has been adopted, comprising a bicycle fleet built to our technical specifications and with special customisation. Use of the bicycles is open to all Group employees to facilitate both personal and business travel. From the pilot stage, launched during the worldwide Sustainable Mobility Week (16-22 September 2008), a satisfactory average use emerged for the autumn-winter period, mainly for personal use during non-working hours.

In the context of information and awareness on mobility topics, a joint initiative, known as "500x500", was set up by Leasint S.p.A. Group and Fiat Automobiles S.p.A., enabling employees to purchase Fiat 500s, which already at their launch satisfied EURO 5 regulations. A kit containing a list of recommendations on driving and responsible use of the vehicle, along with a manual dedicated to energy saving, was delivered with the cars.

In 2008 we once again renewed our commitment to collaboration with the *Quattroruote* magazine on the 10x10 initiative, involving 10 large companies in the reduction of CO₂ emissions from their company fleets.

With the aid of appropriate internal communications, we continue to support employee participation in sustainable mobility campaigns promoted by the Province of Milan: the *Campagna Gàsati* which encourages the installation of gas systems on road vehicles, and *Spesa online* which promotes home shopping deliveries.

Sustainable mobility has also been the theme for numerous initiatives adopted by some of the international subsidiary banks. The Hungarian CIB Bank, which some time ago launched its promotion of the use of bicycles for home-to-work travel, providing communal parking areas for this purpose, expanded its bicycle fleet for employees. In addition, following the pilot project launched in 2007, hybrid-

engine cars were included in its company fleet. Banca Intesa Beograd launched a project to reduce atmospheric emissions generated by the company car fleet.

Energy efficiency initiatives

Illustrated below are the more important energy efficiency initiatives developed during the year, highlighting the benefits achieved in terms of both energy consumption and reduced atmospheric emissions.

Plants

At the Data Processing Centre (CED) in Parma, the methane gas cogeneration plant is able to produce electricity by recovering heat energy. The plant uses the heat produced for both winter heating and for cooling buildings in summer (in this case, tri-generation). The overall saving in 2008 was approximately 450 tonnes of oil equivalent (TOE).

The heat recovery systems at the Moncalieri and Settimo Torinese centres generated a saving of around 86 TOE. Overall, it is estimated that work carried out at the Data Processing Centres has reduced CO₂ emissions by 700 tonnes per annum. In addition, for the Moncalieri CED machine rooms, a specific audit was developed to implement management systems optimised with a view to energy saving.

In the ongoing renovations and retrofits we have continued to adopt more energy efficient systems (e.g. low-energy lighting systems, high-performance or condensed gas boilers, heat pumps, etc.) that in 2008 involved a surface area of around 140,000 square metres, and a resulting energy saving of approximately 2,000,000 kWh. In these cases it is estimated that 1,000 tonnes of CO₂ emissions were avoided.

New illuminated signs were installed in a further 1,000 branches, offering a significant reduction in electricity (for certain types by around 50%). At the same time the systems were flux-optimised in accordance with lighting pollution regulations laid down by various local councils. The saving achieved was approximately 1,200,000 kWh, corresponding to 600 tonnes per annum of CO₂ emissions avoided, taking into account the cumulated savings achieved through similar action taken in previous years.

A bike-sharing service is available in Milan, Turin and Padua: it's easier to get around on a bicycle, be it for business or pleasure.

The energy savings achieved in 2008 have led to an overall reduction of 2,300 tonnes of CO₂ emissions per annum.

IT equipment

As at the end of the year, workstations with LCD monitors (57,000) offered reduced electricity consumption estimated at 1,900,000 kWh, an annual reduction of approximately 950 tonnes of CO₂, taking into account the cumulated savings achieved through similar action taken in previous years.

The replacement of existing laser printers with more efficient models led to a reduction in electricity consumption estimated at approximately 1,500,000 kWh, i.e. an annual reduction of around 750 tonnes of CO₂.

Systems and equipment management

In addition to systems maintenance, also in energy efficiency terms, the constant monitoring of energy consumption in the main buildings was supported by the installation of data logger systems. The use of this technology also allowed the identification of electricity unit consumption benchmarks for each user type (for this purpose based on a sample of 24 branches, selected by size, climate location and system type). The energy saving achieved in this case is estimated at 5% of the total.

Reductions of around 4,250,000 kWh and 2,100 tonnes of CO₂ per annum were guaranteed through the ongoing practice of remote switch-off at night of the Parent Company and Banca dei Territori PC networks, and the widespread use of office equipment with specific stand-by/sleep functions when not in use.

From next year we can calculate further energy savings generated from the introduction of procurement procedures, particularly for office equipment, with specified sustainability criteria, i.e. aspects relating to the environmental impact of production, use and final disposal of the products in question (considering that energy consumption, estimated over the minimum useful life of the product, corresponds to an expense equal to 40% of the investment).

Periodic energy consumption monitoring (which for larger buildings is on a timed daily basis for electricity consumption) and related benchmarking (referring to surface area units and the weather conditions of the location in question) continued, with the help of Turin Polytechnic identifying branches in which improvements could be implemented.

Lastly, additional electricity savings were guaranteed by the supply voltage regulation of lighting systems installed in certain Intesa Sanpaolo buildings and at the head office of VUB Banka (*Light-Eco* project), and through the use of high-efficiency, long-life fluorescent bulbs.

Instruction and training

The involvement of people working each day for a large company such as Intesa Sanpaolo is indispensable for the active implementation of a policy to reduce consumption and without doubt contributes to reducing the ecological footprint. For this reason, all new recruits receive a handbook with a series of guidelines on the responsible use of work tools and systems. The brochure *Salva l'ambiente con un click* (Save the environment with a click) was produced by ABI Energia, sponsored by the Ministry of the Environment and the Italian Federation for the Rational Use of Energy (FIRE), in collaboration with the Energy Managers of certain associate banks, including Intesa Sanpaolo. The guide is in any event accessible to all employees via the page dedicated to the environment on the Intranet portal.

We make wide use of this page to promote and disseminate a culture based on respect for the environment, e.g. through periodic newsletters on this topic, or the publication of reports by expert associations and organisations, also in countries where regulatory standards and frameworks differ from those applied in Italy. In fact, various best practices in this context have also been adopted by certain international subsidiary banks of Intesa Sanpaolo. On the CSR page on the Intranet, created by CIB Bank, the environment occupies a considerable amount of space and awareness of the topic is generated through an internal communications programme. VUB Banka has issued a circular promoting the responsible use of electricity and at the end of 2008 launched an e-learning project on responsible conduct and energy saving.

In Bratislava in September 2008, colleagues from the international subsidiary banks attended a workshop on the management of direct environmental impact, as described in greater detail in the chapter on "Employees" under CSR training initiatives.

Annual energy savings achieved thanks to measures taken in 2008 and previous years have produced an overall reduction of 6,100 tonnes of CO₂ emissions per year.



Lastly, a manual and glossary on environmental sustainability were distributed during in-house training courses in Italy, published on the Intranet and also supplied to the international subsidiary banks.

Carbon Offset

At the 2008 Public Administration Forum, Intesa Sanpaolo confirmed its commitment to the environment by creating a stand as an offset of generated emissions, calculated on the basis of consolidated scientific methodologies. In fact, the trade-off was made possible by the Bank's purchase of CO₂ credits which helped to build a wind energy plant in Vani Vilas Sagar, a village in the Chitradurga region of India.

In a similar manner, the event dedicated to the presentation of economic results as at 30 June 2008 to executives, held in Turin, was attended by 1,400 employees and was organised with a specific focus on sustainability. In fact, the Bank decided to compensate the impact

of participants and personnel mobility, energy consumption (lighting, air-conditioning and the use of electrical and electronic equipment), the catering service and the production of distributed material against a project to produce biomass energy for district heating from virgin wood in Valtellina.

Water

Water use in the Bank's branches is primarily for hygiene purposes. There is a "technological" consumption of water only in special cases, such as for air-conditioning cooling. The corporate standard guidelines for the building and fitting-out of new branches, prepared in 2007, call for a more responsible use of resources, including water. For this purpose, wherever possible, they envisage the gradual replacement of systems based on cooling tower water with more advanced air-cooled systems.

1 For comparison purposes, it should be noted that water consumption for a large city fluctuates between 150 and 200 litres per day per inhabitant. This corresponds respectively to approximately 55 and 73 m³ per inhabitant per year, whereas for Intesa Sanpaolo the consumption per employee is approximately 39 m³ per year.

Source: processed by Intesa Sanpaolo on data published in October 2006 by *Il Sole 24 ORE*.

2 For certain Group companies the value is estimated on expense incurred, whereas in a limited number of cases the value is estimated on a significant sample.

3 For Intesa Sanpaolo and the Group Banks, the estimated joint quota is included.

Total use of water per source¹

	Italy ^{2,3}		Abroad ²		Total	
	2008	2007	2008	2007	2008	2007
Consumption (m ³)	2,891,158	3,115,097	1,031,745	1,112,671	3,922,903	4,227,768
Consumption per employee (m ³ /employee)	38.90	43.09	38.86	44.14	38.89	43.36

The reduction in water consumption was essentially consistent with the gradual adoption of technology solutions that privilege the use of air-cooling.

Waste treatment

Waste by type (kg)

	Italy		Abroad		Total	
	2008	2007	2008	2007	2008	2007
Total production	4,500,655	6,629,740	1,003,544	843,278	5,504,198	7,473,019
Paper and cardboard	1,914,553	4,091,887	871,809	611,513	2,786,362	4,703,400
Packaging	535,552	1,513,200	31,986	12,314	567,538	1,525,514
Cartridges, tapes and film	84,900	55,373	18,996	22,989	103,996	78,362
Hazardous waste	150,335	202,341	11,034	35,981	161,370	238,322
Office equipment	1,696,121	629,458	43,807	67,278	1,739,928	696,736
Other non-hazardous waste	119,094	137,482	25,912	93,203	145,005	230,685
Waste production per employee (kg)	60.56	91.71	37.80	33.46	54.57	76.65

Hazardous waste (kg)

	Italy		Abroad		Total	
	2008	2007	2008	2007	2008	2007
Spent batteries from IT centres and/or UPS	9,184	1,773	523	2,038	9,707	3,811
Office equipment and/or components containing cathode tubes	141,038	198,909	8,383	32,803	149,421	231,712
Equipment and/or components containing ozone-depleting substances	113	1,659	2,128	1,140	2,241	2,799

From 2008, special waste management and disposal procedures were standardised at Group level, particularly envisaging a greater use of local separated collection services for the various waste types (paper, glass, tin cans). The above totals therefore reflect both the standardisation of the service from mid-2008 only and the greater use of local separated waste collection. There was also a strong increase in the disposal of office equipment due to the gradual upgrading of the company pool after the integration. Below are just a few examples of initiatives adopted by two of the international subsidiary banks.

Banca Intesa Beograd launched a project to op-

timise waste disposal and treatment, including electronic waste. Among its waste management priorities, VUB Banka has placed separate waste collection in prime position, particularly the management of liquids and materials considered to be special waste, along with mobile phones and electronic equipment.

As its WEEE disposal operator, CIB Bank has chosen the Hungarian company Maltese Charity Service, therefore implementing a double value environment-social operation, and has approved BIOKOM, a regional credit facility to finance waste disposal. 460,000 individuals and around 4,800 companies in the south and southeast areas of Hungary are expected to benefit from this initiative.

Consumables: paper and eco-compatible products

Raw materials used (kg)

	Italy		Abroad		Total	
	2008	2007	2008	2007	2008	2007
Paper consumed	7,683,727	8,181,552	1,787,232	2,559,275	9,470,958	10,740,827
Paper consumption per employee	103.38	113.18	67.31	101.53	93.89	110.17

Recycled material used (kg)

	Italy		Abroad		Total	
	2008	2007	2008	2007	2008	2007
Recycled paper	9,115	195,942	128,844	109,811	137,959	305,753
Recycled paper as a % of the total	0.12%	2.39%	7.21%	4.29%	1.46%	2.85%

Even the responsible use of paper helps us contribute to mitigating environmental impact. In fact, we have reduced atmospheric emissions by 860 tonnes of CO₂ per year through the following initiatives:

- as a result of the pilot project launched in 2007 to introduce higher quantities of ecologi-

cal paper for our needs, our increased supplies of ecological paper for office use now account for 30% of total consumption;

- we have installed a further 5,000 laser printers with front-and-back print options;
- the use of Ecolabel and FSC (Forest Stew-

ardship Council) certified ecological paper was adopted for both the Sustenergy campaign presentation brochures and the related voluntary agreement with the Ministry of the Environment, and to print the 2007 Social Report. FSC paper has also been used to print the Parent Company's Financial Statements from 2007 onwards;

● again with a view to rationalising paper consumption, Intesa Sanpaolo activated the *Rendicontazione online* reporting service, via which our customers can contribute to environmental protection, as already described in greater detail in the chapter on Customers. The same chapter also discusses the launch early in 2009 of the *Più foglie – meno fogli* ("more leaves, less sheets") initiative to encourage customers and employees to use the online reporting service. The initiative was also monitored by LifeGate, resulting in an important reforestation project by



which for every ten subscriptions one square metre of forestry is created.

CIB Bank and VUB Banka also introduced electronic banking to reduce paper consumption. In its correspondence with customers VUB Banka uses envelopes produced from recycled paper. CIB Bank has developed a product to further reduce paper consumption normally resulting from the issue of giro cheques (which in certain cases are still used in Hungary for the payment of account charges). The product, CIBEZZ, targets young customers who mainly use credit cards, and offers the option of settling monthly expense free of charge, without needing to go to the post office and without the issue of printed cheques.

With regard to product eco-compatibility, a check was performed in Italy on the mercury content in fluorescent bulbs used by Intesa Sanpaolo (over 100,000 are fitted or replaced each year), with satisfactory results in terms of the observance of the Italian law.

Environment-related expense and investments

Environmental protection expense (thousand euro)

	Italy		Abroad		Total	
	2008	2007	2008	2007	2008	2007
Management of special waste	1,999	1,892	433	58	2,432	1,950
Current systems maintenance expense	41,046	37,447	9,028	1,811	50,074	39,259
Environmental Management System expense	94	77	13	0	107	77
Expenses related to certification and employees awareness	36	16	2	10	38	26

Among all other factors, the increase in overall expense and investments employed to protect the environment and to reduce the Group's impact, is a means of measuring Intesa Sanpaolo's commitment to improve its environmental protection performance.

In 2008, approximately 53 million euro were spent on environment protection. In Italy the increase is mainly due to the extension of the boundary, whereas in our foreign subsidiaries it is due to the fine-tuning of monitoring meth-

ods. This figure includes costs for special waste management, systems maintenance, (current only, excluding extraordinary maintenance), Environmental Management Systems and costs relating to energy saving certification and to raising employee awareness with regard to energy saving.

In 2008, the Group received two administrative penalties for non-compliance with environmental regulations for a total of approximately 77,000 euro.

INDIRECT ENVIRONMENTAL IMPACT

If on the one hand we consider environmental impact generated by Intesa Sanpaolo operations as a nationwide network operator (direct impact), on the other hand we are also responsible for aspects deriving from initiatives that

are not under the direct management or control of the Bank. This is because our customer and supplier relations can influence their operations and therefore contribute to reducing indirect environmental impact.

Products in support of investments for rationalising consumption, source diversification and the production of renewable energy

The Intesa Sanpaolo Group offers a wide range of financing for energy and environment sector investments. Again in 2008 the offer addressed to private customers and SMEs, and the financing of large industrial projects, continued with the aim of responding to the needs of those wishing to invest in energy saving and renewable resources.

Customer interest has grown constantly, also as a result of the agreement signed with GSE whereby *Conto Energia* incentives cover the repayment of loans granted. The volumes of loans for renewable energy investments have recorded a constant increase: tangible proof of a cultural change now felt by a large proportion of the Italian population.

Over 2,200 personal loans were allocated for a total of approximately 38 million euro, to finance the installation of photovoltaic panels or the purchase of environment-friendly vehicles. For SMEs, the Bank created special options on which approximately 8 million euro was allocated to 89 investments in the photovoltaic sector.

In June the *Progetto Agricoltura* was launched, offering a mix of products, services and initiatives especially for farms. Agriculture is an important sector in the Italian economy, given that over 930,000 farms are registered with the chambers of commerce. These are mainly small farming enterprises to which the Bank has decided to offer its professional know-

how, for example through the organisation of a master degree for specialists directly responsible for such farms.

