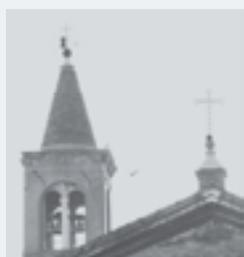
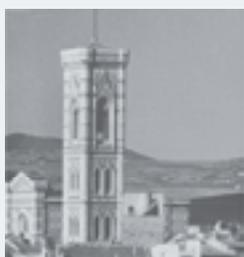
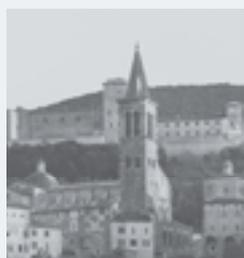


Social Report 2009



Intesa Sanpaolo Social Report 2009



The 2009 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.

Intesa Sanpaolo respects the environment: this Report has been printed on certified ecological paper.



Intesa Sanpaolo S.p.A.

Registered Office: Piazza S. Carlo 156, 10121 Turin, Italy. Secondary Registered Office: Via Monte di Pietà 8, 20121 Milan, Italy. Share Capital Euro 6,646,547,922.56.

Turin Company Register and Fiscal Code No. 00799960158. Vat Code No. 10810700152. Member of the National Interbank Deposit Guarantee Fund and of the National Guarantee Fund, listed on the National Bank Register No. 5361 and Parent Company of the "Intesa Sanpaolo" Banking Group, listed on the National Banking Group Register.

Boards, Management, Auditors

Supervisory Board

Chairman Giovanni Bazoli

Deputy Chairmen Elsa Fornero
Mario Bertolissi

Members Luigi Arturo Bianchi
Rosalba Casiraghi
Franco Dalla Sega
Gianluca Ferrero
Jean-Paul Fitoussi
Pietro Garibaldi
Giulio Stefano Lubatti
Marco Mangiagalli
Gianni Marchesini
Fabio Pasquini
Gianluca Ponzellini
Gian Guido Sacchi Morsiani
Marco Spadacini
Ferdinando Targetti
Livio Torio
Riccardo Varaldo

Management Board

Chairman Andrea Beltratti

Senior Deputy Chairman Marcello Sala

Deputy Chairman Giovanni Costa

*Managing Director
and Chief Executive Officer* Corrado Passera

Members Aureliano Benedetti
Paolo Campaioli
Elio Catania
Roberto Firpo
Emilio Ottolenghi

General Management

General Managers Gaetano Miccichè¹
Marco Morelli²

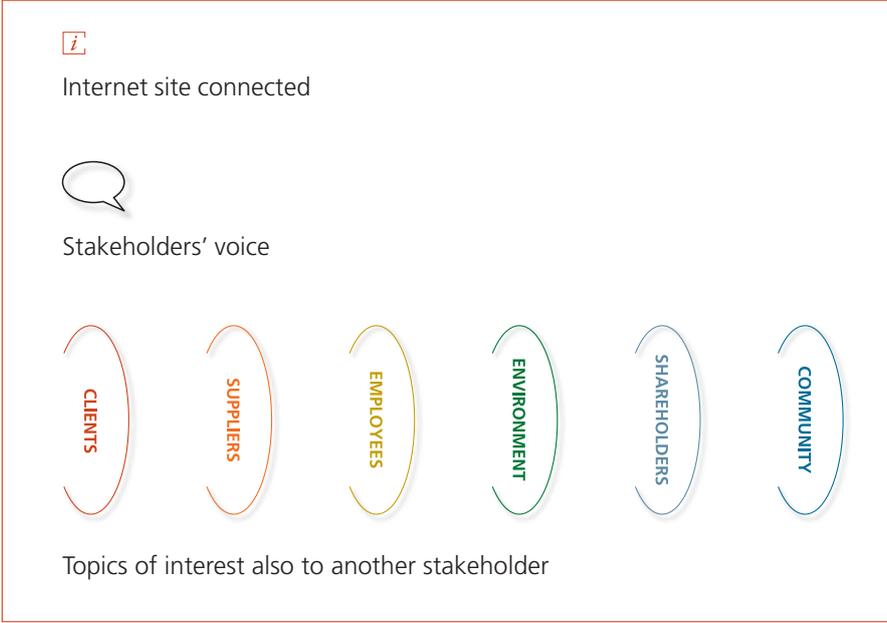
**Manager responsible for preparing
the Company's financial reports** Ernesto Riva

Independent Auditors Reconta Ernst & Young S.p.A.

¹ As of 9 February 2010.

² As of 15 March 2010 as deputy general manager.

Legend



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Letter to the stakeholders

The Intesa Sanpaolo Group is a bank committed to promoting the welfare of individuals, businesses, the areas in which it operates and society in all its diverse strata. This year's Social Report shows that this commitment was upheld at this critical stage in 2009 – a stage that has shaped the economy and penalised the fabric of society. Indeed, it was in this context that the Intesa Sanpaolo Group wanted, with even greater conviction, to launch initiatives in support of families and businesses.

In the difficult economic scenario, our prudent management has permitted us to demonstrate that we are among the strongest banking groups in the world, thereby confirming the validity of the courses we embarked on, which were aimed at meeting the needs of the areas and the expectations of the economic players active on a local level.

Based on this soundness, the Bank has entered into agreements with local authorities, associations and organisations operating throughout the country to be close to those families which have difficulty in paying mortgage instalments. Additionally, we have enacted many other initiatives of social interest in support of the unemployed, making it possible for them to have immediate access to the contributions they are due, of immigrants through several micro-finance products and of students by helping them to access housing and loans during their life at university. It should be remembered that to support the economy through financing, Intesa Sanpaolo adhered to the joint notice undersigned by ABI, Government and Business Associations committing all the Group's banks to the moratorium for SMEs experiencing temporary financial difficulties.

This commitment of ours to focus on the requirements of our customers, our employees and the communities we serve, is the true essence of our way of banking. We want to be a responsible financial intermediary towards society not only in times of development, but even more so in times of crisis, seeking to generate appropriate responses and collective value.

From this awareness originate the commitments we have undertaken with major international organisations such as the Global Compact, an initiative launched by the United Nations to promote environmental protection, respect for human rights and the fight against corruption, as well as the Equator Principles, guidelines based on the World Bank standards to assess and manage impacts on the environment and communities in project financing. These principles guide us in controversial choices when our support towards economic and social development has to deal with the increasingly stringent requirements of environmental protection and respect for human rights.

We are also constantly engaged in the development of new products and services in the areas of energy conservation and use of renewable sources in the belief that all contributions to initiatives in combating climate change are of prime importance and to affirm a development model based on fairness and equality, including access to resources.

Those who work in the Group play a central role in our organisation: this is why we have focused on listening and on their involvement in solving problems and improving the quality of our services, by developing projects based on simplification and innovation that can only come about from a challenging and cohesive working environment. In the future, promotion of their talents, skills and initiatives to develop their professionalism will be the main driving force of competitive business.

This year's Social Report also features an account on the many community activities that are distinguished by their microcredit projects enacted in collaboration with foundations and local non-profit organisations as well as those launched by Banca Prossima – the bank dedicated to the world of social enterprises – which has continued to work through the “Fund for Development and Social Enterprises” to provide assistance to persons that are otherwise excluded from access to credit.

We believe that the framework of initiatives we have outlined testify to our efforts in achieving the aims we had set ourselves. This Social Report reflects our great transparency, accounting for our activities through the many indicators that render our commitment tangible but, above all, it recounts the voice of the stakeholders that we have met on our journey of continuous involvement and listening. Their suggestions and criticisms have stimulated us towards objectives that increasingly meet their expectations.

The satisfaction we take in the results achieved does not however mean that we are unaware that there is room for further improvement. This calls for a constant effort, bolstered by strong ethics. The entire Intesa Sanpaolo Group will not back away from its duty and responsibility to contribute to pursuing its goal of sustainable development.



Giovanni Bazoli



Andrea Beltratti



Corrado Passera

Introduction and Methodology

Intesa Sanpaolo presents the new Social Report to its stakeholders. The report brings together the most significant initiatives we undertook in the course of 2009 in fulfilment of the commitments made in the 2007-2009 Business Plan.

Inclusion of stakeholders and materiality of topics

In selecting the topics to be included in this year's Report, Intesa Sanpaolo took into account the priorities expressed by its stakeholders in the course of an ongoing structured engagement over the last three years. The involvement of different stakeholders and an assessment of the key topics that emerged during the various meetings also led us to reconsider our stakeholder map, using the latest AA1000SES standard methods and apply a more objective materiality criterion to the subject matters

Reporting principles

The Social Report was drawn up in compliance with the Global Reporting Initiative (GRI 3rd edition) Sustainability Reporting guidelines, the most recent 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). Specifically, for the generation and redistribution of added value based on income statement data, we referred to ABI's recent publication dated 12 March 2010.