At the end of 2008 a project was launched to help companies to fully understand and assess the potential benefits that could be achieved, in both economic and environment protection terms, by installing a photovoltaic system. For this purpose, Intesa Sanpaolo offers a free

corporate energy check-up, based on the results of which the related saving can be quantified, allowing the company to choose the solution best suited to its needs. It is also

a sound method by which SMEs, traders and freelance professionals can become not only consumers, but also producers of clean energy. Again with regard to corporate customers, in 2008 medium/long-term financing of around 52 million euro was agreed in support of over 50 projects involving the use of photovoltaic panels, biomass systems and hydroelectric systems. A further 108 financing contracts were signed with regard to plants for the production of energy from renewable sources through Leasint, the Intesa Sanpaolo Group company dedicated to lease transactions, with a total value of almost 200 million euro of assets financed.

Our sphere of responsibility also covers environmental impact deriving from initiatives that are not directly managed by our bank.



The Mediocredito Italiano Energy Desk

From the beginning of 2008, the branch network makes use of the Energy Desk, a specialised service 100% dedicated to the energy sector and managed by Mediocredito Italiano, the Group bank that serves SMEs with regard to medium/long-term financing. The team, formed from the combined longstanding experience of Banca Intesa and Sanpaolo IMI in the renewable sources and energy saving sectors, assesses energy projects in terms of their technical and economic profile and their financial sustainability: a task ranging from credit consulting aspects to new technological guidelines that now adopt new energies.

During the year, 120 projects were assessed in the photovoltaic, biomass, wind energy and hydroelectric sec-

tors, for a total value of approximately one billion euro, which triggered allocations of over 100 million euro.

For a number of renewable energies, e.g. photovoltaic, solar heating, mini-hydro and biomass, studies were completed on topics concerning the new technological frontiers in product and process terms.

To facilitate lending in the photovoltaic sector, that with the strongest growth rate on the renewable energy market, "Photovoltaic Operating Guidelines" were prepared and a special application created for business plan development, with the aim of standardising the assessment of less complex photovoltaic initiatives. A guide was also prepared for the biomass sector, facilitating the financial approach to agro-energies.

The Desk's active participation in national and regional workshops and meetings on renewable sources and energy saving was a further opportunity for awareness on environmental matters.

Mediocredito Italiano has signed an agreement with GIFI, the photovoltaic producers' association, allowing associated installation companies to offer a financial package alongside the technical system solution to support the initiatives of their own customers.

A number of the Group's international subsidiary banks have also implemented important initiatives to reduce environmental impact.

VUB Banka offers loans to private and public joint ownership associations for property renovation. The requirement for this product as an energy efficiency promotion incentive, demonstrated by the Slovak residential owners association (ROA), derives from the need to improve the condition of homes and from the growing demand for loans for specific works (e.g. communal areas, technical equipment and systems, etc.).

Furthermore, through EBRD funding (European Bank for Reconstruction and Development), the Slovak bank offers a financing tool, SLOVSEFF, in support of energy efficiency in the industrial sectors through recourse to renewable sources, and promotion of the efficient use of energy in the property sector. The project targets the individual, legal and private business sectors.

As part of the Parent Company's Project Financing, the Project & Industry Specialized Lending Office, responsible for transactions

in the renewable energy sector, has allocated loans in this sector for almost 182 million euro to wind energy and solar plants in Italy, Spain and India. The 43 wind farms financed have a capacity of over 1,300 Mw, whereas the 23 solar farms have a total capacity of 116 Mw.

Communication and awareness

In creating and disseminating energy awareness, and in more general terms initiatives targeting protection of the environmental heritage, the Group is particularly active: Intesa Sanpaolo's participation in the second edition of EUSEW – European Union Sustainable Energy Week – was an important occasion for the identification of targeted action to meet energy challenges. To provide information to our customers we created the *Fare energia con l'impresa* guide, useful to companies in terms of awareness and updates on regulations, incentives, opportunities and solutions on the Italian market and in Mediterranean countries with regard to sustainable energy. It was presented to the public during the event *Impresa e finanza insieme per le energie sostenibili* promoted by the Bank at the beginning of 2009.

We sponsored the March 2008 edition of the Eco Executive Report, a publication on environmental sustainability practices among multinationals and large banking groups, with an



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analysis of our Bank's success story with regard to environmental sustainability policy.

Intesa Sanpaolo participates in a Milan Polytechnic research project, which for almost a year has contributed to the debate on sustainable sources. The working party – Energy & Strategy Group – has established a standing observatory on renewable energies with the aim of providing a census of all companies operating in this sector. The tasks concentrate on monitoring technology and competitive trends among operators on the renewable energy market. The aim is to identify and structure the features of the sector, compare problems regarding technology research using both an approach that focuses on specific energy sources and from a more cross-sector perspective, concentrating on the more innovative aspects (e.g. sustainable mobility and building energy efficiency).

At the beginning of March 2009, during the conference "The Italian industrial system and renewable energy challenges: the future of Made in Italy in the solar energy business", the observatory presented its report illustrating analysis completed during 2008 on solar energy, in the three formats in which it can be exploited (photovoltaic, solar heating and thermodynamic).

In addition, we participated in an awareness project involving 148,000 students in Bergamo province, to whom the leaflet *Accendi la mente, spegna gli sprechi* was delivered, whilst the respective 7,500 classes involved received a CD containing *Energioco*, an interactive quiz application following a specific questions and answers trail, designed for fun while learning the basics of sustainable development.

Lastly, once again in 2008 we confirmed our participation in the initiative *M'illumino di meno*, sponsored by the Ministry of the Environment, the Prime Minister's Office and the European Parliament. At 6 pm on 15 February, Intesa Sanpaolo joined in by turning off all unnecessary lights and electronic devices to show that even small everyday gestures can contribute to spreading an awareness of energy saving and efficiency.

Adoption of the Equator Principles

The Equator Principles are voluntary guidelines drawn up by banks operating in the field of international project financing. In June 2003, with support from the International Finance Corporation (IFC), an agency of the World Bank, they were prepared and signed by ten lending banks operating at international level and today are adopted by around 60 companies worldwide. The Equator Principles are based on the environmental and social standards of the World Bank and apply to all financing projects of over 10 million euro. After thorough screening, the projects are classified according to their level of social and environmental risk (high, medium or low). For projects in the first two categories, the customer has to prepare a social and environmental assessment and draft an Action Plan covering the potential critical points of the project.

In this context, Intesa Sanpaolo strengthened its commitment by successfully completing the training course designed mainly for risk management, loan and project financing departments, and for other representatives of Banca dei Territori and the international subsidiary banks, in the first few months of 2008. The course was organised with the support of one of the top four IFC-approved companies offering training on the new IFC Performance Standards to institutions adopting the Equator Principles. The aims of the course were an understanding of the implications, in day-to-day operations of the Bank, of adoption of the Principles, together with an understanding of the best approach – via analysis of case histories – for the assessment of social and environmental risks intrinsic to lending.

We also continued our action to adopt the implementation model for these Principles by establishing an interdepartmental working party to guarantee the application of requisites and to identify in advance any potential credit and reputation risks inherent to sensitive sectors or countries.

Classification of projects according to the Equator Principles

Sector	Country	Category	Department	Status
Oil&Gas	Chile	B	London	Completed
Oil&Gas	Bahrain	B	London	Completed
Oil&Gas	Tunisia	B	London	In progress
Oil&Gas	Indonesia	C	Hong Kong	Completed
Transportation	Vietnam	B	Hong Kong	In progress
Transportation	India	B	Hong Kong	Completed
Transportation	India	B	Hong Kong	Completed
Infrastructures	Croatia	C	BIIS	Completed
Infrastructures	Croatia	C	BIIS	Completed
Infrastructures	Egypt	C	BIIS	Completed
Renewable Energy (wind)	India	C	Hong Kong	Completed
Water project	Israel	C	BIIS	Completed

Projects by category

Category A projects	0
Category B projects	6
Category C projects	6
Total	12

Projects by sector

Oil&Gas	4
Infrastructures	3
Renewable Energy (wind)	1
Water project	1
Transportation	3
Total	12

Projects by country

Bahrain	1
Chile	1
Croatia	2
Egypt	1
India	3
Indonesia	1
Israel	1
Tunisia	1
Vietnam	1
Total	12

Compliance with the Kyoto mechanisms

Despite a slight drop in CO₂ emissions in recent years, due only in part to the initial results of energy efficiency policies and renewable energy incentives, the observance of Kyoto Protocol objectives remains a dire emergency in economic, reputation and lost opportunities terms if the climate problem is underestimated. During the year Intesa Sanpaolo continued to work alongside its corporate customers faced with such an important challenge. Maintaining close relations with institutional organisations set up to promote action to reduce CO₂ emissions, we are able to help our customers by keeping them informed on market mechanisms and tools and on incentives open to them.

Capital risk investments in 2008 were again characterised by support participation in initiatives in favour of renewable source development (as already described in the chapter on Customers).

Through Equiter, which operates in the utili-

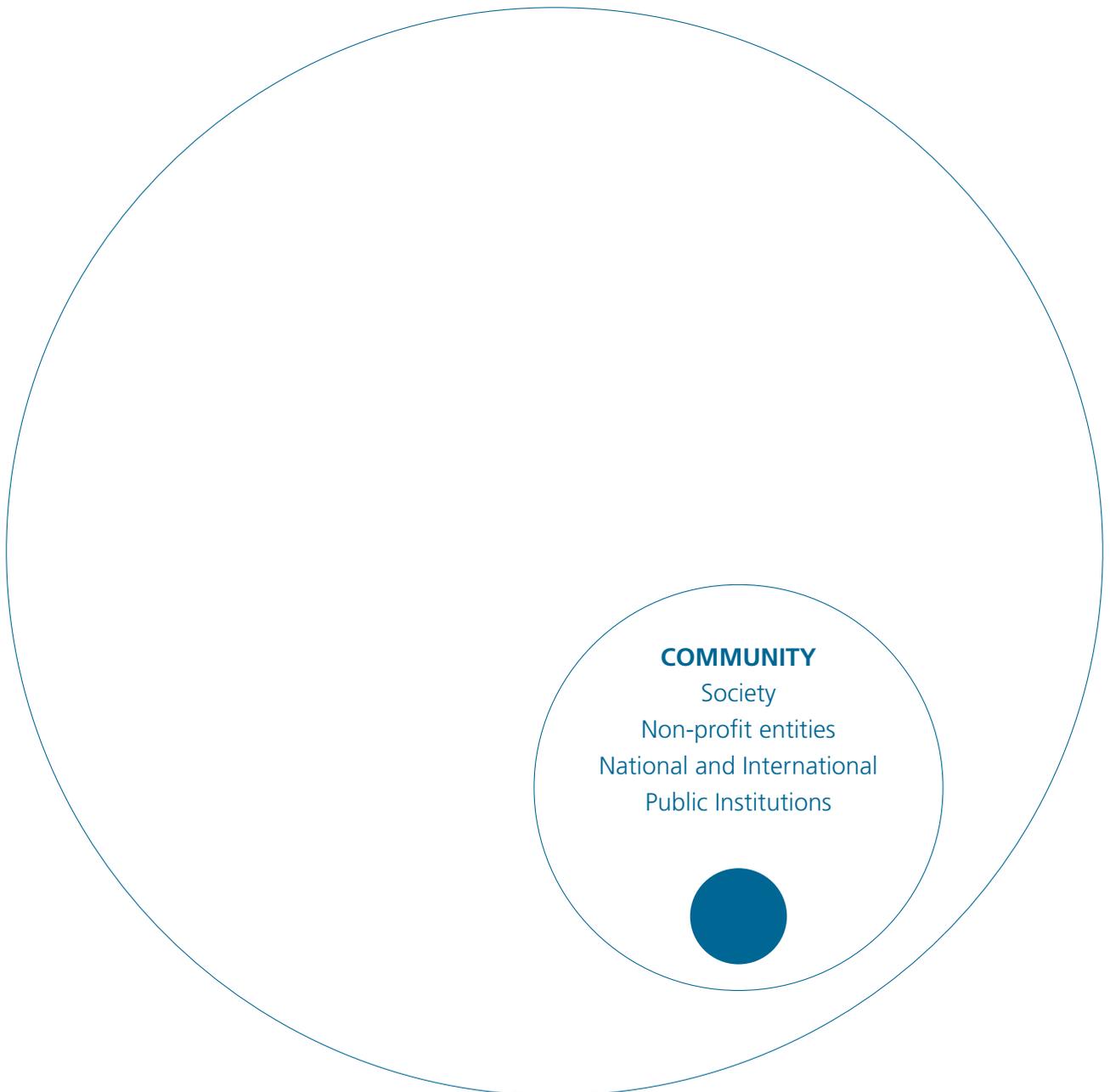
ties, infrastructures, public property and environmental sectors, the Group worked alongside industry operators in the development of projects for the production of energy from renewable sources and the reduction of polluting emissions, constantly monitoring investment opportunities in these sectors.

In this complex framework, Equiter operates through a specialised Utilities and Environment Desk, dedicated to financial analysis and structuring of environmental projects. In 2008 it managed and developed the special purpose vehicles in which it has a minority interest: *Enerpoint* and *GICA (Green Initiative Carbon Assets)* since 2007 and *Enerpoint Energy* since February 2008.

Specifically, through the joint venture *Enerpoint Energy*, operations in the photovoltaic sector were particularly intensive: works were completed and large systems were installed for a total of approximately 4 MWp. The energy produced by these systems can satisfy the consumer needs of around 2,100 households and avoid the atmospheric emission of 3,000 tonnes of CO₂.

GICA, the special purpose vehicle that creates and trades emission rights in accordance with ETS (European Trading Scheme) regulations, has offered us the opportunity to analyse over 50 projects – in different parts of the world – that meet the Kyoto mechanisms (especially the Clean Development Mechanism) and which manage over two million tonnes of CO₂. Lastly, Equiter has maintained its membership of the *Associazione Produttori Energia da Fonti Rinnovabili (APER)*, a national reference point for legislative and market orientation for operators in the field of renewable energy sources, and a highly qualified centre for discussions on all energy-related topics.

Relations with the Community



Strategies

The support and attention granted to projects and the expectations of individuals, companies and those working to develop the communities in which we operate is a characteristic feature of our activities. In this sense, activity has been developed by our banks and by Banca Prossima which, founded at the end of 2007, is dedicated to Third sector organisations and acts as a promoter to facilitate initiatives in the non-profit sector.

We have continued our work to fully support micro-finance projects, the first of which dates

back to 2003 in partnership with the *Compagnia di San Paolo*, as well as international cooperation projects, with particular humanitarian significance. With regard to donations and event sponsorship, the main inspiring principle was to actively participate in local community life, offering support to the more important initiatives in terms of cultural, sports and social solidarity. Initiatives supporting the protection of Italy's historic and artistic heritage have been numerous, as were those to make the Group's own artistic heritage available to the public.

Commitments for 2007-2009 and our achievements in 2008

SUPPORT FOR THE THIRD SECTOR AND FINANCIAL INCLUSION OF THE UNDER-PRIVILEGED

● we are continuing to work towards encouraging the consolidation and development of non-profit entities and organisations that the Bank has helped to set up: *PAN – Crèche Project*; *AL.FA* in favour of the disabled; the Lombardy Anti-Usury Foundation (*Fondazione Lombarda Antiusura*), the Talenti Foundation (*Fondazione Talenti*); 

● our commitment to micro-finance projects continues in association with certain shareholders' foundations and local *Onlus* associations in favour of financial inclusion. A total of almost 4 million euro in loans has been granted. 

SUPPORT FOR DOMESTIC AND INTERNATIONAL SOCIAL SOLIDARITY INITIATIVES

To distribute donations in support of needy local communities on the basis of a special Group policy:

● over 15.6 million euro in donations has been distributed. Of this amount, 28% was to national and international solidarity initiatives and approximately 20% to cultural heritage; 

● a Regulation has been established to govern

the use of the Fund for charitable, social and cultural contributions; 

● support has been provided in partnership with the Third sector for international solidarity schemes. The first phase of the *Project Malawi*, which began in 2005, was completed during the year and activities have been launched in relation to the second three-year period. 

To develop systems to engage stakeholders in the most important projects supported:

Work has continued on initiatives involving employees in community projects.

a) The Lombardy Anti-Usury Onlus Foundation (*Fondazione Lombarda Antiusura*) – which since its inception has distributed subsidised funding of almost 5 million euro – has undertaken activities with the help of experts, employees and retired members of the Intesa Sanpaolo Group.

b) Approximately 195,000 euro has been donated by 9,000 employees in support of activities linked to the *Project Malawi*. 

SUPPORT FOR INITIATIVES IN THE FIELDS OF CULTURE, MUSIC AND SPORT AND IN SAFEGUARDING ARTISTIC HERITAGE

A total of 43.6 million euro has been distrib-

 target achieved

 activity in progress

 activity not yet launched

uted in sponsorships, 38% of which linked to the world of sport. 

To implement a Group policy establishing sponsorship guidelines:

- in 2008, the analysis of initiatives supported by the Intesa Sanpaolo Group continued to identify the initial general guidelines on sponsorship at both national and local level in spheres common to and consistent with the Group. 

To encourage the safeguarding and public enjoyment of the Group's artistic heritage:

- the activities of the two museums in Vicen-

za and Naples continued, this year recording strong numbers of visitors and receiving highly-positive feedback; 

- the scientific cataloguing of art collections inherited from the Sanpaolo IMI Group also continued. 

To form partnerships with leading institutions and actively participate in the promotion of Italy's cultural heritage:

- again in 2008 restoration of public heritage works continued as part of the *Restituzioni* project. 

Financial inclusion of categories inadequately served by banks

 Our commitment towards the financially underprivileged has continued with a series of specific projects for university students, the elderly, workers forced into redundancy and immigrants. For further details please refer to page 78 of the chapter on "Customers".

Lombardy Anti-Usury Onlus Foundation (*Fondazione Lombarda Antiusura Onlus*)

The work of the *Fondazione Lombarda Antiusura Onlus*, set up in 1997 by Cariplo S.p.A., continued for the prevention of usury. The *Fondazione Cariplo* and the *Caritas Ambrosiana* have been members since its foundation.

The Foundation defends individuals or small businesses against the risk of usury and uses a guarantee fund to hedge the loans granted.

The process of listening to and selecting the applications is performed through sector experts, employees or retired members of the Intesa Sanpaolo Group, which intervene not only from a technical point of view, but also act as a listening and guidance centre in identifying the funding required to remedy critical situations. Since it was set up, the Foundation – acting as guarantor or to cover interest – has allowed 327 entities to gain access to Bank loans for a total of almost 5 million euro.

The Foundation is also the Bank's partner in two other projects: *Anticipazione Sociale* and PR.IM.I. (*Progetto imprenditori immigrati*) – the project for immigrant enterprise, see page 78. Cassa di Risparmio del Veneto has also launched an anti-usury project particularly in favour of local tradesmen who, due to operat-

ing, capital or financial difficulties, are unable to produce suitable guarantees against credit risk. The initiative receives support from local credit guarantee consortia, and in 2008 a total of 28 loans were granted for approximately 1 million euro.

Micro-finance projects

A bank's role as a positive contributor to social and economic development can be clearly observed in its efficient and consolidated micro-finance projects.

Micro-finance represents a tried and tested tool to encourage financial inclusion and to create employment and business opportunities. By re-thinking how the banks normally grant loans, new means of assessing merit and the credit ratings of borrowers have been introduced, stepping away from the logic of real guarantees. The Group Banks, working alongside the shareholders' Foundations and local associations, are active in a number of micro-finance projects in this sector.

The first *Microcredito Sociale* project agreement signed with *Compagnia di San Paolo* dates back to 2003 and involves both the Parent Company and Banco di Napoli.

This project, the organisational model for which has since been taken for other initiatives, is based on a partnership between the Bank, the Bank Foundation and non-profit associations.

Four non-profit organisations are involved: *Fondazione Don Mario Operti Onlus* in Turin, *Fondazione Antiusura Santa Maria del Soccorso Onlus* in Genoa, *Fondazione San Giuseppe Moscati Onlus* in Naples and *Fondazione Risorsa Donna* in Rome.

EMPLOYEES

In accordance with the signed agreement, *Compagnia di San Paolo* has made 2 million euro available, of which 1.6 million for guarantee funds and the remainder to cover operating costs and monitoring.

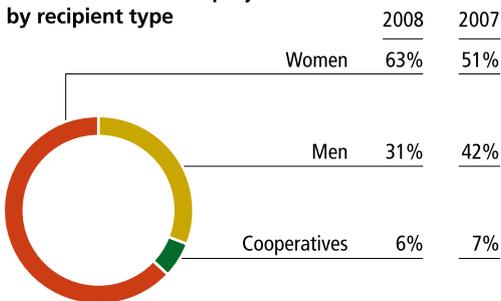
The main objective of the project is to offer personal and socio-economic growth opportunities to Italians and foreigners who intend to develop a micro-business or independent employment. Each entity has set up a guarantee fund of 400,000 euro and, in addition to acting as guarantor, each is also responsible for assessing projects, completing the preliminaries and providing support to beneficiaries throughout the project.

The Bank's responsibility is to complete the preliminary phase and – at particularly advantageous rates – provide the required loan, assuming a part of the credit risk.

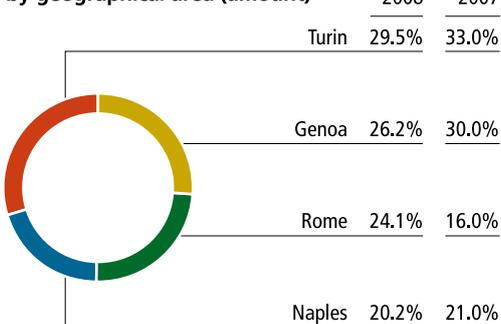
The minimum amount of funding available to set up and develop economic activities is 2,000 euro, and 500 euro for projects concerning employability. The maximum amount of funding is 20,000 euro for individuals and 35,000 euro for companies, social cooperatives and small-scale cooperatives.

According to figures from the end of December 2008 the total number of loans was 238 for almost 2.5 million euro (up 8% on the previous year). The average sum granted is approximately 10,000 euro.

Microcredito Sociale project breakdown by recipient type



Microcredito Sociale project breakdown by geographical area (amount)



Other micro-finance initiatives have been undertaken by Group Banks with the aim of being able to use an intervention policy suited to a developed economy such as in Italy where, nevertheless, there are people who, for social or economic reasons have difficulty in accessing credit.

The Cassa di Risparmio di Venezia has in recent years implemented two projects:

- the first project, *Terre in Valigia*, launched in January 2006 with the *Fondazione di Venezia* – project promoter – and with the *Terre in Valigia Association*, targets social support for business projects of non-European women. 32 loans have been granted for a total of over 100,000 euro;

- The second project, *Microcredito Sociale San Matteo*, implemented in collaboration with *Caritas di Venezia*, is social support-oriented. Since its launch in September 2006, 39 loans have been granted, 100% backed from a risk fund, for a total of over 80,000 euro.

Micro-credit offers personal and socio-economic growth opportunities to Italians and foreigners who intend to develop a micro-business or independent employment.

The agreement stipulated and signed in April 2006 by the *Fondazione Cassa di Risparmio di Padova e Rovigo* with the Cassa di Risparmio di Padova e Rovigo (now Cassa di Risparmio del Veneto) and *Caritas* organisations in Padua and Adria-Rovigo has two clearly written aims:

- to encourage employability and the development of an economic activity;

- to support personal and family needs regarding housing, health costs, contact with family in the country of origin, etc.

A trend already noted in the previous year continued throughout 2008, i.e. a strong predominance of funding for personal needs.

During the year, in fact, 27 applications were considered worthy, and of these 26 involved support for personal needs and only 1 was employment-related. The total granted was over 92,000 euro. More than 60% of beneficiaries are non-Italians, whilst the male-female ratio is essentially balanced.

In November 2008, Cassa di Risparmio del Friuli Venezia Giulia formed a partnership

with the Gorizia Caritas and the *Fondazione Cassa di Risparmio di Gorizia*, in the first few weeks granting 7 loans for a total of 14,000 euro.

Furthermore, in 2006 a project was set up to support people at risk of becoming usury victims. As the operating partner, Banco di Napoli signed an agreement with *Finetica On-lus*, which set up a guarantee fund to State Anti-Usury Fund (*Fondo Statale Antiusura*). In addition to providing information, advisory and credit support services to applicants (individuals and small businesses), the non-profit organisation completes the preparatory stage.

A total of 23 loan applications have been received, 18 of which were approved with loans granted of over 212,000 euro. All the applicants were Italian.

Support for social enterprise

 With support from Banca Prossima, the Bank has continued its work to facilitate credit access for social enterprise. Specifically:

- non-profit entities and organisations for which the Bank participated in the setup stage (*PAN – Crèche Project*, *Fondazione Talenti*);
- projects launched last year in favour of the socially underprivileged (*AL.FA – un'ALtra FAmiglia dopo di noi*) and for the development of complementary welfare systems (*Welfare Lecco*).

P.A.N. Progetto Asili Nido – Crèche Project

In order to encourage women to return to work after childbirth and to respond to the need for qualified services for infants, in 2004 we created *PAN – Progetto Asili Nido* (Crèche Project) together with leading national social enterprise networks: *CGM Consorzio Nazionale della Cooperazione Sociale Gino Mattarelli*, (the National Consortium for Social Cooperation), *FIS Federazione dell'Impresa Sociale* (the Social Enterprise Federation) of the *Compagnia delle Opere* and *DROM – Legacoop*.

PAN is a non-profit consortium to facilitate the setup of new crèches and infant service infrastructures with, on the one hand, the aim of financially supporting enterprise providing the

services and, on the other hand, support for the families that use them, through the *PAN* brand guaranteeing high quality, economically sustainable standards (approved by a technical and scientific committee).

The Consortium assists enterprise in the start-up phase of a new crèche: planning, business plan preparation and operations management. *Banca Prossima* provides the funding to rebuild and re-furnish the crèches (up to 100,000 euro) and to purchase and restore fixtures and fittings (up to 50,000 euro). Real or personal guarantees are not required.

Families who use *PAN* services are able to rely upon a subsidised financing programme for the costs of the crèche of up to 18,000 euro. The 310 crèches associated with the consortium (275 in 2007) care for 8,682 children and offer employment to approximately 2,100 staff, almost exclusively young people with relevant high school qualifications.

To date almost 4 million euro in financing has been awarded for the start-up phase (3 million euro as at the end of 2007) and more than 900,000 euro for the purchase of fixtures and fittings.

The Talenti Foundation (*Fondazione Talenti*)

Fondazione Talenti was set up in 2005 with *Fondazione Cariplo*, *CGM* and two religious organisations (*C.I.S.M.* and *U.S.M.I.*) in order to make the best use of real estate owned by religious orders and to develop welfare services in collaboration with social enterprise.

The Foundation places a qualified private social enterprise in contact with the religious orders, and in collaboration with the owners provides a variety of welfare services.

To date, 234 initiatives have been assessed, of which 19 have been completed and approximately 100 have reached implementation stage (crèches, university students, facilities for the disabled, sports, group and rehabilitation facilities). The foundation has also started two new projects of its own (*Talenti per la Casa* and *Una famiglia dopo la famiglia*). The Bank provides the funding necessary to develop the initiatives.

AL.FA. – un'ALtra FAmiglia dopo di noi

AL.FA. – un'ALtra FAmiglia dopo di noi is a

Banca Prossima, which was launched in November 2007, is dedicated to the social enterprises and non-profit sector.

project which, varying the PAN experience, aims to establish new family homes for disabled people and to offer their families financial solutions for the "after us" phase.

Set up in 2007, AL.FA was the first social enterprise in Italy with bank participation and involves the highest qualified partners in the sector: ANFFAS, the main association for families of the disabled and *Consorzio CGM's Comunità Solidali*.

In its first year of business, AL.FA developed a quality manual which, for the first time, defined standards for the provision of services to guests of residential homes.

Banca Prossima offers its own financial products to AL.FA members to support the start-up stages of new initiatives and investments. An insurance product is currently being developed to support the "after us" phase for disabled people.

Welfare Lecco

This was an initiative launched in 2007 with *Fondazione della Provincia di Lecco Onlus* to set up a local "social credit guarantee consortium", the first of its kind in Italy. The social enterprises operating services for people need to use buildings with high, long-term quality standards.

The Bank provides them with long-term mortgages at a low interest rate. A part of the resulting benefits is used by the guarantors to set up a guarantee fund for local level financing to start up innovative social services or to introduce new solutions for those already in existence.

To date, approximately 26 million euro has been granted to refurbish infrastructures and further loans are under consideration for a total of 17 million euro: the benefits for the local area from this initiative are remarkable.



Banca Prossima is the Intesa Sanpaolo Group bank dedicated to the social enterprise sector and to both lay and religious non-profit organisations, with the corporate purpose of creating social value.

If the last two months of 2007 represented the technical "fine-tuning" stage of operations, given the launch of the Bank on 5 November 2007, then 2008 was the first full year of business, leading to almost 4,000 customers including approximately 850 borrowers, loans totalling over 85 million euro and total deposits of around 300 million euro.

In addition to providing innovative products and services in support of its specific customer segment, Banca Prossima has operated through the Fund for the Development of Social Enterprise, a special risk fund launched at the beginning of February through extraordinary contribution from the sole shareholder, allowing the Bank to help types of entities and projects that would otherwise have no access to credit. As at 31 December 2008, over 352 accounts were hedged

by the Fund, for a total commitment of almost 27 million euro with 252 counterparties. These are customers which, based on standard criteria, would be considered borderline cases in terms of bankability. Of the Fund, established with the sum of 10 million euro, 57% has already been used.

In addition to contributing in the definition of Fund utilisation strategies, the Solidarity and Development Committee (formed from experts, managers or leading professionals from the non-profit sector) participated in the public consultation launched in July 2008 by the Welfare Ministry, formalising its contribution in a response to the Green Paper on the future of the social model prepared by that Ministry.

The expansion of the Banca Prossima workforce, which will continue throughout 2009, has confirmed the special selection process from among Intesa Sanpaolo employees that combine professional skills criteria, the motivation and personal experience gained in non-profit organisations.

SHAREHOLDERS

EMPLOYEES

In March 2008 Banca Prossima developed a new product, *Subito 5 x 1,000*, dedicated to Third sector organisations to claim advances on the "5 per mille" (5 per thousand) donation from taxpayers' income in 2006. In this first year of business, contributions of over 3.3 million euro were advanced. The product will also be available in reference to the forthcoming income tax returns.

In order to reproduce social projects more efficiently, adapting them where necessary to the requirements of the Banche dei Territori, with which it actively cooperates, a flexible, integrated web platform has been implemented.

During 2008, other action of a planning nature was also taken, albeit still at feasibility study stage, characterising the role of promoter and facilitator of initiatives for the non-profit sector that Banca Prossima intends to launch.

A social vouchers project, based on the French model of vouchers that can be exchanged for various social services, was submitted to the independent provincial government of Bolzano by a group in which Banca Prossima participates.

The natural development of the ongoing feasibility study – expected some time in 2009 – is the real launch of the initiative, also involving funding from European social funds.

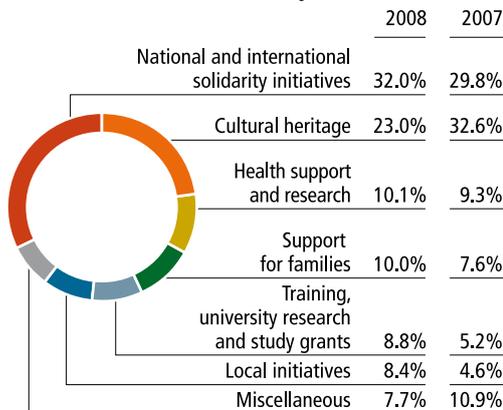
Other local authorities, including a number of the larger regions, have shown an interest in this project and in the results of the feasibility study.

A support project to create social enterprise in the metropolitan area of Naples is at proposal stage. This project is geared around the engagement capacity of the local Curia and the specific skills of Banca Prossima in selecting projects and raising funds (also through Intesa Sanpaolo Group action).

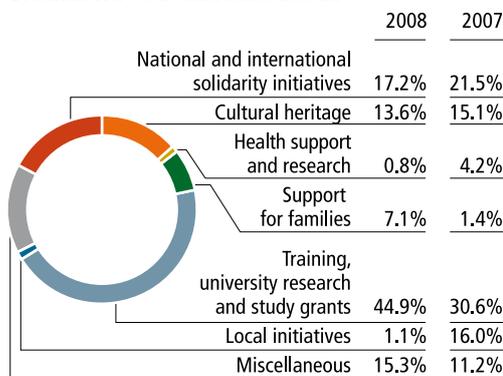
The fund-raising aspect is an example of how Banca Prossima acts as a promoter of action between Third sector customers and counterparties, involving other Group business units according to their respective specialisations and/or their stronger credit capacity. Other projects with large authorities in the social and health sector, social building real estate funds and religious orders are at similar stages.