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.

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.

The reporting process

All company departments contribute to the 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 the preparation of the Social Report" circulated to everyone involved in the various activities.

Measurement systems

In 2009, the data collection procedure was further standardised by integrating this information in the Company's technological platform which is centrally managed by the Planning and Control Department which reports to the Chief Financial Officer.

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 (duly specified in the report) carried out without jeopardising the accuracy of the data.

To ensure accuracy in the collection and uniformity in the interpretation of the indicators requested from the Bank's different departments (in Italy and abroad), the data meas-

urement systems are now supported by a technical manual which, for the quantitative indicators, formalises their relevance, the calculation methods and the data source.

The reporting period and boundary

The Social Report is published on an annual basis, the previous Report having been published in June 2009. The data presented herein refer to 2009 and, where possible, are accompanied by data from the previous two years for comparative purposes.

The reporting boundary for the Social Report includes active companies important for sustainability reporting purposes and which are included in the Intesa Sanpaolo 2009 Consolidated Financial Statements. The inclusion of each Group company in the reporting boundary 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. No significant changes in the reporting boundary were recorded in 2009 compared to 2008, but all the indicators collected regarded all the boundary companies.

A summary of the 2009 Social Report is also published in the "Report on Operations" in the 2009 Intesa Sanpaolo Group Consolidated Financial Statements (see page 101 "Social and environmental responsibility"). In drawing up this summary, we implemented the new Guidelines issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Chartered and Certified Accountants) published in March 2009 in light of changes introduced by Legislative Decree 32/2007.

The complete Social Report is distributed among Intesa Sanpaolo Group's main stakeholders and is also available on-line via the Group's website:

www.group.intesasanpaolo.com. 



This Report meets the requirements of the A+ application level GRI guidelines.

Application level	C	C+	B	B+	A	A+
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 levels C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report externally assured	Same as required for level B.	Report externally assured
Management Approach disclosure	Not Required		Management Approach Disclosure for each indicator category.		Management Approach Disclosure for each indicator category.	
Performance indicators And 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, including at least one from each of: Economic, Environmental, Labour, Human Rights, Society, Product Responsibility.		Report on each core G3 and Sector Supplement ¹ Indicators with due regard to the materiality Principle by either: a) Reporting on indicator or, b) explaining the reason for its omission.	

¹ Sector supplement in final version.

Identity and Governance

The Group's mission is to work together to provide excellence in banking and financial services for our customers, leveraging on developing our presence in all the areas in which we operate.

Mission and Values

History of the Company

Strategies

The profile of the Intesa Sanpaolo Group

Governance

Our Social Responsibility

Stakeholder engagement

Adoption of International Standards

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 improvement, farsightedness, anticipating chal-

lenges, 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

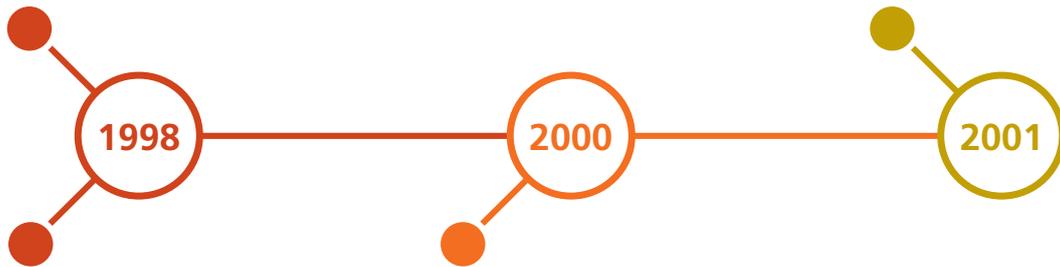
Intesa Sanpaolo was founded on 1 January 2007 from the merger of Banca Intesa and Sanpaolo IMI.

The result of the gradual incorporation of some two hundred institutions, the Bank has successfully preserved the different local cultures and traditions, whilst encouraging a process of strengthening the new Group identity on a national and international level.

BANCA INTESA

Banca Intesa originated from the merger of Cariplo and Banco Ambrosiano Veneto

Merger of Banca Commerciale Italiana which became Intesa BCI



San Paolo IMI originated from the merger of Istituto Bancario San Paolo di Torino and Istituto Mobiliare Italiano

It acquired Banco di Napoli, attained equity capital in the Cassa dei Risparmi di Forlì e della Romagna and forged strategic alliances with major Italian and foreign credit entities.

SANPAOLO IMI

The historical origins of the two groups

- Sanpaolo originated in Turin in 1563 when the Confraternity of St. Paul laid down the foundations for the pawn agency (Monte di Pietà) which undertook to grant low-interest loans to the poor to provide them with an alternative to usury. It became a true bank in the 19th century. In 1950 it took on the name Istituto Bancario San Paolo di Torino. In 1998 San Paolo joined forces with IMI (Istituto Mobiliare Italiano), a public body set up in 1931 as financial support to the industrial system at national level.
- 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 di Milano, then Cassa di Risparmio delle Provincie Lombarde, was founded in Milan in 1823 by the Commissione Centrale di Beneficenza and, over the years, knew well how to combine social and financial commit-

ment in Lombardy, the region where it operated. In 1991, at the same time as the incorporation of already controlled Istituto Bancario Italiano, it was conferred to a new company, Cariplo SpA.

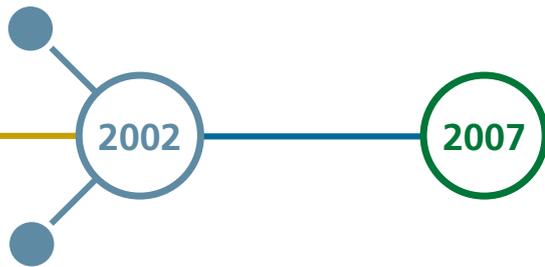
Banco Ambrosiano Veneto came into being in 1989 through the merger of Nuovo Banco Ambrosiano and Banca Cattolica del Veneto, primarily operative in the north of Italy, soon underwent a process of transformation that led it to operate across the whole of Italy through the acquisition of several southern banks.

Banca Commerciale Italiana was founded in 1894 by a pool of German, Austrian and Swiss banks and was initially managed according to the 'mixed bank' model, which was popular in Germany. After it was taken over by IRI (Institute for Industrial Reconstruction) in 1933, it became an ordinary credit institution and was designated a "Bank of National Interest".

A leading player of the Italian banking system, it was also the one which had the largest presence abroad.

Intesa Sanpaolo continued on its consolidation course and, in February 2008, strengthened its presence across the territory with the arrival of Banca CR Firenze and its subsidiaries: the Casse di Risparmio di Civitavecchia, Orvieto, Pistoia e Pescia e della Spezia.

The Extraordinary Shareholders' Meeting changes the corporate name into Banca Intesa SpA



Acquires the banks belonging to the Cardine Group, active in the North-East of Italy and the Adriatic area

Intesa Sanpaolo was founded from the merger of Banca Intesa and Sanpaolo IMI



Since 2007, Intesa Sanpaolo has been engaged in an on-going plan of market and opinion surveys aimed at monitoring the Bank's image and analysing its brand equity positioning, with the support of renown research institutes such as GFK Eurisko, ISPO Ricerche and Millward Brown. Over time, these surveys have allowed us to strengthen the Intesa Sanpaolo brand and track the evolution of its institutional characteristics. Today, Intesa Sanpaolo holds a 50% share and is a leader among Italian banks for its spontaneous brand awareness, and it holds first position in the brand equity rating for its visibility, image content and appeal (source GFK Eurisko, Multifintrack, 2nd half 2009)

Strategies

In a year of severe international recession, Intesa Sanpaolo has proven itself to be one of the strongest banking groups in the world, maintaining truly outstanding levels of liquidity, asset quality and leverage. On the whole, the first three years of the Group marked a period of growth that could not have been reached had the business plan, which gave birth to Intesa Sanpaolo, not shown itself to be fully viable on several fronts: that of corporate governance and the functionality of a dual management model; the supervision of its business and the organisational model of the Banca dei Territori and, lastly, the speed at which the integration of operations and the information systems was completed.

The results clearly confirmed our choice of being a bank attentive to local needs and our relationship with the economic players who are rooted and who operate locally offering the skills of an international player.