Donations

Breakdown of donations: Italy



Breakdown of donations: Abroad



The Bank's Supervisory Board, which according to the Articles of Association is responsible for donations, at its meeting of 25 July 2008 approved the Regulation for utilisation of the Fund for charitable, social and cultural contributions, funded through provisions approved by the Shareholders' Meeting at the time of allocation of net income for the year. This regulation is currently at enactment stage by the Parent Company.

The Intesa Sanpaolo Code of Ethics provides the basic references for the Regulation, which:

- is inspired by the principles of solidarity, social usefulness and the fundamental values of respect for personal dignity;
- defines the implementation aims (social, support, educational, environmental, research, promotion of art and crafts, and cultural initiatives excluding those referring to promotion of the Bank's historic, archaeological and artistic heritage);

- identifies beneficiary categories which, amongst other things, must be legally recognised and non-profit, and excluded categories (political parties and movements, their organisations, trade unions and patronages, clubs, public local organisations and schools, except for specific initiatives of a strongly social, cultural or scientific nature);
- defines the selection criteria for donations with the intention of privileging projects with well-defined requests for contributions, consistent with the principles of the Bank's Code of Ethics and the Regulation, and with an allocation plan defined each year by the Supervisory Board;
- marks the significant boundaries between initiatives supported by the Fund and those of a commercial or promotional value for the Bank and the Group;
- establishes that the simultaneous support of an initiative in terms of donations and sponsorship is not permitted.

With specific and precise rules, the regulations outline and strengthen a consolidated practice of support for social, religious and cultural activities implemented without a long-term continuity solution and mirroring a tradition shared by most banks of the Intesa Sanpaolo Group. In order to bring out the best practices and possible synergies at Group level, with a view to optimising action taken in the sector in Italy, in the second half of 2008 a consultation was launched of the main subsidiary Banks operating in the country.

Specific commitment was also addressed to a more accurate definition of preliminary investigation processes for applications, for the selection of projects for submission to the authorities for approval and for the verification of impact from the implementation of the initiatives supported. With a view to transparency and proximity in the community in which we operate, the aim is to increase options for the support of social programme projects, large and small, that are most worthy.

In 2008 the Intesa Sanpaolo Group granted a total of 15.6 million euro (11.3 million euro in 2007). The work undertaken was in support of traditional charitable areas and shared resources between solidarity-based intervention (projects in developing countries, missionary work and charity initiatives), social intervention (health assistance and research, support

for training, study and university grants and to emarginate families or those in need) and cultural intervention (restoration of works of art, relations with museums, artistic and musical entities, cultural exhibitions and publishing).

Social assistance

- With a view to continuity and development a new three-year commitment has been confirmed for the *Project Malawi* for two million euro a year from the Fund for charitable, social and cultural contributions, regulated on the basis of the progress status of scheduled works.

- At international level, action aims to improve the quality of services offered to the local populations of towns most lacking mainly in health services, with contributions to the training and qualification of secondary school and university studies. In this context, amongst other things, are the support to build a new high school, run by the Jesuit Fathers, in Scutari, Albania; contributions towards paediatric care in Mediterranean countries and the Middle East through *MedChild* in Genoa (in collaboration with the Istituto Gaslini); the project to improve university education in Bukavu in the Congo, with specific reference to support for clinical activities in the faculty of medicine, through the commitment of Pavia University's International Development Cooperation Centre – CICOPS (*Centro Internazionale Cooperazione per lo Sviluppo*).

- At national level, preference has been given to initiatives to improve the professional skills of young people having difficulty finding a place on the employment market (*Fondazione Il Faro*, Rome), to help worthy and needy students (*Fondazione Comunità Domenico Tardini* in Villa Nazareth, Rome), and to encourage effective school attendance by immigrant children (*Fondazione Franco Verga*, Milan). Support has continued for assistance to the elderly and disabled, particularly to the *Fondazione Opera Immacolata Concezione Onlus* in Padua, which for over 50 years has provided services through an approach based on promoting these people, so that they become a resource for the local community and not a burden.

- A significant contribution was that made to the Milan City Council, which launched tenders for the financing of projects in support of co-development and the protection of biodiversity. In particular, the co-development tender is a new kind of cooperation model, in which immigrants are considered key players

in the development of their home country and at the same time active players in building citizenship in the adopted country. The tender regarding biodiversity aims to ensure that populations in poor countries have better access to energy services, through the expansion and use of renewable energies and the development of management capacity in this key sector with a view to protecting the environment.


 ENVIRONMENT

- Among the more important initiatives for health research and education is the support for the New Research Units for the Young established by the Italian Cancer Research Association (*Associazione Italiana per la Ricerca sul Cancro*) – a five-year commitment, 2006-2010 – and support for a tetracycline research project on treatment for Alzheimer's Disease by the Mario Negri Pharmacological Research Institute of Milan (*Istituto di Ricerche Farmacologiche Mario Negri*).

- The contribution to the *Fondazione Banco Alimentare* has been confirmed to guarantee the collection, transport and storage of food supplied to support services for the needy. The Bank was directly involved through support from the branches which actively promoted this initiative.


 EMPLOYEES

The Group's international subsidiary banks also took action in this context:

- In 2008 VUB Banka continued its support activities to disabled people's cooperatives from which it purchases goods and services, and to schools and NGOs through the donation of personal computers. Furthermore, together with the non-profit association *Dobry Angel* (The Good Angel) VUB Banka introduced special credit and debit cards with which the Bank contributes 1% of the sum spent by users to families with children in

which one member is a cancer victim. The Bank, a member of the Engage Group of the Business Leaders Forum in Slovakia, participated in the *Our Bratislava* programme which involves employees in voluntary work in the local communities.

- CIB Bank continued its partnership with the foundation *Camp of Courage* which offers therapeutic and recreational programmes to children who suffer from serious chronic illness. These programmes have also seen the involvement of Bank employees as volunteers;


 EMPLOYEES

- Privredna Banka Zagreb supports numerous projects, human and social rights associations in the country, particularly to help children, families at risk and institutions responsible for the protection and support of the ill and infirm. In particular this includes support for the work of the *Humanitarian Foundation for the Children of Croatia* with the aim of providing help for 350 children under the protection of the Foundation.

- Intesa Sanpaolo Banka Bosna i Hercegovina was a partner in the *Warning-mines! – Pazi mine!* an Awareness project organised by the human rights organisation *Inter SOS*.

- Among the projects supported by Banca Intesa Beograd are *Doctor Clown*, the Reception and Accommodation Centre for Disabled Children in Belgrade, and the *Novi Pazar* and *Biser Srbobran* association activities in favour of the disabled or persons with reduced mental capacity.

- Banka Koper has provided support for the purchase of medical equipment and ambulances, in addition to supporting school and university programmes, and Intesa Sanpaolo Bank Albania has signed an agreement with two associations to offer summer camps to orphans.

Project Malawi

The Project Malawi is an international cooperation project developed with Fondazione Cariplo, the key objective of which is the fight against HIV/AIDS in one of the 15 poorest countries in the world, Malawi in Africa. Making use of the experience and interaction between the operating partners involved, the Sant'Egidio Community, Save the Children, two Scout movements in Malawi (MAGGA and SAM) and CISP (Comitato Internazionale per lo Sviluppo dei Popoli – International Development of Peoples Committee), the project aims to guarantee long-

term improvement in the quality of life of the population and to contribute to the overall development of the country through investments in terms of human and economic resources in certain key sectors: health, prevention, education, orphan assistance, management training and microfinance. The first phase of the Project Malawi, which began in June 2005, was completed during 2008 and activities have been launched in relation to the second three-year period (2008-2011).


 Project Malawi
Sharing the future

In June 2008, during a ceremony in New York attended by Ban Ki Moon, the UN General Secretary, the *Project Malawi* received the award for best initiative in the "Community Philanthropy" category from the Global Business Coalition – the international organisation active in the fight against HIV, AIDS, tuberculosis and malaria.

As at December 2008, the following results have been achieved by the *Project Malawi*:

- With regard to health, premises have been identified and refurbished in the north of the country to house the third molecular biology laboratory; the last 3 of the 10 health centres planned to distribute antiretroviral (ARV) drugs and prevent transmission of HIV from mother to child (PMTCT) have been completed; 114,400 medical examinations have been performed, bringing the total patients under care to 12,158, of which 2,566 children under 15 and 2,047 pregnant HIV-positive.

Through PMTCT care, 1,190 healthy children were born. The number of patients benefiting from the administration of ARV drugs has more than doubled, from 3,535 to 8,296, including 899 children. The number of health service staff trained in the use of the DREAM protocol rose to 286 from 200 as at the end of 2007.

- As part of assistance provided to children, the number of day centres increased (from 6 to 12), in which 1,222 orphans received care from 220 voluntary social workers trained in psycho-social support.

The day centres are managed by selected members of the local community, fully trained and gathered into Management Committees.

The constant increase of activities involving the local communities, one of the key aims of the project, has resulted in the involvement of over 3,300 members in the communities concerned, who have received training on community engagement, the promotion of active

prevention and information programmes for schools, home care and effective parenting skills.

- With regard to prevention, the Girl Guides and Scout troupes have increased from 30 to 129, involving over 9,000 children in information and education regarding correct sexual reproduction. The Scouts covered 83 schools, and 552 community leaders, religious and political authorities were involved in social awareness and engagement seminars. Again in this context, the number of children receiving free HCT services (HIV Counselling and Testing) at the Blantyre/Limbe Scout Centres increased to 744.

- Training for Peer Educators continued, doubling the number of educators – 88 at the end of 2008 – and enabling contact with over 2,000 male and female children. 25 young people completed technical craft training (woodwork, tailoring and metal carpentry).

- In terms of local economic development, the average monthly users of the Business Information and Services Centre in Blantyre increased from 80 to 120 business owners. 24 new training courses on Profit Generators brought the total businesses launched to 64; 1,087 people were trained and directly involved, and there were 2,562 beneficiaries, from families of HIV sufferers and households caring for the elderly, orphans and disabled. 21 new Informal Micro-credit groups were created in rural areas – VSLA (Village Savings and Loans Associations) – in favour of 525 direct beneficiaries.

The Business Management training courses brought the number of participants to a total of 359 SMEs. 152 businessmen received training on the preparation and presentation of business plans at local Microfinancing Institutions (MFI), which granted a total of 114 loans, 66 of which have been repaid in full and 46 are pending settlement.

- The polyfunctional Kapeni Centre has continued its project partner activities, consolidat-

Project Malawi operates in certain key sectors: health, prevention, education, orphan assistance, management training and microfinance. The first phase was completed during 2008 and activities have been launched for 2008-2011.

ing action synergies and increasing the effectiveness of results.

During 2008, newborn and paediatric care services continued, launched at the Balaka maternity unit in 2007 in collaboration with the *Società Italiana di Neonatologia* (SIN) and the *Società Italiana di Pediatria* (SIP). Further to the agreement with these two associations, a rota system of voluntary doctors covers the paediatric and newborn care needs of the Balaka maternity unit, in collaboration with the nearby district hospital, providing advice and clinic services at the DREAM centres in Balaka and Blantyre, the polyfunctional Kapeni centre and the Kankao orphanage.

Lastly, the successful system involving support and collaboration with entities and associations, also in the traditional religious and cultural areas has also been confirmed.

The Religious Area

In the religious field, donations were made for the publication of the new *Bibbia per le famiglie* (Bible for Families) by Edizioni Paoline.

Other significant donations covered the completion of the Sardinia Region Seminary Aula Magna in Cagliari (Archbishop's Seat of Sassari), the extraordinary costs of restoration of the organ at Cagliari Cathedral (Curia of Cagliari), the pastoral visit of the Pope to Genoa and Savona (Archbishop's Seat of Genoa and the Savona-Noli Diocese) and the production and distribution of a documentary about Don Ortese Benzi (*Associazione Arte Cinema Teatro Volontariato of Urbino*).

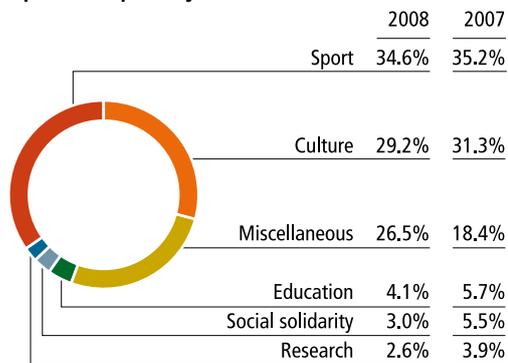
The Cultural Area

Considerable action was taken in the cultural field to organise an important international conference in Rome on biological evolution, marking the 150th anniversary of the publication of Darwin's opera (*Pontificium Consilium de Cultura*), to promote and improve Palazzo Strozzi in Florence (*Fondazione Palazzo Strozzi*), to renew the lighting system of the Chapel of Sansevero Museum in Naples, to support the artistic programme of the *Arturo Benedetti Michelangeli Festival* in Brescia and Bergamo, to produce and distribute a DVD on the artistic genius of Caravaggio (*Fondazione Marco Fodella*, Milan) and for activities of the *Accademia Olimpica* in Vicenza and the Faculty of Theology of Northern Italy.

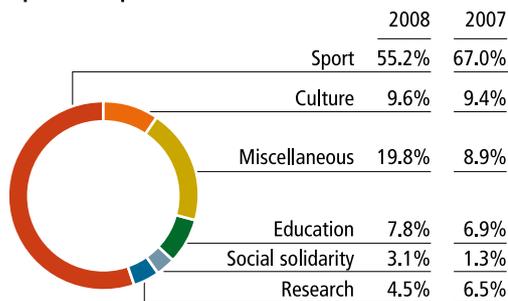
Sponsorships

In the relationship between Intesa Sanpaolo and the local communities in which the Group operates, activities concerning support, positive exploitation and promotion of culture and knowledge play an important role, as do solidarity programmes and support for sports activities. Indeed, these activities concretely represent the extent of the Bank's involvement in the life of the country, a contribution towards its social, civic and economic development and an opportunity to create and consolidate constructive relations with the different entities concerned. In 2008 sponsorships amounted to 43.6 million euro (36.8 million euro in 2007), of which 38% was linked to the world of sport.

Sponsorships: Italy



Sponsorships: Abroad



Culture

Commitment in the cultural field is in the form of initiatives planned and implemented independently and directly, as well as through partnerships and sponsorships supporting projects created and promoted by third parties.

The main areas regard the dissemination of information, support for research and the promotion of culture among young people.

Intesa Sanpaolo is aware that, based on its core

values of social responsibility, its intervention in the cultural sphere cannot be sporadic, but must be performed in a coherent, constant and well-articulated manner in order to develop effective support for the promotion of organisations and opportunities of a widescale educational, scientific and artistic nature.

Among these we would like to mention:

Teatro alla Scala and La Scala Giovani (Young Friends of La Scala)

Intesa Sanpaolo has been a partner of La Scala opera house for over 10 years. This partnership between two renowned institutions originates from and is characterised by a continuous search for ways to make music an increasingly universal heritage.

Intesa Sanpaolo also supports the *La Scala Giovani* project, created to allow a wider public to enjoy musical culture by involving younger members of society and by generating a musical sensitivity among adults enabling people who otherwise would never have had the opportunity to get to know the world's most famous opera house. For the 2008-2009 season, activity dedicated to young people has intensified, inaugurating two special initiatives: *Mille Giovani alla Scala*, a thousand subscriptions to 3 operas and a thousand subscriptions to 3 ballets for young people between 6 and 30 years of age, and *La Scala in Famiglia*, seven performances to which young people between 6 and 18 years of age are admitted free of charge if accompanied by an adult.

MI-TO

For the second year running, Intesa Sanpaolo was the partner for the highly acclaimed Milano-Torino International Music Festival. Over 170,000 people attended the performances, produced by over 4,000 performers from 33 countries throughout the world.

FAI – Luoghi del Cuore (Places of the Heart)

Intesa Sanpaolo and the FAI again promoted the *I Luoghi del Cuore* census, in this fourth year dedicated to "Places to be restored" from among Italy's architectural, artistic and natural heritage. In the 2008 project, all citizens were invited to vote for the places they love most but which are in need of attention, to sensitise the relevant authorities to a more focused attention, inviting them to care for and restore the places to their original beauty.