Aware that 2010, from a macroeconomic perspective, will be a year of delicate transition on which weigh uncertainties related to the presence of large margins of unused production capacity, high levels of unemployment and the delicate situation of public finances in many industrialised countries, Intesa Sanpaolo confirms its strategies, intent on developing its

main areas of activity offered to the different types of our customers, over the next three years.

The Bank intends to follow four strategies:

- Enhance the quality of relations with our 20 million existing customers. Listening to their needs and being transparent and reliable partners will be the hallmark of our closeness to families and businesses;
- Increasingly involve and listen to the over 100 thousand people who work for the Group. The ability to strengthen management at all levels of the Company is the true competitive driving force of businesses;
- Further innovate our commercial offer; the quality of service is based on the ability to know what our customers need in advance and offer innovative solutions that can also meet emerging social needs;
- Simplify organisation and relations; Value people's quality of life by simplifying procedures, language and the ways of interacting with customers, employees and all those who have dealings with the Bank.

Sustainability, which is the cornerstone of the sense of responsibility we have assumed towards all the communities in which we operate, will pervade all our Bank's activities.

The profile of the Intesa Sanpaolo Group

Intesa Sanpaolo is one of the leading banking groups of the Eurozone, with a market capitalisation of 31.5 billion euro¹ and is the market leader in Italy in all operating sectors (retail, corporate and wealth management). Due to its capillary network of 6,000 branches distributed throughout the country, it has a market share of over 15% in most regions and offers its services to approximately 11.2 million customers.

¹ As at 30 April 2010

Positioning in Italy ²	Sector	Market share in Italy ²
1°	Loans	16.4%
1°	Leasing	17.3%
1°	Deposits	17.9%
1°	Factoring	25.8%
1°	Asset management ³	26.4%
1°	Pension Funds	26.4%
1°	Dept Capital Market	26.7%
1°	Bancassurance ⁴	26.8%

² As at 31 December 2009

³ Mutual funds

⁴ New production

Intesa Sanpaolo is present in Europe, prevalently in the central-eastern section and the Mediterranean area, with 1,900 branches and approximately 8.5 million customers of our 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 indicators⁵

Economic indicators	2009	2008	2007
Loans to customers (mln €)	374,033	395,189	335,273
Direct customer deposits (mln €)	421,944	430,897	373,753
Consolidated Shareholder's equity (mln €)	52,681	48,954	51,558
Consolidated Net income (mln €)	2,805	2,553	7,250
Total Assets (mln €)	624,844	636,133	572,902
Generated economic value ⁶ (mln €)	14,907	16,340	20,528
Distributed economic value ⁷ (mln €)	13,495	13,511	17,003
Social indicators			
Customers (no./mln) ⁸	19,7	19,8	17,7
Complaints (no.)	106,475	110,347	89,372
No. of customers involved in customer satisfaction activities	121,570	185,500	39,000
No. of employees ⁸	101,687	106,269	95,295
Staff turnover rate (%)	-5,2	-1,3	-4,2
No. of training days during the year	936,195	860,605	799,163
Female management/total management ratio (%)	18,8	18,7	17,4
Donations (in thousands of euro)	16,030	15,621	11,342
Environmental indicators			
CO ₂ emissions per employee (in kg)	1,470	1,623	1,907
Electricity consumption per employee (kWh)	6,099	6,571	6,821
Paper consumption per employee (in kg)	99	94	110
Water consumption per employee (m ³)	35	39	43

⁵ Economic indicators refer to the boundary of the Consolidated Financial Statements, whilst social and environmental indicators are based on the Social Report reporting boundary which includes operational companies with an impact on sustainability reporting.

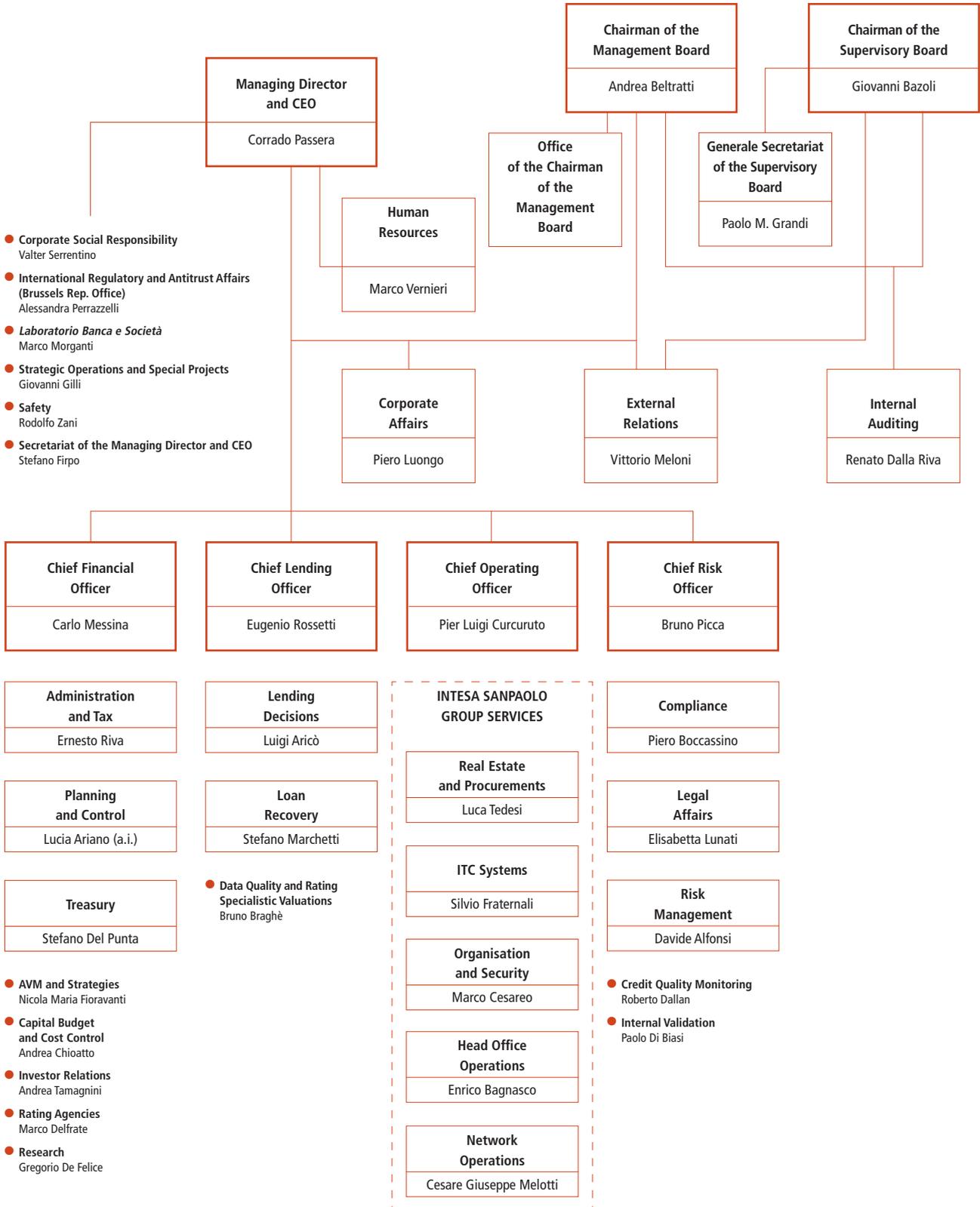
⁶ The economic value generated expresses the value of the wealth produced in the year as required by the Global Reporting Initiative, GRI3 guidelines. For more details see the Chapter "Calculation and distribution of Economic Value".

⁷ The distributed economic value is the share of generated economic value attributed to the different stakeholders. For more details see the Chapter "Calculation and distribution of Economic Value".

⁸ 2008 data include Pravex.