With contributions from the Bank, the following were restored in previous editions: the Baresi Mill, the Chapel of the Holy Trinity in Teregua Valfurva (Sondrio Province), and the Bridge and Oratory of San Martino a Clavi (Imperia province). Works are about to be completed to restore: the walled garden of the San Giacomo di Veglia Monastery (Vittorio Veneto, Treviso province), the Azzurro Lake (Campodolcino, Sondrio province), the alleyways of San Gottardo Borgo Walzer (Ribella, Vicenza province), the Fosso Cupido beach (S. Andrea Apostolo Jonio, Catanzaro province), the drinking fountains of the Parco Agricolo Sud (Milan) and the woodland plain of Vegonno (Azzate, Varese province). In 2007 a national school competition was also launched for children in primary and secondary schools to make young people aware of environmental matters and on the safeguarding of Italy's heritage, and as a means of continuing the census.

Torino Film Festival

For the second year running, Intesa Sanpaolo was the main sponsor of the International Film Festival in Turin, an important event in several sections with a specific focus on unedited or debut films, with a wide-ranging retrospective section dedicated to famous film directors and actors.

Fiera Internazionale del Libro (International Book Fair)

For the second time, Intesa Sanpaolo is a partner in the International Book Fair, the long-standing event in Turin created as a chance to browse through the changes in Italian society over the last twenty years through words, images, music and input from members of the cultural and entertainment fields.

Benvenuti a Teatro (Welcome to the Theatre)

Set up in 2005 in partnership with the Piccolo Teatro, the "Welcome to the Theatre" project is for a younger public and is a real journey "behind the scenes" of the theatre, in the company of an actor who brings to life all the characters involved. The aim is to stimulate the

Intesa Sanpaolo is aware that its intervention in the cultural sphere cannot be sporadic, but must be constant in order to provide effective support for widescale initiatives of an educational, scientific and artistic nature.

children's imagination as well as their curiosity about the theatrical world.

Festival dell'Economia di Trento (Trento Festival of the Economy)

Intesa Sanpaolo was once again the sponsor of the third edition of the Trento Festival of the Economy with its annual host of events, meetings and projects to sensitise the public to economic phenomena, encouraging and spreading awareness through an informative yet rigorous approach. The 2008 edition was entitled *Mercato e democrazia* (The Market and Democracy).

As part of the event, Banca di Trento e Bolzano organised a round table on "Local banks, internationalisation and local development" and a concert as a side event at the Trento Philharmonic Auditorium.

Social commitment and solidarity

In line with its corporate social responsibility values, Intesa Sanpaolo promotes and takes part in activities of a highly ethical and social value, proving its commitment to establish strong and deep-rooted links with society and local areas, starting from its institutional role and activities as a bank.

Giornata dell'Azalea, AIRC – Associazione Italiana per la Ricerca sul Cancro (Italian Association for Cancer Research)

The Bank has supported the "Azalea for Research" project since 1997. In 2008, the stands set up in Italian squares by 20,000 voluntary workers raised 9.7 million euro, resources fundamental to the continuity and stability of the work of cancer researchers.

Centro Internazionale di Ricerche Pio Manzù (Pio Manzù International Research Centre)

Collaboration has continued for several years with this Centre. In 2008 the public forum *Le Regioni di Penia* was dedicated to the topic of poverty now emerging in the West.

The Rimini Meeting

As sponsor of this event, Intesa Sanpaolo consolidates its longstanding support by actively participating in the discussion of ethical and social values, confirming its leading solidarity role in the Third sector and non-profit sector.

in favour of children in need throughout the world. In addition to the sale of small articles – keyrings and Christmas cards – involving approximately 1,600 branches of the Group, Intesa Sanpaolo and UNICEF prepared a website through which Christmas 2008 products could be purchased.

Sport

Action in this field confirms the Bank's commitment to the promotion of sport as an ethical and social value, and in the promotion of Italy at international level.

Intesa Sanpaolo confirmed its important partnership with the sporting world, among which the Italian Swimming Federation, A.C. Milan and the Organising Committee for the World Swimming Championships in Rome 2009. The Bank is the official sponsor of CONI, the Italian Olympic Team and Casa Italia: a collaboration which reached peak visibility with the 2008 Beijing Olympics.

In addition the Bank promotes several sports activities for young people, further confirming its attention to educating the new generations: A.C. Milan Youth Project, Basket 3 and numerous other initiatives throughout Italy.

The Group Banks made a contribution to economic, social and cultural development in the areas in which they operate in countless initiatives. Among the more important were:

Banca CR Firenze

● In the cultural field, the commitment continued to the Fiorentina Chamber Orchestra, the first musical production institute in Tuscany for which the bank has always been the sole sponsor, and to theatrical, musical and cultural foundation initiatives (*Maggio Fiorentino*, La Pergola Theatre, *Fondazione Strozzi*, etc.). The Bank also participated in a Florence City Council project which, in 2004, decided to create a 3D wooden model on a scale of 1:1000 of the entire local territory, planned as a control and verification tool for action implemented and offering a stronger participation of local citizens in the decision-making processes for urban transformation. The project ended on

Intesa Sanpaolo promotes and takes part in activities of highly ethical and social values, proving its commitment to establish strong and deep-rooted links with society and local communities, starting from its institutional role and activities as a bank.



UNICEF

Intesa Sanpaolo was involved in the annual Christmas campaign for the sale of UNICEF products to raise funds

19 September 2008 with the presentation of the completed model to the public.

- The traditional relations with Florence University continued, particularly through three research grants which, in different sectors (medicine, economics and law), have the joint aim of supporting young graduates.

- In a more social context, the Bank participated in the *Associazione Rondine – Cittadella della Pace* project, which focuses on the idea of allowing young people from war-ridden countries to live together in a neutral territory and context compared to that of their origin. This “forced” but voluntary ‘living together’ has shown that conflict and mutual diffidence tend to fade away if experienced in a context of recognised and shared values. The students, once their studies have been completed, return to their country of origin to take up careers in the academic, institutional and industrial fields. The Bank sponsored the magazine “Rondine – news from the Cittadella della Pace”, the Association’s newsletter.

- Lastly, Cassa di Risparmio di Pistoia and Pescia promoted an initiative of the *Fondazione Onlus Un Raggio di Luce* which aims to create one or more Casse di Credito e Risparmio in the Lobate region of the Central African Republic. The public administrations of Pistoia and other public and private entities will participate in this project, including the Bank’s Social Club. The project will then be continued by the two legally recognised microfinancing institutes in the Central African Republic.

EMPLOYEES

Banca dell’Adriatico

- As the founder member, the Bank is constantly committed to supporting the *Rossini Opera Festival*, a traditional music event of international renown. With regard to sport, worthy of mention is the sponsorship of *Scafolini*, the extremely popular Pesaro basketball team.

- In social terms, support continued for activities of the *Fondazione Don Gaudiano* of Pesaro (of which the Bank is the founder member) and for associations operating in the drug rehabilitation field or in support of cancer sufferers.

Banca di Trento e Bolzano

- In addition to participation in the third edi-

tion of the Trento *Festival dell’Economia*, one of the most important cultural activities is the financing of a number of research doctorates through the *Fondazione Trentino Università*.

- In the musical field, support continued for activities by the *Fondazione Concorso Pianistico Internazionale F. Busoni*, which rewards young musical talents from all over the world.

Banco di Napoli

- The Bank continued to support the activities of the *Istituto Italiano per gli Studi Storici* (Italian Institute for Historic Studies). The Institute, in which Banco di Napoli has participated since it was founded in 1946 (along with the Bank of Italy, Credito Italiano and Banca Commerciale Italiana) aims to enable young people to improve their knowledge of history.

- Still in the cultural field, in 2008 it also supported the Start Cup Federico II Award for Innovation, with a prize in cash or in kind (services for the startup and development of new businesses) for the best new business ideas based on scientific research, and contributed to the organisation of the third edition of Ravello LAB – International Dialogue, an annual forum on culture-development relations, this year dedicated to “Economy and a knowledge society – Cultural policies in the Euro-Mediterranean framework”.

- The Bank is one of the founder members of *Cotec – Fondazione per l’Innovazione Tecnologica* which aims to sustain Italian technology competitiveness through study, dialogue, design and communication. The work goes hand in hand with that of the *Fundación Cotec* in Spain and the *Associação Cotec* in Portugal to contribute to and steer research and innovation policy in the European Union, especially in the Mediterranean area. In 2008 the *IV Symposium Cotec Europa* was held, which brought together the three Foundations and represents a further step in the process to integrate these policies.

- Support was given to the *Associazione Civita* in the project *Le vie Francigene del Sud*, presented along with the publication “Rome-Jerusalem – Along the Southern Vie Francigene” at

Our deep roots in the history of various local communities where we operate enable us to understand their individual characteristics and needs.

a conference held at the head office of Banco di Napoli on 4 July 2008.

- The Bank contributed to production of the volume "Mediterraneo 2010 Sfida vitale per il Mezzogiorno" (Mediterraneo 2010 A crucial challenge for Southern Italy) by the *Associazione Alfredo Guida amici del libro Onlus* which aims to sensitise readers to the topic of free trade in the Mediterranean.

Cassa dei Risparmi di Forlì e Romagna

- With regard to international cooperation, worthy of mention is the action in favour of the G. Fontana medical association of Forlì, particularly active in Tanzania.

- Significant donations were awarded to the main sports teams of the Romagna area (basketball, volleyball, canoeing and swimming), particularly to the canoeist Josefa Idem, Italian silver medal winner at the recent Beijing Olympics 2008, and to initiatives to promote the artistic and cultural heritage of the area and for health services and research.

Cassa di Risparmio del Friuli Venezia Giulia

- In the cultural field, the Bank contributed in the organisation of the "Sapori Pro Loco 2008" event held at Villa Manin in Passariano to promote regional wine and food culture alongside art, folklore, history and tradition, and in the organisation of important cultural exhibitions and events. Worthy of mention is the exhibition "The Wonders of Venice. 18th century paintings in private collections in Gorizia" and "Gold and rituals – jewellery from the Perusini Collection" at the new Palazzo Giacomelli museum in Udine.

Also significant was the support given to concerts of the *Associazione Chamber Music* of Trieste, with the aim of offering more affordable tickets and facilitate access by young people.

- With the *Fondazione Cassa di Risparmio di Udine e Pordenone* the Bank equipped the *Associazione Friulana dei Donatori di Sangue* (Friuli Blood Donors Association) with a mobile plasma and blood bank for the collection and storage of blood and derivatives, able to accept donations throughout the region.

- With regard to support for sports activities, the commitment to *Nuova Pallacanestro Gorizia* and to the junior team of *Snaidero Basket*

of Udine continued, as well as to many amateur associations operating in the region.

Cassa di Risparmio del Veneto

- In the social field, the collaboration continued with the *Giotto* social cooperative, active in the field of inclusion in the employment market of persons in difficult situations (particularly the disabled and prisoners), purchasing their craft products to use as gifts for customers.

- The Bank has supported important cultural events of the Padua City Council and top-level art exhibitions organised by the *Fondazione Cassa di Risparmio di Padova e Rovigo* (in 2008 the exhibition "Belle Époque" at Palazzo Roverella in Rovigo), and the first edition of the Regional Theatre Critics Competition "LETTERA 22", for talented young journalists.

Cassa di Risparmio di Venezia

- Among the most important action taken in the social field was the purchase of paediatric/ cardiology ecograph equipment for the Paediatric Unit of the Civic Hospital in Venice.

- In the field of protection of Italy's historic and artistic heritage, the Bank contributed to the restoration of the Chapel of Santa Maria della Neve di Foresto in Chioggia, and of three paintings at the Scuola Grande dei Carmini (the hall in which they are displayed is named after the Bank).

CARISBO

- With regard to international cooperation, it is important to mention the action in favour of the *Fondazione NORD-SUD* for cooperation projects in Africa, Latin America, the Balkan region and the Middle East.

- Funds originally intended for Christmas gifts to customers were allocated and distributed to 10 organisations in the Emilia region.

- Collaboration continued with the *Centro Culturale Enrico Manfredini* in the organisation of cultural events such as conferences, book launches, concerts, public debates, and

Significant donations were awarded to events targeting the enhancing of our artistic and cultural heritage, as well as to health services and research, thus creating synergy with local authorities, non-profit entities and small associations.

support to the Bologna University Sports Centre and the Provincial branch of CONI for the *Destinazione Podio* initiative, which aims to fund minor sports associations that have managed to achieve important results, combining these with educational and constructive sports projects for children.

Casse del Centro

- The Cassa di Risparmio di Foligno some time ago established a local economic development Fund, the allocation of which is decided each year on the basis of priorities emerging from an analysis of the social and economic context of local businesses. In 2008 a specialist training course for precision engineers was financed, to effectively respond to the needs of this sector which in the local area is a consistent driving force for social and economic development.

- The Cassa di Risparmio della Provincia di Viterbo and the *Fondazione Carivit* contributed to the purchase of equipment for the Santa Rosa Hospital in Viterbo.

- As part of the VII centenary celebrations of Perugia University, Casse del Centro sponsored the exhibition at Rocca Paolina of collections of material and equipment of the various faculties, and the publication of the book "Il lago Trasimeno, Perugino e Maturanzio nella Perugia dei Baglioni" (Lake Trasimeno, Perugino and Maturanzio in the Perugia of the Baglioni nobles).

- Alongside the Parent Company and Banca CR Firenze, Casse del Centro sponsored the Christmas Concert of the Basilica Superiore in Assisi, broadcast worldwide on 25 December 2008 and, jointly with the Casse di Risparmio of Spoleto, Foligno, Terni and Narni, it contributed to the 51st edition of the *Festival dei Due Mondi di Spoleto* (Two Worlds Festival in Spoleto).

- Casse del Centro, in collaboration with Cassa di Risparmio di Ascoli Piceno, contributed to the publication of a book on Ascoli Cathedral, the heart of the town which, built in the XI century, has undergone constant transformation and built up a collection of numerous priceless art works.

Cultural heritage

The planning of activities, in support of the protection and promotion of both public and

private historic and artistic heritage, continued in 2008 with a view to constant commitment primarily with regard to the value of social usefulness of both initiatives promoted and organised directly by the Bank and those in which it collaborates. Also as a result of the national presence of the two museums in Vicenza and Naples, the network of institutional, social and individual relations that forms the main fabric of dynamic and active relationships with the community was strengthened.

The guidelines for activities undertaken in 2008 follow the traditional guidelines of the Bank, linked on the one hand to contributing to the protection and promotion of Italy's cultural heritage, and on the other hand to historic and critical study, reorganisation, and restoration of the Intesa Sanpaolo art collections to render them accessible to the public.

Safeguarding and promoting Italy's cultural heritage

In this particular field Intesa Sanpaolo's commitment can be clearly seen in the *Restituzioni* project, a yearly programme for the restoration of works of art destined to be shown in public, and promoted and managed in collaboration with the relevant authorities. The *Restituzioni* project is characterised not only for the financial backing it is guaranteed each year, but above all for the effective and sensitive management and coordination of all stages of the initiative, from planning and prioritising to executive and promotion. From 29 March to 29 June 2008, the conclusion of the 14th edition of *Restituzioni* was celebrated at the Palazzo Leoni Montanari Galleries in Vicenza with a presentation of the 80 works restored in the two-year period 2006-2007 (600 in total since the launch of the project). An important new event in this edition – much appreciated by the large public audience and with glowing reports from the critics – was the screening, alongside the works on display, of videos filmed in the restoration laboratories of key moments during the delicate restoration process.

The restoration of monuments is also included in the project. These monuments are chosen

From 29 March to 29 June, the conclusion of the 14th edition of *Restituzioni*, a yearly programme for the restoration of works of art destined to be shown in public, was celebrated at the Palazzo Leoni Montanari Galleries in Vicenza.

according to their most significant characteristics from a historical and artistic viewpoint. In 2008 restoration work on the frescoes of the dome cladding of Chiaravalle Abbey, one of the most important Mediaeval monuments of northern Italy, was begun and will be completed by the end of 2009, in time for the 20th anniversary of *Restituzioni*. The initiative aims to complete the structural works financed by the Italian Cultural Heritage Ministry on the interior of the monastic complex.

Lastly, it is also important to mention VUB Banka's commitment to restoration projects for artistic monuments. The main work undertaken in 2008 was the restoration of the *Calvary* in Banská Štiavnica. To safeguard this monument, under the protection of UNESCO and in 2007 listed among the 100 world monuments at risk, *VUB Foundation* and the *Calvary Fund Association* signed a 10-year co-operation agreement.

The Bank's artistic heritage and public access

For several years now, Intesa Sanpaolo has a specific project to enable the public to access its art collections. This artistic heritage is the result of a series of collecting experiences, each connected to the history and traditions of patronage specific to Banks that have become part of the Group.

Among the most important are the following: the collection of Attic and Magna Graecia ceramics (5th - 3rd centuries B.C.), which includes over five hundred pieces from vases to other findings from the discovery of an important 6th - 3rd century B.C. necropolis in Ruvo di Puglia (1830-1860); the collection of antique Russian icons (13th - 19th centuries); the collection of 15th - 18th century paintings and sculptures including Caravaggio's last masterpiece, the *Martyrdom of Saint Ursula*; collections of Venetian works from the 18th century, as well as other collections from the 19th and 20th centuries, which place great masterpieces alongside artists, schools and avantgarde movements from the latter half of the 20th century.

Each new collection was placed under the scientific support of a specially-established committee, one for each sector, members of which include national and international experts. After the systematic scientific cataloguing of Banca Intesa's collections, work began on the vast Sanpaolo IMI Group art collection to catalogue selected works numbering around 1,300.

A series of different initiatives has been

launched to disseminate awareness of our art collections:

- the publication of printed catalogues including the results of the studies, systematically presenting the individual collections (such as those dedicated to Russian icons and Attic and Magna Graecia ceramics); the updating of the "Art Collections" section of the Bank's website (group.intesasanpaolo.com), the first step to accessing the Bank's art treasures; 
- participation in exhibition initiatives promoted by leading institutions in Italy and abroad;
- the extraordinary openings of *palazzi* of historic and architectural interest: participating in the *Invito a Palazzo* open days promoted by the ABI, and in FAI and Touring Club initiatives, Intesa Sanpaolo was able to open 18 historic bank buildings to the public (of the Parent Company and Banche del Territorio) throughout Italy. Almost 18,000 visitors were accompanied on guided visits of both centuries-old and modern buildings, from the late 16th century to the first and second half of the 20th century.

This artistic heritage of Intesa Sanpaolo is the result of a series of collecting experiences, each connected to the history and traditions of patronage specific to Banks that have become part of the Group.

Intesa Sanpaolo museums in Italy

Ten years on from the opening of the first Intesa Sanpaolo museum, the Palazzo Leoni Montanari Galleries in Vicenza, and two years after the second, the Palazzo Zevallos Gallery in Naples, the strong number of visitors and highly positive feedback confirm that the active presence of the two museums really participate in the cultural, social and human growth of the community.

Palazzo Leoni Montanari Galleries

The Galleries display collections of Russian icons (around 130 tablets from the 13th to 19th centuries, in accordance with the latest museum and educational approach), and of 18th century Venetian art (together with a significant *corpus* of canvasses by Pietro Longhi there are works by Canaletto, Luca Carlevarijs, Francesco Guardi, etc.) owned by the Bank. Alongside the main activity, over the years a series of exhibition, cultural, music and educational initiatives has been developed and con-

solidated, establishing contact with the main local institutions and at the same time bringing a wider public to the Galleries. During the year the exhibition "Parole legate. Artigianato d'arte nelle legature dei fondi storici della Biblioteca Bertoliana" (Linked words. Traditional bookbinding of the historic documents of the Bertoliana Library) was organised, which offered the chance to admire bookbinding works of art from the 13th to 19th centuries. The mini exhibitions relating to the *OrienteOccidente* project continued, which intends to present and disseminate the artistic, historic and religious heritage preserved in the Vicenza Galleries. On each occasion a selection, varying in number, of the stored works is made on the basis of themes ranging from the Russian icon experience to developments in Western art. Through catalogues that accompany the exhibition, a number of leading experts in the sector are called upon to illustrate and study the main meanings of the topics considered. Before Christmas the exhibition "Un filo rosso tra le dita. L'Annunciazione nell'Oriente cristiano" was inaugurated.

An extensive educational programme – addressed to students at all levels – and seminars promoted in collaboration with leading Vicenza area cultural associations. Musical initiatives also continued, with new projects added.

Palazzo Zevallos Stigliano Gallery

The Gallery is characterised by the fact that it lives alongside the bank's normal business, in a separate area especially equipped for exhibitions and for the needs of the museum. It displays not only the late masterpiece by Caravaggio, the *Martyrdom of Saint Ursula*, accompanied by a rich illustration and multimedia section, but also an important corpus of 18th and 19th centuries landscapes of Naples and the Campania region, the work of two Flemish artists, Gaspar van Wittel and Anton Sminck Van Pitloo.

The extended opening hours, from Monday to Saturday, and participation in the extraordinary openings for the *European Heritage Open Days*, *Invito a Palazzo* and *Maggio dei Monumenti* (the latter being a city council initiative), saw a significant flow of visitors. Following the same tried and tested approach of the Vicenza Galleries, Palazzo Zevallos also accompanies its permanent exhibition with the series of educational and musical initiatives to disseminate awareness of its art treasures and to establish an active, lively relationship with the community.

Editorial and musical initiatives

During 2008 we continued with the programme already outlined, focusing attention on two editorial projects:

- the series "Vox Imago", a multimedia project to which in 2008 the opera *Mary, Queen of Scots* by Gaetano Donizetti was added, performed in the 2007-2008 season at La Scala opera house under the direction of Antonino Fogliani, and reproduced as a boxed set (book, CD and DVD) and a compact version (CD and DVD) More space than ever was dedicated to this edition, with further information on the DVD content and with the music downloadable in MP3 format.

- *Musei e Gallerie di Milano* is a systematic exploration of the local artistic heritage, to which the volume "Pinacoteca Ambrosiana. 19th century and 20th century paintings – Miniatures, Vol. IV" was added in 2008.

An Italian version of the Mattioli Lectures 2003, "Towards a new paradigm in monetary economics" by Joseph Stiglitz and Bruce Greenwald, was also published.

Patronage, the management of art works and art publications are ways in which the Italian banks express their cultural activities: among these, the activity best known to the wider public is art books, a phenomenon linked to Italy, with no comparison elsewhere in the world and the quality of which is internationally renowned.

The catalogue of the banks' art publications covers every topic that gives form and content to Italian history and culture, including works that find no place in art publications under normal profit-making rules.

To the new Library of Alexandria in Egypt, which aims to collect the entire Mediterranean "knowledge", Intesa Sanpaolo has donated a carefully chosen selection of books, accepting the invitation of UNESCO and the Institute of Italian Culture in Cairo.

From a communications point of view, the Italian banks, in collaboration with the ABI, promote the touring exhibition "I nuovi mecenati", with a selection of art volumes documenting the artistic and cultural value of these publica-

Patronage, the management of art works and art publications are ways in which the Italian banks express their great interest in cultural activities.

tions in Italy and abroad. The event, already organised in over 50 venues throughout the world has presented an important selection of art books promoted by 21 banks, including Intesa Sanpaolo, Banca CR Firenze, Banco di Napoli and Cassa dei Risparmi di Forlì e della Romagna. Intesa Sanpaolo made a substantial contribution (70 books of the 450 on display), thanks to the wealth and variety of its library. We have also contributed towards the promotion and support of initiatives which aid the spreading of music by helping some of the most important and oldest musical organisations, such as the *Associazione A. Scarlatti* in Naples, *Milano Musica – Associazione per la Musica Contemporanea* and the *Società del Quartetto* in Milan, the latter in particular concerning the initiative *Parole in nota* which is in the form of a series of open meetings with the public on the subject of the relationship between classical music and expressions of life today by means of stories told by personalities from the world of entertainment, culture and science.

Lastly, among the initiatives is the *Calendario Culturale*, a fast and easy-to-consult calendar available to all Group colleagues on the company Intranet, also broadcast via Web TV and on the Bank's website, illustrating all the cultural activities open to the public that Intesa Sanpaolo promotes and supports.


 EMPLOYEES

The Historical Archive

Our Historical Archive today custodies the memory of many different entities, offering the chance to explore the history of the Italian banking system from different angles and to study the affairs of the history of Italy's economy in its relations with the international scenario. The documentation concerns different sectors – from economic and political to social, covering aspects from enterprise to development planning, from publishing to art – and forms an immense knowledge base for the community. The documents are systematically placed in safety, inventoried and made available for consultation. They have to be custodied in their place of origin, but through the coordination of the Group's Historical Archive are destined to become known and promoted at national and international level.

Along with the document heritage, bibliographic and photographic collections of considerable historic interest have been identified, some absolutely unique.

In the near future, the Historical Archive plans to complete a Guide, gathering all possible information on each archive heritage (setup date, historic profile of banking activities, documents possessed, user accessibility), to allow both experts and the wider public to come into contact with sources that until now have remained hidden.

Public access

The daily consultation service remains fundamental to the Historical Archive: every day the study room at Palazzo Anguissola in Milan welcomes both Italian and foreign experts and researchers. 138 users, for a total of 3,320 records handled and 41 studies published following consultation of the Archive's documents: these are the most important 2008 figures.

The list of studies, inventories and recommended reading lists are accessible online, on the Group's website (group.intesasanpaolo.com). Also available, amongst others, are the digitalised reports of the decision-making departments of *Cariplo*, *Banco Ambrosiano Veneto* and *Comit* up to 1934 as well as miscellaneous papers belonging to Raffaele Mattioli. New inventory information was published in 2008, relating to the collections and archive series for a total of 2,040 dossiers and registers. 

The Historical Archive offers the chance to explore the history of the Italian banking system from different angles and to study the history of the Italian economy.

Special projects:

Banca Cattolica del Veneto and its archive heritage

The archive heritage of the Banca Cattolica del Veneto is now accessible to experts through the Historical Archive, which handled its management, reorganisation and inventorying. The volume "La Banca Cattolica del Veneto e il suo patrimonio archivistico. Uomini, tradizioni e territorio" – edited by Paola Chiapponi and Chiara Guizzi – has been published, in which, alongside a complete inventory of the papers discovered, the pages alternate between in-depth information, also available on the Intesa Sanpaolo website, and rich and original illustrations. 

As the Chairman of the Supervisory Board, Professor Giovanni Bazoli, commented:

«Along with the archives of the major banks, open to the public for some time, records are now available – preserved almost intact – of a

particularly strong and active local bank, established and developed to serve the “tenacious and honest people” of the Veneto region, and which grew despite troubled times to a multi-regional size.

Intended for the poor even before its small-medium enterprise, agricultural and trade customers, Banca Cattolica del Veneto was dedicated to developing the needs of society, and therefore knew how to create and develop new services, such as those for Venetians that have emigrated to all parts of the world...».

Archive Project: document management transparency

On the question of availability and approachability of the Bank for its stakeholders, in spring 2007 the *Archive Project* was launched with the aim of governance of the documents produced by the Bank to guarantee the protec-

tion of rights, ensure relations transparency and contribute – through correct and efficient Archive management – to building a climate of trust between the Bank, its customers and control bodies.

During 2008, work concentrated on producing the Selection and Preservation of Documentation Manual, a document that will become a real guide to the complex business activities covered by a large banking group, which becomes even more useful at a time of intense transformation called for in transferring from traditional printed documents to electronic documents, and by the rapid process of changes in technology and regulations. To gather the data needed to compile this tool, a widescale identification campaign was conducted to census over 1,400 document types, which reflect and express a similar number of current lines of business.

For each document the Manual will provide details of the storage and its duration, in compliance with legal restrictions, and summaries of a cultural and historic nature.

Improvement Objectives

These objectives provide a reference framework within which we commit ourselves to report, on a yearly basis, on the extent of project achievement.



Improvement Objectives

In spite of the difficult economic and financial crisis, we confirm the target included in CSR initiatives covering the period 2007-2009.

The level of implementation will be tailored to the locations, both in Italy and abroad, according to local conditions and the principle of self-responsibilization of all the structures declared in the Code of Ethics of the Intesa Sanpaolo Group.

Within the organic framework of these objectives, the Group is committed to reporting annually on the progress made on the specific programs achieved, consolidating the engagement to involve the Group's stakeholders in defining priorities and distributing the Social Report.

CLIENTS

Promote the role of the Bank in innovation and excellent service by focusing on the quality of customer relations in the long term

● Ensure quality financial consultancy services for the Bank's customers to support them in their choices of investment and to promote informed purchasing: for retail customers this entails increased profiling in order to determine accurate risk profiles and promoting education initiatives in partnership with the consumer associations, while for businesses it means increasing the opportunities for local meetings and the development of information channels.

● Extend specific policies and internal operating guidelines to the whole Group in order to direct corporate behaviour towards the maintenance of long term relations and to respond coherently to the Group's values: guidelines for the placement of financial products to retail customers, the Commercial Policy for businesses, guidelines for the internationalization of businesses and delocation projects according

to sustainability criteria, the derivatives Policy, the Policy on the limitation of the Group's activities in the armament sector.

● Promote accessibility to services: technological and real estate investments to increase efficiency and effectiveness of procedures and direct and physical channels; intervention to facilitate access to the branch offices for the disabled (extension of the new branch office layout); plan to open branch offices in provinces which currently are less served.

Reinforce effective dialogue to ensure that long term relationships based on mutual trust are maintained with the customer

● Plan a series of encounters throughout the territory during which the expectations of the customer, in terms of both the product range and the quality of the services offered, are assessed and to conduct in depth investigations on sensitive and relevant topics in order to orient the Bank's sustainability strategy: reinforce customer satisfaction surveys (extending them to foreign banks), arranging of focus groups on the achievement of the corporate objectives, involvement of the consumer associations in the design phase of new products/services, expansion of the relations with these associations to local level, strengthening of bank/business relationships through focused encounters with local and entrepreneurial associations.

● Improve management of complaints and controversies: extend conciliation agreements and regular round tables with the consumer associations to national level; ensure distribution of periodic reports on the main topics of complaint to the various corporate structures.

● Guarantee simplicity and transparency in communications: re-elaboration and simplification of communications sent to the customer, improvement of the content and user-friendliness of the Group's Internet site, development

EMPLOYEES

EMPLOYEES

COMMUNITY

of a communication plan for corporate values, Group policies and achievements.

Diversify the commercial offer, focusing on quality products/services and cost control

- Pursue continuous improvement of the quality of the services offered, both in terms of the range of products available and in relations with the customer, with particular emphasis on cost control: renewal of the product portfolio with a view to offering the best products and services available on the market at the best conditions; a significant increase in the number of employees dedicated to customer relations; adoption of a Patti Chiari (Clear Pact) management system to determine easily monitored stable processes with objective indicators.

- Tailor the commercial offer to local requirements, customer segments and financial inclusion of weaker subjects: extension of the "Banca dei Territori" model to the whole Group; the objectives of this model include planting strong local roots and enhancement of specialist services; commercial proposals with advantageous and clear terms, both for savings management (e.g. guaranteed funds, investment management for senior citizens) and for the best financing solutions for families and the new social classes (e.g. pensioners, university students, occasional workers, the unemployed, disabled senior citizens, immigrants).

Promote the interests of the nation in collaboration with the main players of the areas in which the Group is present

- Promote the role of the Bank as a reference point for the entrepreneurial system, to support its innovation, internationalization and competition: projects that promote entrepreneurial technological innovation in partnership with applied research centers for initiative assessment both in Italy and the banks of the Group abroad; provide support for enterprises in finding development capital through the MAC (capital market dedicated to small and medium enterprises); development of private equity funds in sectors with significant social-environmental impact.

- Contribute to the modernization of the State and the Public Administration: projects to support the develop-

ment of the country's infrastructures; promotion of the innovation of Public Administration.

EMPLOYEES

Promote company unity and guarantee transparency in employee relations through internal communication instruments and opportunities for listening and dialogue

- Set up cultural integration initiatives through specific manager training programs to consolidate the corporate sense of identity, values, culture, and behaviour.

- Improve manager leadership qualities to ensure they support staff throughout the period of change and encourage their assimilation of Group values.

- Increase communication initiatives involving staff, improving communication of the Bank's strategies and integrating internal communication instruments (new company house organ, intranet, Web-TV).

- Fine-tune methods of listening and assessing employees and trade union organizations (such as focus groups, targeted surveys, multimedia contact centers, new theme-based forums) and also plan feed-back mechanisms.