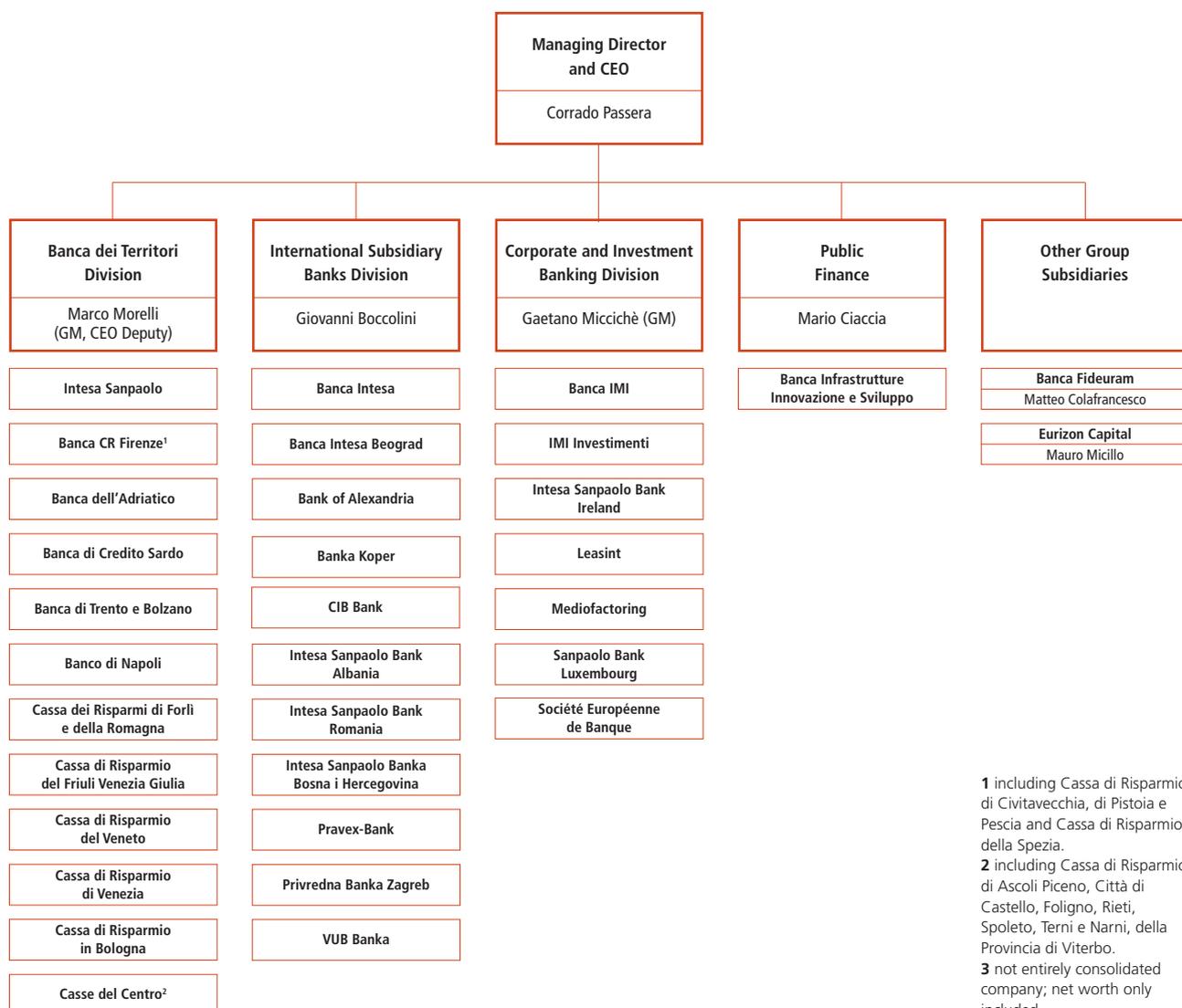
Organisational structure

Head Office Departments



The Intesa Sanpaolo Group

Business Units



Other companies controlled by Banca dei Territori Division

Business Field	Company
Bancassicurazione	EurizonVita, Sud Polo Vita, Intesa Vita ³ , EurizonTutela, Centrovita Assicurazioni
Industrial Credit	Mediocredito Italiano
Payment Systems	Moneta
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

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

Domestic network

Intesa Sanpaolo has a capillary network of almost 6,000 branches distributed in most Italian regions and offers its services to approximately 11.2 million customers.

Intesa Sanpaolo no. of branches

Intesa Sanpaolo 2,476

Subsidiaries no. of branches

Banco di Napoli 783

Banca CR Firenze 557

Cassa di Risparmio del Veneto 498

Casse del Centro 290

Cassa di Risparmio in Bologna 226

Banca dell'Adriatico 220

Cassa di Risparmio del Friuli
Venezia Giulia 166

Intesa Sanpaolo Private Banking 153

Cassa di Risparmio di Venezia 129

Cassa di Risparmio di Forlì
e della Romagna 120

Banca di Trento e Bolzano 102

Banca Fideuram 97

Banca di Credito Sardo 93

Banca Prossima 52

BIIS 18

Mediocredito Italiano 10

Banca IMI 1



Branch Office Market Share as at 31/12/2009

- 30.2% - 25.0%
- 24.9% - 19.7%
- 19.6% - 14.4%
- 14.3% - 9.1%

Group branch distribution in the Italian regions (figures as at December 2009)

NORTH WEST 33.8%

NORTH EAST 22.9%

CENTRE 21.4%

SOUTH 16.7%

ISLANDS 5.2%

The Group abroad

Intesa Sanpaolo has a network of almost 1,900 branches abroad serving approximately 8.5 million customers.



Subsidiaries

Subsidiaries	no. of branches
Pravex Bank	495
VUB Banca	248
Privredna Banka Zagreb	224
Banca Intesa Beograd	208
Bank of Alexandria	200
CIB Bank	151
Intesa Sanpaolo Bank Romania	96
Banca Intesa (Federazione Russa) ¹	79
Banka Koper	54
Intesa Sanpaolo Banka Bosna i Hercegovina	54
Intesa Sanpaolo Bank Albania	36
Banca CR Firenze Romania	20
Banca Fideuram	4
Banca IMI	2
BIIS	1
Intesa Sanpaolo Bank Ireland	1
Intesa Sanpaolo Private Bank Suisse	1
Société Européenne de Banque	1

Territorial Distribution at 31 December 2009

- Main Office
- International Subsidiary Bank
- Corporate International Subsidiary Bank
- Direct Branch
- Representative Office

¹ Pro-forma

Governance

Intesa Sanpaolo has adopted a dual management and control model, characterised by the presence of a Supervisory Board and a Management Board.

In general terms, the Supervisory Board, in addition to performing control duties typical of the board of statutory auditors, is also, by law, charged with certain duties traditionally attributed to the shareholders' meeting, and based on an option included in the Articles of Association, to strategic supervisory functions, whereas the Management Board has full and exclusive power over company management and, to the extent of its separate duties, provides support in the exercise of strategic supervisory duties. The Management Board has sole responsibility for the ordinary and extraordinary management of the Bank in compliance with general, programme-related and strategic guidelines.

Intesa Sanpaolo places particular importance on the balance of duties and powers achieved by defining the various roles of its Corporate bodies, in terms of their awareness of their respective responsibilities and of general legal 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. In particular, in 2009, Intesa Sanpaolo's governance underwent a thorough review in order to align it with the New Supervisory Provisions that resulted in some provisions of the Articles of Association being amended. Among these amendments were:

- a reinforcement of matters to be resolved by the Shareholders' Meeting;
- greater specification of the duties and functions of the Supervisory Board;
- an increase in the number of independent Supervisory Board Members;

- the introduction of a governance in matters of interests of the Supervisory Board members;
- enhancement of the role of the Control Committee, strengthening its stability, and the presence of independent Members on other Committees;
- greater qualification of the responsibilities to be entrusted to the resolutions of the Management Board;
- the presence and functions of Members of the Executive Management Board;
- the establishment of Specific Commissions composed of executive Members appointed by the Supervisory Board, with advisory and investigational functions as well as the duty of playing an active and systematic role in management functions.

The system of corporate governance, of which a summary is provided, is fully illustrated in the Corporate Governance Report and Ownership Structures, available for consultation online on the Group's website. [\[I\]](#)

The Supervisory Board

The Supervisory Board performs operations that can be defined as direction, strategic supervision (functions to which the Management Board contributes, within its scope of duties) in addition to those typical to control.

Firstly, the Supervisory Board exercises duties traditionally reserved to the Shareholders' Meeting such as the appointment, dismissal 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 financial statements and consolidated financial statements.

This significant duty is completed after a thorough examination of the draft financial statements submitted to the Supervisory and Management Boards, in liaison with the Financial Statements Committee. In examining the Par-

ent Company's financial statements and consolidated financial statements for approval, 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.

In this context, it is up to the Supervisory Board, under the terms of the Articles of Association and recommendation from the Management Board, to:

- resolve upon the general strategic guidelines of the Company and the Group;
- approve the business and/or financial plans and budgets of the Company and Group;
- authorise strategic transactions, as identified under the Articles of Association;
- approve strategic guidelines and policies regarding risk management, without prejudice to the Management Board's responsibility for action taken.

In addition, the Supervisory Board may propose directions to the Management Board, in preparing the proposal related to certain transactions of particular strategic importance.