Enhance the professional competence of all employees and promote their personal and professional development, considering their individual characteristics and the context in which they operate

- Ensure that training is the strategic lever to implement change in order to encourage innovation and growth also at international level.

- Support the development and growth of professional and managerial competencies through a structured managerial and business training plan (specific training paths, new professional orientation, targeted training plans).

- Support professional change and the enhancement of experience through specific actions aimed at promoting a company culture based on continued learning and constant competency realignment.

- Expand and promote "job posting" to encourage the promotion of internal mobility.



- Set up growth initiatives for specific groups within the Group (young employees, key resources, promising personnel), ensuring appropriate follow-up personal and professional growth programs for the employees involved.

- Identify the problems involved in the development of female employee career paths, and promote innovative solutions to foster a culture of making the best use of women's capabilities, also through the implementation of an "equal opportunities" committee and the support of external consultants.

- Plan and create a system for assessing the effectiveness of training investments in order to maintain the training opportunities offered in line with company needs, update the methodologies, channels, and training processes with state of the art technology to sustain program effectiveness.

- Set up joint training committees with trade union organizations in order to involve the workers' representatives in the study, analysis, and research on professional training and re-qualification.

Adopt fair and transparent employee position, performance and potential assessment systems, introduce incentive-based systems that enhance the value of individual and team performance

- Implement a platform for the integrated management of the systems that support the various human resources management and professional development initiatives based on merit and strengthening of motivation.

- Develop training programs to increase the importance of the assessment process and encourage managers to use the feed-back culture with their staff in order to exploit better the opportunities it provides for listening and engaging in dialogue.

- Define a new model of managerial competencies inspired by the Group's values, and ensure that intellectual capital is appropriately rated in managerial assessment systems.

- Establish remuneration packages taking into consideration internal equity, market competitiveness, and rationalization of personnel costs.

- Adopt incentive systems that are differentiated by business areas, which reward the contribution of the individual, establish feasible and achievable objectives (including qualitative objectives such as customer satisfaction), in the pursuit of excellence.

- Collect and analyze the qualitative needs of the organizational units to evaluate the implementation of internal job rotation and ensure correct resource allocation.

Adopt policies and offer conditions that will result in a first-rate working environment for all employees

- Develop and implement applications that improve and simplify staff access to information.

- Harmonize the main regulations with the objective of creating common guidelines and promote rapid integration of the various structures, also with a view to simplifying personnel management.

- Set up a Commission for Monitoring Safety and Sustainable Development in association with the trade union organizations in order to prevent and overcome operational problems and physical safety issues.

- Adopt policies and practices that favour the balancing of work and private life through training initiatives with the objective of raising management awareness of the opportunities offered by the various tools available (part-time, family leave, flexible working hours).

- Maintain a high level of awareness regarding health and safety protection issues, establishing procedures and developing software and best practices to ensure optimal management of the integrated environment, health, and safety systems.

- Set up projects to promote employee health.

- Improve the integration of the physically challenged, identifying the best solutions for the work environment, the management of work space, and communication tools.

SHAREHOLDERS

Attention to the ROI for the shareholders of the Group



CLIENTS

- The shareholders (from institutionals to private individuals) can rely on a solid Bank that operates with efficiency levels that place it in the top European financial league, ambitious programs for growth in all sectors and a farsighted vision that will not overlook any opportunity, either internal or external, for development and the creation of value.

Guarantee the maximum transparency and promptitude in communicating to the market,

- committing to continuous improvement of the contents and the user-friendliness of the corporate website.

SUPPLIERS

Ensure that the process of supplier selection is transparent and fair and establish a cooperative relationship based on dialogue and mutual trust

- Implement and extend to the whole Group the Purchase Portal and the use of online tendering; develop and integrate the list of suppliers; take action to improve the payment terms stipulated in the contracts.

- Define Supplier Satisfaction procedures to ensure that the bank/supplier relationship is mutually satisfactory. Suggested issues for discussion: compliance with payment terms per contract, degree of transparency in the relationship, effective communication.

Promote environmental sustainability with suppliers to reduce negative impact along the supply chain

- Qualify suppliers on the basis of environmental and social requisites, defined also according to international standards and certifications.

- Improve the supply process with the aim of reducing environmental impact (delivery vehicles/systems that reduce energy consumption, preference for local suppliers, etc.).



ENVIRONMENT

Promote responsible use of environmental resources: efficient use of energy and paper, proper waste management

- Extend the ISO 14001 certified environmental management system to new locations.

- Adopt more efficient energy solutions when renovating and building new facilities and implement constant maintenance programs on all the installations, and negotiate contractual specifications aimed at involving service companies and suppliers in achieving the energy efficiency targets: improve technology and building lighting management, and progressively extend adherence to the European *GreenLight* program; extend and complete the program for the switching off IT workstations (PCs) at night and the replacement of cathode tube monitors with flat screen monitors; install new low-consumption printers.

- Progressively reduce carbon dioxide emissions: increase the number of operative points that function on hydroelectric power (renewable energy source); use mainly natural gas for heating; use heat recovery equipment with the electronic processors and cogeneration/trigeneration systems (simultaneous production of electricity, heat and cold using only one type of fuel); use heat pumps at the operative points in the place of the traditional or condensation boilers; extend the Mobility Management project to other provinces and purchase environmentally friendly vehicles.

- Reduce paper consumption and extend the use of ecological paper (i.e. both recycled paper and paper made from environmentally friendly processes) also for the publication of mandatory periodical reports.

- Buy green: apply eco-compatible purchasing policies also with a view to producing less waste.

- Waste: introduce inspection procedures to identify areas for improvement; optimize disposal procedures.

- Water: adopt technological solutions to reduce the use of water.

Take environmental risk into consideration when assessing credit-worthiness

- Integrate social-environmental risk assessment procedures within the overall assessment of credit-worthiness.

- Implement the Equator Principles in inter-





national project finance operations: develop instruments and procedures to classify projects into risk categories and for their monitoring.

Promote environmental sustainability through the offer of specific products and services and participation in environment sustainability initiatives

- Extend the offer of financing products to the energy sector to sustain clean energy, promote energy efficiency and bio-construction; continue to provide support activities for the technical and economic assessment of the more complex or innovative projects in the energy industry developed by the public sector or in public-private partnerships; launch new products for the financing of renewable source power stations (hydroelectric power stations, wind parks, biomass energy production, photovoltaic panels).
- Participate in environmental protection initiatives (e.g. Carbon Finance funds, partnerships promoted by the Ministry of the Environment such as the Kyoto Club).

Increase employee training and information on environmental issues to raise awareness



- Raise employee awareness of specific themes: responsible use of resources; Equator Principles and consideration of the environmental risk when granting credit; climate change (specialist training courses).

COMMUNITY

Support the Third sector and the financial inclusion of the weaker segments of the population

- Consolidate the activities of Banca Prossima, a banking service specialized in working with social enterprises; this bank unites the focus and services of a dedicated structure, the strength and the background of the Intesa Sanpaolo banking group and the characteristics of a non profit association to support the Third sector in socially beneficial projects.

Support national and international solidarity initiatives

- Support projects in partnership with the Third sector for international solidarity projects.
- Make donations to needy social communities on the basis of an ad hoc policy at Group level; develop stakeholder involvement programs for the major projects supported.

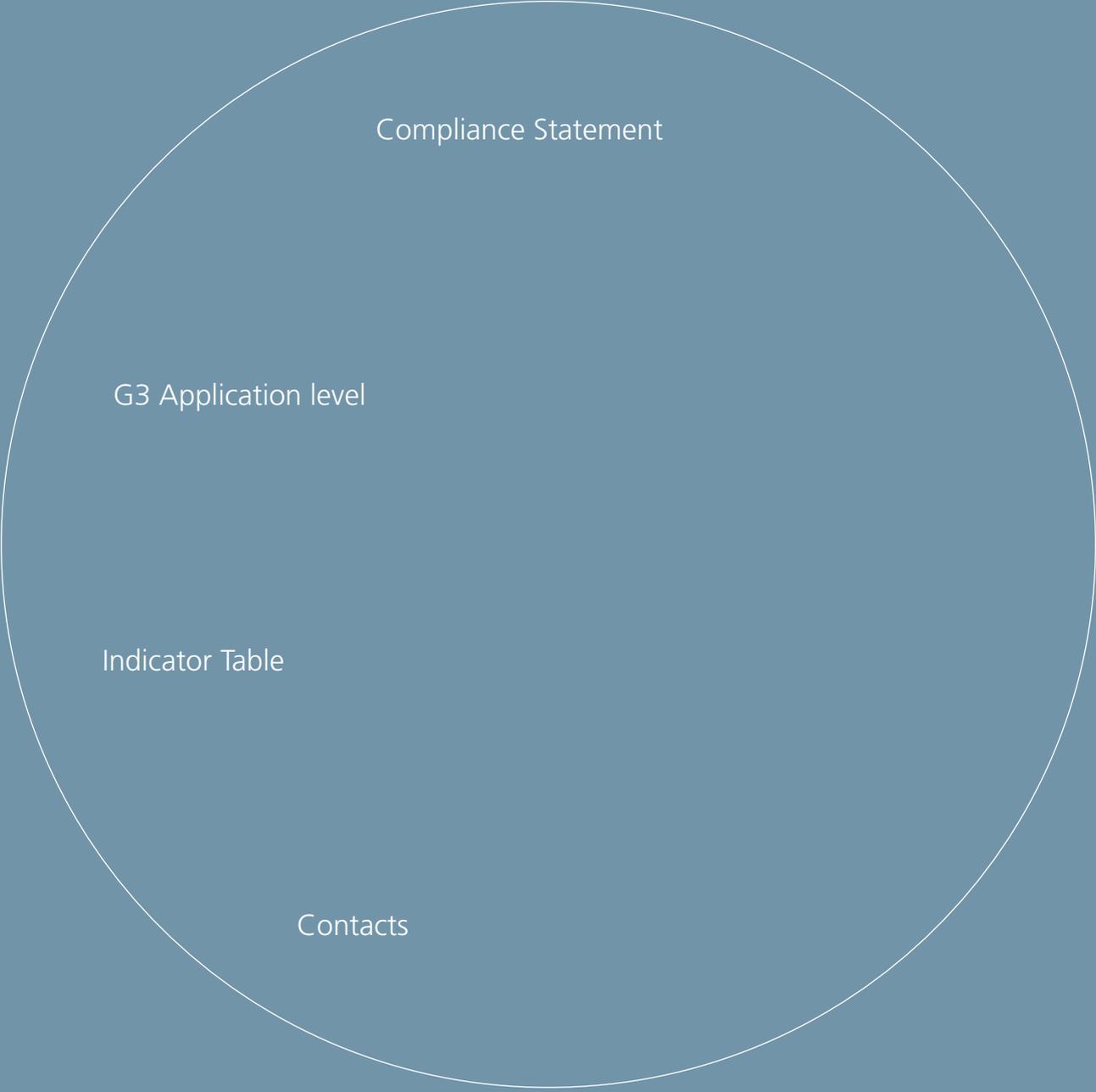
Support initiatives in the fields of culture, music, sports and the protection of the artistic heritage

- Implement a Group policy that establishes sponsorship guidelines.
- Promote the protection of and public access to the Group's artistic assets.
- Participate in partnerships with leading institutions that encourage the promotion of the nation's cultural assets.



Attachments

To publish a Social Report means giving stakeholders the opportunity to assess the consistency of our activities with respect to our company values, by making it possible to measure results in order to guarantee transparency and comparability in initiatives.



Compliance Statement

G3 Application level

Indicator Table

Contacts

Compliance Statement



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AUDITORS' REPORT (Translation from the original Italian text)

To the Management Board
 of Intesa Sanpaolo S.p.A.

1. We have carried out the compliance procedures and analyses on the Social Report of the Intesa Sanpaolo Group as of December 31, 2008, described in paragraph 2. of this report.

The procedures were carried out to evaluate the Management Board's statements, included in the paragraph "Introduction and Methodology" of the Social Report of the Intesa Sanpaolo Group as of December 31, 2008, on the basis of which it has been prepared in accordance with the Sustainability Reporting Guidelines issued by GRI - Global Reporting Initiative - and the social report guidelines for the banking sector prepared by the Association of Italian Banks (ABI) "Accounting to stakeholders: a guide for banks". The preparation of the Social Report in accordance with the guidelines above mentioned is the responsibility of Intesa Sanpaolo S.p.A.'s Management Board.

2. In order to evaluate the Management Board' statements mentioned in paragraph 1., we have performed certain procedures, as recommended by the Research Document n. 1 issued by the Work Group for the Social Report (GBS) and in accordance with the criteria stated by the Audit Standard "International Standard on Assurance Engagements 3000", issued by the International Auditing and Assurance Standard Board ("IAASB"), which are summarized as follows:

- ▶ verified that the financial data and information are consistent with those included in the financial statements of Intesa Sanpaolo S.p.A. and the consolidated financial statements of the Intesa Sanpaolo Group as of December 31, 2008 with respect to which we issued our auditors' report dated March 25, 2009;
- ▶ analyzed the operation of the processes underlying the generation, recording and management of quantitative data. In particular, we have performed the following procedures:
 - ▶ interviews and discussions with management and personnel, to obtain an overview of the activity of the Intesa Sanpaolo Group, to gather information on the information technology, accounting and reporting systems used in preparing the Social Report, and to document the processes and procedures used to gather, combine, process and transmit data and information of the Group's operating units and departments to the function responsible for preparing the Social Report;
 - ▶ sample-based analysis of supporting documentation used in preparing the Social Report to confirm the reliability of the information derived from interview, the effectiveness of procedures and their adequacy in relation to business objectives and the operation of the internal control system in managing the data and information;
 - ▶ analyzed the completeness and consistency of the qualitative information included in the Social Report. This activity was carried out in line with the above mentioned guidelines;

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Compliance Statement



- ▶ verified the process of the stakeholders' involvement, in terms of the methods used, completeness of the stakeholders and analysis of data of significant findings in this respect, compared to the information reported in the Social Report;
- ▶ obtained the representation letter on the compliance of Social Report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

The Social Report presents the comparative data of the preceding year, for which reference should be made to our auditors' report dated June 9, 2008. The Management Board restated some comparative data described in the section "Economic Report". We have examined the methods adopted to restate the comparative data and the information presented for the purpose of carrying out the compliance procedures and analyses on the Social Report as of December 31, 2008.

3. Based on the procedures performed, we believe that the Social Report of the Intesa Sanpaolo Group as of December 31, 2008 complies with the guidelines and principles which form the basis of the preparation and which are described in the paragraph "Introduction and Methodology" of the Social Report. Moreover, the financial data included in the Social Report are consistent with the data and the information included in the financial statements of Intesa Sanpaolo S.p.A. and in the consolidated financial statements of the Intesa Sanpaolo Group as of December 31, 2008 and the other data and information are coherent with the documentation and meet the content requirements established by the guidelines and principles governing the preparation of the Social Report.
4. We draw your attention to the section "The Improvement Objectives" which highlights the activities that the Intesa Sanpaolo Group has planned to carry out.

Turin, May 22, 2009

Reconta Ernst & Young S.p.A.
Signed by: Massimo Testa
(Partner)

G3 Application level



Application level	C	C+	B	B+	A	A+
G3 Profile Disclosure	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B.	Report Externally Assured
G3 Management Approach Disclosure	Not Required		Management Approach Disclosure for each Indicator Category.		Management Approach Disclosure for each Indicator Category.	
G3 Performance Indicators & Sector Supplement Performance Indicators.	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental		Report on a minimum of 20 Performance Indicators, at least one of Economic, Environmental, Human Rights, Labour, Society, Product Responsibility.		Report on each core G3 and Sector Supplement Indicators with due regard to the materiality Principle by either: a) Reporting on indicator or, b) explaining the reason for its omission.	

Indicator Table

Legend

● Total coverage of indicator

● Partial coverage of indicator.