Specifically, the Supervisory Board authorises:

- the Management Board's proposals to be submitted to the Shareholders' Meeting on capital transactions, issuance of convertible bonds and cum warrants in Company's securities, mergers and divisions and other amendments to the Articles of Association, without prejudice to the Shareholders' proposal powers established by law;
- acquisitions or divestitures by the Company and its subsidiaries of majority equities in companies of significant strategic value or higher value together with 6% of consolidated regulatory capital;
- investments or divestments involving the Company's commitments of an amount, for each transaction, that is greater than 6% of consolidated regulatory capital;
- other operations as specified in the Articles of Association.

In 2009, the Supervisory Board amended its Regulation aimed, among other things, to specify – according to the applicable laws – its duties in the light of the above-mentioned rules provided for in the Articles of Association. The Supervisory Board is also responsible for approving on recommendation from the Management Board:

- risk management policies, including the policy related to compliance risk for breach of laws and internal controls; this area includes the methods to detect and assess risk, including the adoption of internal risk measurement systems to determine capital requirements and specific guidelines;
- remuneration policies for employees and collaborators not tied to the Company by subordinated employment relationships.

As required by law, the Supervisory Board is also the body responsible for control of the Bank and therefore performs the duties of supervising the observance of legal and regulatory provisions and the Articles of Association and the 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 with specific support from the Control Committee.

It is also within the powers of the Supervisory Board to express an opinion regarding the appointment of the Manager in charge, and also, under the Articles of Association amended in the light of New Supervisory Provisions and the Joint Bank of Italy/Consob Regulation, of the heads responsible for internal controls.

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 Shareholders' Meeting (30 April 2010) appointed 19 members of the Supervisory Board, of whom 18 declared they met the conditions of independence under the terms of the Corporate Governance Code for Listed Companies published by Borsa Italiana (the Italian Stock Exchange):

Name	Office	Auditor 1	Independent 2	Nomination Committee	Remuneration Committee	Control Committee	Strategy Committee	Financial Statements Committee
Giovanni Bazoli ³	Chairman			●			●	
Elsa Fornero	Deputy Chairman		●	●			●	
Mario Bertolissi ⁴	Deputy Chairman		●	●			●	
Luigi Arturo Bianchi ⁴	Director		●					●
Rosalba Casiraghi ⁴	Director	●	●			●		
Franco Dalla Sega	Secretary	●	●					
Gianluca Ferrero	Director	●	●				●	
Jean-Paul Fitoussi ⁴	Director		●					●
Pietro Garibaldi	Director		●	●		●		
Giulio Stefano Lubatti ⁵	Director	●	●			●		
Marco Mangiagalli ⁴	Director		●		●			
Gianni Marchesini ⁴	Director		●					●
Fabio Pasquini	Director	●	●		●			
Gianluca Ponzellini ^{4 7}	Director	●	●		●	●		
Gian Guido Sacchi Morsiani ⁴	Director		●					●
Marco Spadacini ⁶	Director	●	●					●
Ferdinando Targetti	Director		●				●	
Livio Torio	Director	●	●			●		
Riccardo Varaldo ⁴	Director		●	●				

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.

Election of the Supervisory Board took place on the basis of lists of candidates (presented by Shareholders holding at least 0.5% of ordinary share capital) who have the integrity, professional and independence requisites envisaged by law and the Articles of Association, indicating where appropriate whether the independence requirements are met pursuant to the Corporate Governance Code.

Members of the Supervisory Board remain in office for the years 2010/2011/2012, all terms expiring at the same time.

The lists were deposited at the Registered office at least 15 days before the date scheduled for the Shareholders' Meeting convened for the appointment of Members, together with information regarding the identity of members

who have submitted lists, with the percentage of total investment held, a certification as to the ownership of such participation, as well as detailed information regarding the personal and professional characteristics of candidates, their declaration that they possess all the requirements set forth under legal, regulatory and statutory provisions and, where required, the independence requirements pursuant to the Corporate Governance Code – as well as their acceptance of their candidature.

The Shareholders – other than those who hold, even jointly, a controlling interest or a relative majority – filed a declaration stating that they are not affiliated in any way with said Shareholders.

When appointing Board Members, candida-

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

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 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 is appointed by the Shareholders' Meeting via special majority resolution, and his/her powers are determined by the Articles of Association.

In the light of the governance model adopted by Intesa Sanpaolo and the duties attributed by the Articles of Association, as specified in the Supervisory Board Regulations, the Chairman plays a significant role in the Bank, enhanced by distinguished authority and experience as well as time dedicated to duties.

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

The Chairman exercises all powers appropriate to his/her office, and based on provisions of the Articles of Association and Supervisory Board Regulations fulfils duties with specific regard to:

a) the Corporate Bodies and their operations;

b) the Bank's strategies and general guidelines;

c) the function of supervision and control;

d) external Relations.

With regard to the Corporate Bodies and their operations, the Chairman: supervises and activates the corporate bodies, thereby ensuring internal dialogue with management and the balance of power as regards decisions made by Intesa Sanpaolo; liaises with the Management Board through its Chairman and the Managing Director; supervises relations with shareholders, verifying that such relations are managed correctly, in agreement with the Chairman of the Management Board and the Managing Director.

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

The Chairman of the Supervisory Board does not participate in meetings of the Management Board so as to avoid influencing their work. This decision, implemented since the adoption of the current dual management and control model, is consistent with the prerogatives of the role of Chairman and upholds the operational independence of the Management Board.

With regard to supervisory and control duties, amongst other things, the Chairman of the Supervisory Board supervises and implements internal control procedures and systems for Bank and Group activities.

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

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

Lastly, in connection with the Supervisory Board's duties on cultural initiatives of the Bank and Group, 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 ini-

tiatives with particular reference to enhancing the historic, archaeological and artistic heritage and management of the Fund for charitable, social and cultural contributions. In this respect, the Chairman of the Supervisory Board exercises duties attributed by the Articles of Association, as specified in the Supervisory Board Regulations, with operating support from the General Secretariat of the Supervisory Board.

Requirements of integrity and professionalism

As explicitly required by the Articles of Association, Supervisory Board Members must meet requirements of integrity as required of members of bank boards of directors and those of integrity and professionalism envisaged for statutory auditors of listed companies.

The direction and strategic supervisory 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 the requirements of professionalism required for members of bank boards of directors. The Chairman of the Supervisory Board is also required to meet the professional criteria set for the Chairman of the Board of Directors. Moreover, again based on the Articles of Association, at least four members of the Board must be included on the register of auditors and must have professional experience in the legal audit of accounts.

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 to comply with the legal provisions on the accumulation of office.

Following the 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. 

Requirements of independence

All Supervisory Board Members must be in possession of the requirements of independence required of auditors of listed Companies.

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

The Articles of Association further provide that at least ten members of the Supervisory Board must meet the independence requirements envisaged in the Corporate Governance Code.

At the time their candidatures are submitted, Members of the Supervisory Board are asked to certify, under their own responsibility, if they are independent in accordance with the application criteria indicated in the Code. Each Board Member claiming independence must evaluate his/her own situation based on the parameters listed under the aforementioned criteria.

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. 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: is called upon to perform consulting, selection and propositional duties regarding the nomination of members of the Management Board. The Articles of Association require that the majority of the Committee Members be in possession of the requirements of independence pursuant to the Corporate Governance Code.

Remuneration Committee: is called upon to perform propositional and consulting duties, in accordance with the law and the Articles of Association. The Articles of Association require that the majority of the Committee Members be in possession of the requirements of independence pursuant to the Corporate Governance Code.

Control Committee: proposes, advises and enquires on matters regarding the internal control system, risk management and the accounting ICT system. In the light of these functions, its role was emphasised by the Articles of Association as a constant reference point for the Company's organisational structures that carry out control functions; it must receive information related to specific Company situations or trends; all its members must possess the independence requirements pursuant to the Corporate Governance Code and at least three members must be entered in the register of auditors and have exercised statutory auditing activities.

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 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, at the suggestion of the Management Board to: (i) resolve general, programme-related and strategic guidelines; (ii) approve the business and/or financial plans and the budgets of the Bank and Group (iii) authorise strategic transactions.

Financial Statements Committee: provides consulting support to the Supervisory Board (i) in fulfilling its duties regarding approval of the Parent Company's Financial and Consolidated

Financial Statements (ii) in determining the regulatory capital (iii) in examining information on the development of Bank and Group operations, received periodically from the Management Board, in compliance with the Articles of Association.

Remuneration of Supervisory Board Members

The law and the Articles of Association are applied with regard to the remuneration of Members of the Supervisory Board.

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 30 April 2010, the Bank's Shareholders' Meeting therefore established the annual payment to each appointed member of the Supervisory Board for 2010-2011-2012, also with regard to the different roles covered and the roles attributed to the Members of the Supervisory Board.

The Management Board

The Management Board has sole responsibility for the 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 aims, relating to both ordinary and extraordinary administration.

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

The Management Board also adopted its own Regulation to govern its duties in detail. Subject to regulatory and Articles of Association provisions, the Management Board resolves on other matters reserved to the Board under its own Regulation and on those it decided not to delegate.

In particular, but by no means exhaustively, the Board has powers regarding the following areas, without prejudice, if any, to rival competences of the Supervisory Board:

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

The Management Board periodically assesses the general development of operations, also on presentation of the financial data of the Bank and Group, taking into account, in particular, the information received from the Managing

Director, making use of the in-depth analyses of the Specific Commissions established within the Board itself, and periodically comparing the results achieved with those previously forecast.

Composition of the Management Board

In accordance with the Articles of Association, the Management Board is composed of a minimum of 7 and a maximum of 11 members, including non-shareholders, appointed by the Supervisory Board, which determines their number at the time of appointment. 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. On 7 May 2010 the Supervisory Board appointed nine members of the Management Board whose composition is as follows:

Name	Office	Independent ¹	Business Plan and Extraordinary transactions Commission	Capital Adequacy and Financial Statements Commission	Lending and Risk Commission
Andrea Beltratti	Chairman	●			
Marcello Sala	Senior Deputy Chairman		●	●	
Giovanni Costa	Deputy Chairman		●	●	
Corrado Passera	Managing Director and CEO				
Aureliano Benedetti	Director				
Paolo Campaioli	Director				●
Elio Catania	Director	●			
Roberto Firpo	Director			●	●
Emilio Ottolenghi	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.

The members of the Management Board remain in office for a maximum period of three financial years, as determined by the Supervisory Board, with their term of office expiring as of the date of the Supervisory Board meeting called to approve the 2012 financial statements. Pursuant to the Articles of Association, executive members are Directors who belong to the Specific Commissions created within the Management Board, as well as the Managing Director and CEO.

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/her duties from those of the Managing Director.

The Chairman – the Bank's legal representative – is in charge of promoting and coordinating

the activity of the Management Board and is furthermore called upon to manage relations among Board Members and of the Board with the Supervisory Board and its Chairman, ensuring efficient coordination of the activities of the two corporate bodies.

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

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

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 following meeting.

The Managing Director

The Managing Director and CEO – appointed by the Management Board on 10 May 2010 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. More specifically, in accordance with laws in force, the Chairman of the Management Board is required to have a total of at least five years' experience in the aforementioned professional activities, while the Managing Director is required to have specific management experience in a position of high responsibility, given his fundamental role in managing the company.

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 and any commitments to any other professional activities they may pursue. It should be specified that the 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). For each Management Board Member, compliance with the aforementioned provisions is checked periodically.

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

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 .

Specific commissions

In performing its duties and pursuant to the Articles of Association, the Management Board avails itself of Specific Commissions with advisory and investigational functions, composed of executive Members nominated by the Supervisory Board and set up internally upon resolutions of the Board.

Pursuant to the Articles of Association and the Management Board Regulation, by law the Specific Commissions are composed of three Members, one of whom – the Coordinating Director – is called upon to organise and programme activities, ensuring all proper liaison with both the Chairman and the Managing Director.

Specific provisions regarding professional requirements and incompatibility are to be found in the abovementioned Management Board Regulation.

To this end, the Management Board's Executive Members, as requested by the Supervisory Board's Nomination Committee must expressly declare that:

- they possess specific expertise in areas of credit, finance, securities or insurance, gained in the course of their work experience in positions of appropriate responsibility;
- they are able to guarantee that they have enough time to dedicate to carrying out the duties attributed to them;
- they are not incompatible with the position

(specifically resulting from an accumulation of offices).

The Commissions have advisory and investigational functions and play an active and systematic role in management duties to ensure that the Board's resolution processes are accompanied by proper and constructive dialogue. They are required to continuously monitor the specific issues that fall under their areas of expertise, which include having its members constantly on site, carrying out preparatory activities to advisory functions and obtaining as much background information as possible for a full understanding of the issues from the Managing Director, the Management Boards and corporate departments. Documents to be submitted to the Management Board that fall within the scope of matters under the Commissions' competence will be subject to prior review by the Commissions.

1. The Business Plan and Extraordinary transactions Commission carries out advisory and investigational functions for proposals regarding general programme-related and strategic guidelines and policies for the Company and the Group, which the Management Board submits to the Supervisory Board and the preparation of programme-related documents such as the Business Plan and the Annual Budget. Additionally, it also monitors operational developments in areas of greatest interest (including comparisons with planned forecasts/ budgets) and preliminarily reviews the Bank's core operations under the Board's competence, including all strategic transactions to be authorised or approved by the Supervisory Board pursuant to the Articles of Association.

2. The Capital Adequacy and Financial Statements Commission carries out advisory and investigational functions for assessing the current and expected capital adequacy of the Group in relation to risks assumed and corporate strategies. It also carries out investigational activities for drawing up the financial statements draft and periodic financial reports, and for the adequacy and effective application of administrative and accounting procedures for drawing up the financial statements and, in general, for providing financial information to the market.

3. The Lending and Risk Commission carries out advisory and investigational functions in regard to risk management. Specifically, it

provides its investigational services to the Management Board within the scope of the Board carrying out the tasks that are reserved to it under the Articles of Association, the Regulations and the current Guidelines for the management and control of risk (first among which risks associated to credit, market, operations and of compliance).

Remuneration of Management Board Members

As affirmed by the Supervisory Authority (in its 2009 Report to the Parliament and Government), "remuneration and incentive mechanisms constitute an important competitive factor in attracting qualified personnel, aligning the interests of managers to the interests of shareholders and stakeholders, and driving efficiency and profit creation," without prejudice to the objective of "guaranteeing incentives adjusted to the risk assumed and aligning remuneration to effective long-term results." Pursuant to the Corporate Governance Code, remuneration "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". The Commission Recommendation of 14 December 2004 (2004/913/EC), subsequently integrated by the Commission Recommendation of 30 April 2009 (2009/385/CE) providing supplementary provisions regarding the regime for the remuneration of directors of listed companies, and concerning, inter alia, the variable component of such remuneration, states that the essential elements of remuneration (namely the form, structure and level of remuneration) should facilitate the recruitment and retention of directors having the skills required to run a company.

In light of the regulatory framework, the Shareholders' Meeting of 30 April 2010 approved the remuneration policies of Management Board Members proposed by the Supervisory Board, with no prejudice to the latter's powers to determine the amount of the remuneration of the Management Board Members. In this regard, these policies aim to:

- promote the competitiveness of the Bank and the Group in the national and international context in which they operate;
- attract qualified persons, who have the appropriate professional skills and qualities to successfully manage the Bank as well as managing and coordinating the Group which the Bank governs;
- align the interests of Management Board

Members to achieving the objective of creating value for shareholders in the medium-long term timeframe;

- promote the sustainability of remuneration policies over time, balanced with the full awareness of the risks taken and their monitoring, in line with the medium-long term objectives.

In keeping with the above, the Management Board's remuneration policies provide a fixed amount for each Director, in relation to the importance of their role and the time required for the proper performance of their assigned duties, and a variable amount available exclusively to executive members. For these purposes, the policies highlight the roles carried out by the Managing Director and Management Board members of the Commission and provide that the Supervisory Board, in determining remuneration, take into account the policies already adopted by the Bank with reference to the first term of the Management Board, according to which:

- all Management Board Members receive a fixed, annual remuneration, for each year of their term of office.
- Management Board Members holding special offices (Chairman, Deputy Chairman and Managing Director, member of the Commission) are also attributed additional remuneration, this too fixed and on an annual basis, for each of the years of their term of office. For Members holding more than one office, a single remuneration equivalent to the highest amount is awarded.

The Supervisory Board has therefore approved – limiting its resolution to fixed remuneration for the time being – the fixed remunerations for the Management Board Members, the Managing Director and members of the Management Board with special offices, powers or duties or who are appointed to the Commissions, confirming that for multiple offices only the highest compensation is paid.

For decision-making purposes, the Supervisory Board also made use of support from the Remuneration Committee.