Indicates activities with room for improvement, on which we are working

PROFILE DISCLOSURE Description	GRI	Coverage	Page
STRATEGY AND ANALYSIS			
Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy	1.1	●	8
Description of key impacts, risks, and opportunities	1.2	●	15, 33, 49, 123, 177-181
ORGANIZATIONAL PROFILE			
Name of the organization	2.1	●	3
Primary brands, products, and/or services	2.2	●	14, 16, 19, 59
Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	2.3	●	18-21
Location of organization's headquarters	2.4	●	3
Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	2.5	●	21
Nature of ownership and legal form	2.6	●	3, 32
Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	2.7	●	19-21, 60-61, 90
Scale of the reporting organization	2.8	●	16-17, 20, 50
Significant changes during the reporting period regarding size, structure, or ownership	2.9	●	11, 32
Awards received in the reporting period	2.10	●	80, 85, 142, 165
REPORT PROFILE			
Reporting period (e.g., fiscal/calendar year) for information provided	3.1	●	10
Date of most recent previous report	3.2	●	11
Reporting cycle (annual, biennial, ecc.)	3.3	●	11
Contact point for questions regarding the report or its contents	3.4	●	193
Process for defining report content, including: – determining materiality – prioritizing topics within the report – identifying stakeholders the organization expects to use the report	3.5	●	10, 35, 55, 56-57
Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	3.6	●	11
State any specific limitations on the scope or boundary of the report	3.7	●	10-11, 17
Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	3.8	●	10-11, 19-21
Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	3.9	●	10, 142, 145
Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	3.10	●	17, 102, 114, 121
Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	3.11	●	10-11
Table of indicators and contents	3.12	●	186
Policy and current practice with regard to seeking external assurance for the report	3.13	●	11

PROFILE DISCLOSURE			
Description	GRI	Coverage	Page
GOVERNANCE, COMMITMENTS & ENGAGEMENT			
Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	4.1	●	22-33
Indicate whether the Chair of the highest governance body is also an executive officer	4.2	●	25, 28
Number of members of the highest governance body that are independent and/or non-executive members	4.3	●	24, 27
Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	4.4	●	31, 124
Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance (including social and environmental performance)	4.5	●	26, 29-30
Processes in place for the highest governance body to ensure conflicts of interest are avoided	4.6	●	22
Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	4.7	●	25, 26, 28, 29
Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	4.8	●	13, 15, 33-34 43
Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	4.9	●	26, 42-43
Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	4.10	●	26
Explanation of whether and how the precautionary approach or principle is addressed by the organization	4.11	●	13, 65-67, 79-81
Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	4.12	●	22, 44, 46-47, 65, 137-139, 154-155
Memberships in associations (such as industry associations) and/or national/international advocacy organizations	4.13	●	45, 83, 84, 86, 90
List of stakeholder groups engaged by the organization	4.14	●	35, 55
Basis for identification and selection of stakeholders with whom to engage. This includes the organization's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage	4.15	●	35
Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	4.16	●	35-41
Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	4.17	●	36-41, 56-57
FINANCIAL SECTOR SUPPLEMENTS			
CSR Policy	CSR1	●	33-34, 43
CSR Organisation (Describe the structure and relevant CSR responsibilities, including explanation of the installed procedures)	CSR2	●	33-34, 42
CSR Audit Report on the number of audits and auditor hours. Includes both internal and external (independent third party) audits	CSR3	●	42-43
Management of Sensitive Issues (Describe procedures for handling issues sensitive to stakeholders and responsiveness)	CSR4	●	35-43, 56-57, 74-76, 112- 113, 126-127

DISCLOSURE ON MANAGEMENT APPROACH

Description	Page
Economic¹	13, 15, 33-34, 177-181
Economic Performance	48-53
Market Presence	16-21
Indirect Economic Impacts	59, 77-92, 152-155, 157-166
Environmental²	13, 46, 47, 135-139, 177-181
Materials	150
Energy	142-146
Water	149
Biodiversity	154, 164
Emissions, Effluents, and Waste	144-146
Products and Services	89-90, 152-155
Compliance	42-43, 138, 151
Transport	146
Social: Labour Practices and Decent Work³	13, 33-34, 46-47, 95-99, 177-181
Employment	100-102
Labour/Management Relations	112-113
Occupational Health and Safety	118-121
Training and Education	106-109
Diversity and Equal Opportunity	114-116
Social: Human Rights⁴	13, 33-34, 46-47, 95-99, 131, 177-181
Investment and Procurement Practices	131-133
Non-discrimination	114-116, 132
Freedom of Association and Collective Bargaining	112-113
Abolition of Child Labour	132-133
Prevention of Forced and Compulsory Labour	132-133
Complaints and Grievance Practices	35-41, 42-43, 74-76
Security Practices	118-120
Indigenous Rights	154
Social: Society⁵	13, 42-43, 157-158, 177-181
Community	157-175
Corruption	42-43
Public Policy	90-92
Anti-Competitive Behavior	42-43
Compliance	42-43
Social: Product Responsibility⁶	13, 42-43, 59-60, 66-68, 177-181
Customer Health and Safety	64-65
Product and Service Labelling	65-68
Customer Privacy	64
Compliance	42-43

¹ Consolidated Financial Statements 2008 Business Plan 2007-2009, group.intesasanpaolo.com 

² Environmental Policy, group.intesasanpaolo.com 

³ Code of Ethics, group.intesasanpaolo.com 

⁴ Code of Ethics, group.intesasanpaolo.com 

⁵ Code of Ethics, "Group Governance Report and Information on company ownership", group.intesasanpaolo.com 

⁶ Code of Ethics, group.intesasanpaolo.com 

PERFORMANCE INDICATORS Description	GRI	Core	Coverage	Page
ECONOMIC				
Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	EC1	X	●	50-53
Financial implications and other risks and opportunities for the organization's activities due to climate change	EC2	X	●	138-139 155
Coverage of the organization's defined benefit plan obligations ¹	EC3	X	●	
Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	EC5		●	106
Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	EC6	X	●	132
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	EC8	X	●	90-92
Understanding and describing significant indirect economic impacts, including the extent of impacts	EC9		●	8, 13, 15, 59, 77-92, 152-155, 157-166
ENVIRONMENTAL				
Materials used by weight or volume	EN1	X	●	150
Percentage of materials used that are recycled input materials	EN2	X	●	150
Indirect energy consumption by primary source	EN4	X	●	142
Energy saved due to conservation and efficiency improvements	EN5		●	143
Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	EN6		●	141-148
Initiatives to reduce indirect energy consumption and reductions achieved	EN7		●	146-148
Total water withdrawal by source	EN8	X	●	149
Total direct and indirect greenhouse gas emissions by weight	EN16	X	●	145-146
Initiatives to reduce greenhouse gas emissions and reductions achieved	EN18		●	144-149
Total weight of waste by type and disposal method	EN22	X	●	149-150
Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	EN24		●	150
Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	EN26	X	●	150
Monetary value of significant fines and total number of non-monetary sanctions for non compliance with environmental laws and regulations	EN28	X	●	151
Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce	EN29		●	146
Total environmental protection expenditures and investments by type	EN30		●	151
SOCIAL PERFORMANCE: LABOUR PRACTICES & DECENT WORK				
Total workforce by employment type, employment contract, and region	LA1	X	●	99, 116
Total number and rate of employee turnover by age group, gender, and region	LA2	X	●	101
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	LA3		●	118
Percentage of employees covered by collective bargaining agreements	LA4	X	●	106
Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements ²	LA5	X	●	
Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes ³	LA6		●	113

¹ Consolidated Financial Statements 2008, pagg. 236-241, group.intesasanpaolo.com 

² In Italy. Collective bargaining (Art. 15 CCNL 8/12/2007) indicates precisely the minimum period of notice required to proceed with restructuring/reorganisation and the relative information and consultancy procedures for worker representatives. There are similar laws in other countries.

³ The Industrial Relations Protocol of March 8 2007 instituted a specific Observatory, also for matters concerning safety, which is made up of 2 members of each trade union, representing the entire workforce in Italy, as well as members representing the company. The Observatory resumed its activity in 2008

PERFORMANCE INDICATORS Description	GRI	Core	Coverage	Page
Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	LA7	X	●	121
Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	LA8	X	●	118-121
Health and safety topics covered in formal agreements with trade unions	LA9		●	113
Average hours of training per year per employee by employee category	LA10	X	●	109
Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	LA11		●	106
Percentage of employees receiving regular performance and career development reviews	LA12		●	103
Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	LA13	X	●	5, 24, 27, 99, 100, 115, 116
Ratio of basic salary of men to women by employee category	LA14	X	●	106
SOCIAL PERFORMANCE: HUMAN RIGHTS				
Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	HR3		●	108, 133, 154
Total number of incidents of discrimination and actions taken	HR4	X	●	75-76
Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	HR5	X	●	112-114
Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	HR6	X	●	132-133
Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	HR7	X	●	132-133
Total number of incidents of violations involving rights of indigenous people and actions taken ¹	HR9		●	
SOCIAL PERFORMANCE: SOCIETY				
Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	S01	X	●	154-155
Percentage and total number of business units analyzed for risks related to corruption	S02	X	●	42-43
Percentage of employees trained in organization's anti-corruption policies and procedures	S03	X	●	107-108
Actions taken in response to incidents of corruption	S04	X	●	42-43, 114
Public policy positions and participation in public policy development and lobbying	S05	X	●	90
Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes ²	S07		●	
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations ³	S08	X	●	

¹ no incidents to report.

² The Market Competition Supervisory Authority, in its provision dated 23 December 2008, which concluded the proceedings (initiated in July 2008 and also involving Unicredit, Montepaschi and BNL) concerning the application of the Maximum Overdraft Commission to consumers, required the Bank to enter into a series of undertakings having the purpose of applying a fee structure based on a non-use commission as an alternative to the Maximum Overdraft Commission. In January 2009, the Bank, due in part to the ongoing economic crisis and the anti-crisis legislative measures that had entered into force, decided to reconsider the commercial decisions implemented that formed the object of the foregoing undertakings and introduced a new fee structure for customers, replacing that forming the object of the undertakings, and informed the Authority thereof. The Supervisory Authority has now reopened proceedings to assess the new fee structure.

Pursuant to the Consumer Code, the Market Competition Supervisory Authority, in its provision dated 7 August 2008, levied an administrative penalty of 480,000 euro on Intesa Sanpaolo S.p.A. on the grounds that the Bank allegedly impeded or rendered it costly for consumers to transfer their mortgages. Similar penalties were imposed on the other main Italian banks. An appeal was filed against said provision before the Administrative Court of Lazio, which handed down a judgment on 28 January 2009 in which it upheld the Bank's claims. The Supervisory Authority has announced its intention to appeal to the Council of State.

³ Consolidated Financial Statements 2008, pagg. 389-392 group.intesasanpaolo.com 

PERFORMANCE INDICATORS Description	GRI	Core	Coverage	Page
PRODUCT RESPONSIBILITY				
Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	PR1	X	●	64-65
Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	PR3	X	●	65-67
Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	PR5		●	69-73
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	PR8		●	76
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services ¹	PR9	X	●	
FINANCIAL SECTOR SUPPLEMENTS				
Internal CSR policy (describe social responsibility issues covered in the company's human resources policies) ²	INT1		●	
Employee Satisfaction	INT3		●	112
Senior Management Remuneration ³	INT4		●	29-30, 106
Bonuses Fostering Sustainable Success	INT5		●	29-30, 105
Charitable Contributions	SOC1		●	157-175
Retail Banking Policy (socially relevant elements) ⁴	RB1		●	77
Lending Profile	RB2		●	17, 60, 90
Lending with High Social Benefit	RB3		●	77-92, 158-162
Investment Policy (socially relevant elements)	IB1		●	84, 89, 154
Assets under Management with High Social Benefit	AM2		●	81-84
Description of environmental policies applied to core business lines ⁵	F1		●	135-139
Description of process(es) for assessing and screening environmental risks in core business lines	F2		●	154-155
State the threshold(s) at which environmental risk assessment procedures are applied to each core business line	F3		●	154-155
Description of processes for monitoring clients' implementation of and compliance with environmental aspects raised in risk assessment process(es)	F4		●	154-155
Number and frequency of audits that include the examination of environmental risk systems and procedures related to core business lines	F6		●	42-43
Percentage of assets subject to positive, negative and best-in-class environmental screening	F9		●	81-83
Screening of Major Suppliers	SUP1		●	132

¹ Consolidated Financial Statements 2008, pagg. 389-391, group.intesasanpaolo.com 

² Code of Ethics, pag. 7, group.intesasanpaolo.com 

³ Consolidated Financial Statements 2008, pagg. 417-424, group.intesasanpaolo.com 

⁴ Code of Ethics, pag. 4, group.intesasanpaolo.com 

⁵ Environmental Policy, group.intesasanpaolo.com 

PERFORMANCE INDICATORS Description	Coverage	Page
ADDITIONAL INDICATORS		
Clients		
Client complaints by type	●	74-76
Quality systems (certifications, codes of conduct adopted)	●	65, 120, 140
Customers: Direct channels	●	63-64
Employees		
Breakdown of employees according to education and gender	●	100
Breakdown of employees in branches according to role and gender	●	115
No. of participants in training (enrolled)	●	109
Training according to content	●	109
Training: no. training days per year, average per employee and method	●	109
Internal communication: events and communication policies	●	110-112
Industrial relations: no. of days of absence and reason	●	113
Contentious: cases pending	●	113
Contentious: Disciplinary provisions	●	114
Diversity and equal opportunities: description of policies and programmes	●	114-116
Number of robberies	●	118
Shareholders		
Company capital	●	32
Shareholder profile	●	32
Return on capital invested	●	125
Description of investor relations activities	●	126-127
Description of communication activities and qualification of media used	●	126, 127
Recommendations by analysts	●	127
Rating	●	126
Suppliers		
Suppliers: Breakdown of administrative costs by type	●	132
Suppliers: Communication and information policies	●	131-133
Community		
Relations with non-bank associations and foundations	●	158-161
Microcredit projects: Loans granted	●	158-160

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

This commitment can be seen in the choice of maintaining and enhancing all the banks in the Group, which allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates.

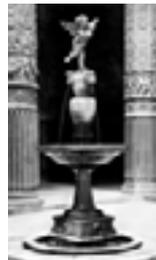
For this reason the icons of the Social Report have been inspired by our rich cultural heritage; this year they are represented by particularly important fountains in the main regional cities and other cities where we have branches. It is a tribute to Italian history and tradition in its infinite variations as well as being emblematic of the willingness to communicate and establish relationships that characterises the people in Intesa Sanpaolo and in the Group banks.



1. Padua
Piazza delle Erbe



2. Rome
"Fontana delle Tartarughe"
in Piazza Mattei



3. Florence
The courtyard of Palazzo
Vecchio



4. Venice
Excelsior Palace Hotel



5. Campobasso
Piazza Vittorio Emanuele



6. Turin
"Fontana angelica
delle Quattro Stagioni"
in Piazza Solferino



7. Genoa
Fountain of Neptune at
Palazzo Doria Pamphilj



8. Forlì
Piazza Ordellaifi



9. Naples
The garden at
Capodimonte



10. Bologna
Fountain of Neptune
in Piazza Maggiore



11. Milan
Piazza Fontana



12. Perugia
"Fontana Maggiore"
in Piazza IV Novembre



13. Palermo
"Fontana del Tritone"
in the Archaeological
Museum



14. Pesaro
Piazza Maggiore



15. Bari
Piazza Aldo Moro



16. Cagliari
"Fontana della
passeggiata" in Via Roma



17. L'Aquila
Detail of the "Fontana
delle 99 Cannelle"
in Piazza San Vito



18. Aosta
Via Croce di Città



19. Trieste
"Fontana dei Tritoni"
in Piazza Vittorio Veneto



20. Catanzaro
Piazza Santa Caterina



21. Trento
Fountain of Neptune
in Piazza del Duomo



22. Potenza
Montereale Park



23. Ancona
"Fontana dei Cavalli"
in Piazza Roma



24. Gorizia
Piazza della Vittoria

Credits

1 Photo by Ioannis Schinezos, Padua; **2** Fratelli Alinari History of Photography Museum, Malandrini collection, Florence;

3-4-7-9-14-17-21 Archivi Alinari, Alinari archive, Florence; **5** Photo by Giuseppe Terrigno, Campobasso; **6** Archivi Alinari, Anderson archive, Florence; **8** Photo

by Giorgio Sabatini, Forlì; **10** Archivi Alinari, Florence; **11** Touring Club Italiano/ Archivi Alinari, Milan; **12** Fratelli Alinari History of Photography Museum,

Pasta archive, Florence; **13** Fratelli Alinari History of Photography Museum, Blatt collection, Florence; **15** Photo by Umberto Corcelli, Bari; **16** Photo

by Elisabetta Messina, Cagliari; **18** Photo by Filippo Bosio, Aosta; **19** Photo by Franco Debernardi, Trieste; **20** Photo by Beppe Mazzocca, Catanzaro;

22 Photo by Rocco Esposito, Potenza; **23** Archivi Alinari, Brogi archive, Florence; **24** Fratelli Alinari History of Photography Museum, Florence.