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, removal and remuneration of the Supervisory Board Members;
- 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 removal of independent auditors;
- the approval of financial statements unless approved by the Supervisory Board;
- the approval of the remuneration policy for Management Board Members and of the plans based on financial instruments, in line with legal provisions and regulations in force;
- transactions reserved by law to resolution of the Extraordinary Shareholders' Meeting.

In order to encourage the broadest possible participation in Shareholders' Meetings and to 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 Mem-

bers 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.

In ordinary and extraordinary Shareholders' Meetings, 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 shares (equal to 7.30% of share capital).

As of 30 April 2010, Intesa Sanpaolo's shareholder base is composed as follows (holders of shares exceeding 2%):

Shareholder	Ordinary Shares	% of ordinary share capital
Compagnia di San Paolo	1,171,622,725	9.888%
Crédit Agricole S.A. ¹	611,781,084	5.163%
Assicurazioni Generali	601,163,955	5.073%
Fondazione CR Padova e Rovigo	583,404,899	4.924%
Fondazione Cariplo	554,578,319	4.680%
Ente CR Firenze	400,287,395	3.378%
BlackRock Inc. ²	377,189,444	3.183%
Fondazione Cassa di Risparmio in Bologna	323,955,012	2.734%
Carlo Tassara S.p.A.	296,764,457	2.504%

¹ See "Summary of commitments made by Crédit Agricole towards Intesa Sanpaolo" group.intesasanpaolo.com 
² For savings management

Special Award for Corporate Governance

On 30 November 2009, Intesa Sanpaolo received the Special Award for Corporate Governance as part of the Oscar di Bilancio 2009 ceremony, which took place at the headquarters of Borsa Italiana S.p.A.

The award, organised and promoted by FERPI (Italian Federation of Public Relations) under the patronage of the President of the Italian Republic, is open to companies that have reported on their corporate records and documents according to models that meet the needs of users, thus contributing to stimulate a healthy spirit of emulation to advance the quality of financial information.

During the event, prizes were awarded for the clarity and transparency of accounting documents to winners in eight categories (Bank foundations, Business Enterprises, Non-profit Organisations, Insurance Businesses, Large and big Banking/Finance enterprises, SME budg-

ets, Banking/Financial SME, Non-profit Organisations, Unlisted Businesses and Large Enterprises, Listed Companies and Large Enterprises) and the abovementioned Special Award for Corporate Governance to Intesa Sanpaolo. The award, presented to the Managing Director and CEO Corrado Passera, was assigned for the following:

"Communication is excellent, comprehensive, effective and usable under all aspects of governance.

The Company is an outstanding example of the implementation of the dual model.

Positive note is made of the organisation of the Supervisory Board in Committees and their activities.

The procedures are complete, well-articulated and updated both in structure and in dealing with individual topics."

Prevention and mitigation of risks

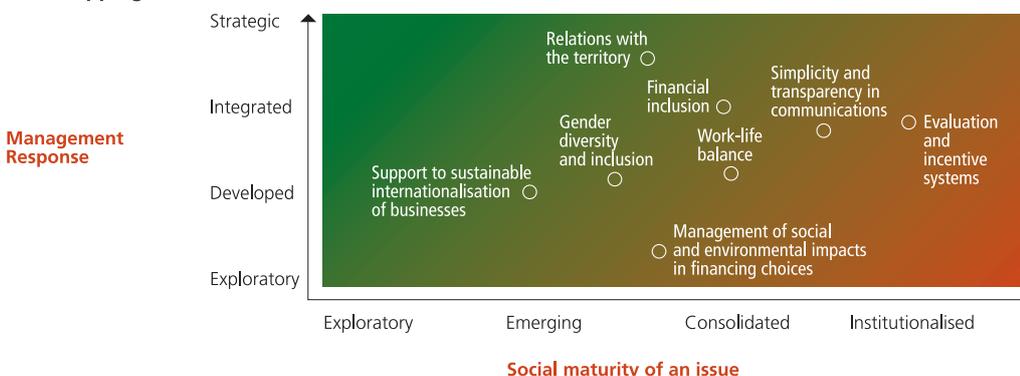
The Intesa Sanpaolo Group places great importance on the management and control of risks as a condition to ensure a reliable and sustainable creation of value in a context of controlled risk, to protect the Group's financial soundness and reputation and to enable a transparent representation of the risks associated with its portfolios. Policies relating to risk are defined by the Supervisory Board and Management Board which, respectively, are supported by the Control Committee and by the Lending and Risk Committee's advisory and investigational functions; at a managerial level, by the Group Risks Management Committee as well as by the Chief Risk Officer who reports directly to the Chief Executive Officer. The Group, in addition to risks relating to credit, market, operations and insurance businesses, identifies and oversees the risks associated with strategies, property and reputation. Reputation, in particular, within the legal framework under the responsibility of the Compliance Department, is assessed within the system overseeing the risk of non-compliance, under the conviction that respect for standards and fairness in business are essential elements in carrying out banking operations, which by nature are based on trust. Intesa Sanpaolo uses a wide range of techniques and tools for measuring and managing risks, which are fully detailed in Part E of the Notes to the Consolidated Financial Statements.

CSR and reputational risk

Through its Code of Ethics, policies, Social Report and adoption of international sustainability standards, Intesa Sanpaolo has voluntarily undertaken commitments towards its stakeholders. Since any failure to comply with these commitments exposes the Bank to having its reputation damaged, specific tools have been developed to monitor the quality of the relationship with stakeholders in terms of effectiveness of projects and activities carried out and accounted for in the Social Report and the efficiency of organisational processes that can ensure continuity in implementing the principles of the Code of Ethics. The two assessment dashboards have been created by applying the methods of two different companies specialised in these areas: AccountAbility, and in particular the AA1000 series of standards (developed by INSEA, Institute of Social and Ethical Accountability) which define the purpose, method and techniques of stakeholder involvement in corporate activities and Vigeo (the largest European agency for analysis of non-financial commitment that evaluates the effectiveness of the company in terms of social responsibility).

The dashboards findings provide a clear picture of risks and opportunities arising from commitments made by the Bank to its stakeholders. The risk matrix shown in Figure 1 helps assess the opportunities for developing initiatives for competitive positioning (in green) and the urgency of managing the risk (in red). The results of this project have led us to formulate an improvement objective plan based on objective criteria and to develop a plan for continuous monitoring of areas that have emerged as priorities.

Risk Mapping



Monitoring against corruption

The ways that risks of corruption are handled and the prevention measures taken are to be found in Intesa Sanpaolo's Organisational, management and control model pursuant to Legislative Decree 231/01.

In reference to the risk of administrative liability introduced by the decree, the Compliance Department is responsible for guaranteeing the long-term existence of operating rules, procedures and practices to prevent effectively 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. 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.

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.

In 2009, the Internal Audit's assessments, conducted on behalf of the Surveillance Body, covered various areas/processes of the Bank, including the following topics which are particularly 'sensitive' to Legislative Decree 231/01: control systems in the pawn activities, financing of related parties, management of government funds for research and development, management of the 'dormant accounts', the process of issuing certifications and communications for Meetings, Tax Refunds process on behalf of Financial Institutions category customers, management of corporate fiscal duties, management of criminal, administrative

and bankruptcy litigations, management of the Consolidated Financial Statements, treasury services for Public bodies, money laundering compliance.

The Bodies Administrative Responsibility Office of the Compliance Department also carried out intervention aimed at determining the ability to oversee and govern risks on the matter.

Great attention is paid to risk connected with corruption within all the Group companies and, for the Italian companies, the organisational and surveillance models under the terms of Legislative Decree 231/01 have been adopted. Likewise, high-level monitoring of corruption-related risk is also applied in the International Subsidiary Banks, especially where specific national laws 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.

Protection of free competition

In 2009, Intesa Sanpaolo adopted a policy of compliance with European Union competition law which was approved by Intesa Sanpaolo's Management Board and Supervisory Board at the end of 2009. The Policy aims to prevent breaches by the Intesa Sanpaolo Group of the rules for the protection of free competition and to allow the Group to reap the rewards of sound antitrust enforcement at all organisational levels.

The policy is but a part of a broader antitrust compliance programme which is being implemented at the Group level and which, in 2009, led to:

- the establishment of an Antitrust team – a special internal team charged with ensuring compliance of antitrust rules and to refer to in case of doubts or concerns regarding compliance with antitrust laws of any document and/or behaviour, i.e. should any doubts arise regarding an actual or potential violation;
- the organisation of a series of training initiatives for staff through specific courses, which will officially begin in 2010.

Our Social Responsibility

2009 was a year marked by activities that strengthened Intesa Sanpaolo's CSR management model. The development of CSR related issues in Intesa Sanpaolo's activities is briefly given in this section.

CSR milestones



2007

Code of Ethics

The Management Board and the Supervisory Board approved the document that is the result of involvement by all departments of the

new Group, sharing 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. All the Group's Companies adopt the Code of Ethics and the principles expressed therein.

Internal policy

The arms policy and environmental policy were issued. Their aim is to guarantee transparency and professionalism in relations with the various stakeholders, and security and quality in the management of key processes for the 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 appointed CSR Delegates. These colleagues from various Departments, Business Units, and Italian and international subsidiaries, liaise with the CSR Unit to disseminate social responsibility culture and tools within their areas.

Adoption of international standards

Intesa Sanpaolo 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 was 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 achieved 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 integration in management processes, verification was

performed during the year by both an external CSR external consultant and the Internal Audit Department. The analysis results formed the basis for further development of the management model.

Network of CSR Delegates

The network was extended and strengthened, also in adapting to the new organisational structure. Training for both CSR Delegates and training planners, who play a key role in disseminating corporate CSR culture, was ongoing.

Multi-stakeholder forum

The first meeting was 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.



Code of Ethics

The document was expanded to include more details that make the remuneration criteria of senior management and staff more transparent.

Management model

- Two dashboards were created to collect information for monitoring:
 - engagement activities and the improvement objective plan;
 - corporate organisational processes to ensure continuity in implementing the principles of the Code of Ethics.
- The first phase of assessment regarding the Croatian Privredna Banka Zagreb, the Russian Banca Intesa and the Egyptian Bank of Alexandria was concluded. The assessment was carried out by a specialised consulting firm with the aim of evaluating the integration of CSR in local activities.
- A new way of collecting data for the Social Report was activated. The flows of information were integrated in the Company's technology platform which is centrally managed by the Planning and Control Department, which reports directly to the Chief Financial Officer.

Network of CSR Delegates

A new communication tool was made available – the social network – which encourages communication between the Group and the CSR Unit and makes it possible to share designs, innovative ideas and the most relevant information. Currently, the CSR Delegates network is made up of 65 colleagues in Italy and abroad.

Policies developed in collaboration with the CSR Unit

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.

Policy on integrating the Equator Principles in project financing

Formalises the activities of the internal departments in the assessment, management and monitoring of social and environmental risks related to projects financed in accordance with the guidelines issued by the International Finance Corporation World Bank (IFC).

Arms Policy

In accordance with the values and principles of the Code of Ethics, this policy envisages a ban for both central 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). A specific policy regarding the management of activities of International Subsidiary Banks within the arms sector was approved and disseminated in the first six months of 2010.

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

Internal control system for the application of the Code of Ethics

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 Corporate Governance Code 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, as regards controlling risks of non-compliance with the Code of Ethics, along with a system of first-level controls that involves all managers and staff:

- *The Corporate Social Responsibility Unit ensures continuous and systematic implementation of the Code of Ethics and the effectiveness of strategies and actions undertaken in terms of social and environmental responsibility;*
- *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 of the spirit and letter of the rules.

- *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 last two Departments 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.

Audit interventions in 2009 to verify the implementation of environmental and social policies

Of note in terms of controls performed in 2009 by the Parent Company Audit Department are:

- the initiation of intervention to discover the adequacy of the solutions adopted by the Corporate Social Responsibility Unit to enact whatever improvements might be needed in the light of in previous audit checks;
- verification of the application method by the International Subsidiary Banks on the laws and Group Policy regarding the "Unarmed Banks" policy (to be completed in 2010).

Additionally, during periodic compliance audits on the purchase of goods and services, the Audit Department confirmed that the Bank and the Group companies involved, in encouraging environmentally responsible conduct, had included specific clauses in the purchasing agreements signed with suppliers calling on them to respect the principles defined in Intesa Sanpaolo's Environmental Policy.

Reports of non-compliance with the Code of Ethics

During 2009, 64 reports concerning possible breaches of the provisions of the Code of Ethics by the Bank were received, the majority of which – as regards relations with current customers – were linked to problems regarding physical access to Branch premises or the external ATM machines, or in the use of advanced IT devices or, lastly, in relations with staff.

Other complaints were received in relation to the policy adopted by the Group regarding financing for companies operating in the arms sector; via the communication channels, reports submitted by staff employed by Group companies were received regarding mobbing or other aspects of internal relations.

Stakeholder	2009	2008
Customers	45	40
Employees	17	4
Communities	2	–
Total	64	44

The CSR Unit handled individual non-compliance reports and is in constant contact with the Control Committee of the Supervisory Board on the application status of the Code.

Stakeholder engagement

For the Intesa Sanpaolo Group, the institutionalised forms of stakeholder engagement are occasions for listening and dialogue that are essential for understanding the level of satisfaction of its stakeholders in relation to the work carried out by the Bank.

For certain Departments, stakeholder engagement is at the heart of the work they carry out – for example, to name but a few, customer satisfaction, the office of Relations with Consumer Associations and the Investor Relations service. Furthermore, for three years, the CSR Unit has been promoting ways of engagement that are focused on social and environmental responsibility.

In particular in 2009, the CSR Unit has been working along two specific lines:

- the integration of sustainability issues in traditional and institutional involvement forms;
- planning new forms of listening and dialogue, along with the Departments involved, that are focused on sustainability issues.

The launch of this process was founded on the principles of the new AA1000APS standards issued in 2008 by AccountAbility (the London-based international institute for applied research on CSR issues – www.accountability21.net) which, in its three principles of inclusion, materiality and responsiveness, identifies the pillars on which a truly effective and strategic stakeholder engagement should be built. Notably:

- Inclusion meaning promoting stakeholder engagement in developing and attaining a responsible and strategic response to sustainability;
- Materiality meaning understanding the rel-

evance and importance that an issue holds for an organisation and its stakeholders;

- Responsiveness consisting in providing an adequate response to issues raised by stakeholders which are related with performance and which are arrived at through decisions, actions and results as well as through engaging stakeholders in dialogue.

The model for managing and monitoring stakeholder engagement activities

With the goal of obtaining an increasingly clearer picture of the risks and opportunities inherent in the commitments made by the Bank towards their stakeholders, a management model was designed to monitor the entire engagement process: stakeholder mapping, assessments of the quality of the engagement initiatives, the proposals and criticisms that have come to light, the improvement plan arising from the balance between corporate strategies and the opinions of different stakeholders.

The model was built on the AA1000APS principles and this led us to partially revise our stakeholders map, especially for some sub-categories, so as to make it more consistent with our every day relations and align it with the values and principles of relationships expressed in the Code of Ethics. We also reviewed strategic issues which arose from previous stakeholder engagement activities and the 2008 Multistakeholder Forum on which the Group has decided to concentrate its efforts over the coming three years.

All engagement activities and the requests that emerged during stakeholder engagement initiatives have been set up within a computer dashboard that allows us to:

- satisfy the principle of inclusion since we can monitor all initiatives and can plan listening and dialogue initiatives with all stakeholders on all issues that are of interest to them;
- check the materiality of topics covered as perceived by the stakeholders involved;
- evaluate the Bank's responsiveness in relation to the issues that stakeholders perceive as priorities, both in terms of perception and as regards projects and initiatives which have been implemented.

The result of these activities is the definition of the improvement objective plan, which is presented in Chapter four of the Social Report. The dashboard results have allowed us to formulate a more objective plan for our corporate strategy and meet our stakeholders' requests. To ensure that our Social Report increasingly meets the needs of information for our stakeholders, in this year's Report, we have decided to make each Chapter adhere to the principle of materiality that each theme holds as perceived by the stakeholder involved. For our employees and customers – on whom involvement was more focused over the past three years – we have included a chart (see page 58 and page 94), illustrating the level of materiality as perceived by our stakeholders on the issues raised. This representation guided us in the layout of the chapters, with the aim of giving greater coverage to those topics that were of greatest interest to the stakeholders involved in active listening and dialogue.

Stakeholder engagement initiatives in 2009

In 2009, the following stakeholders were engaged with these objectives:

- **Employees and trade unions** on the issue of attributing value to people and the quality of life in the Company, which emerged as critical issues in the 2008 focus groups (8 focus groups in regional departments, 2 in Head Office Departments and 1 with the trade unions);
- **Individual Customers** to evaluate their level of satisfaction in accessing loans to finance university studies. In implementing this initiative, the CSR Unit worked with the Customer Satisfaction Unit which conducted an analysis on a group of young graduates/students and par-



ents (the results of 1,500 web questionnaires distributed to young people aged between 18 and 35 and 500 parents were collected), and 200 telephone interviews to Intesa Sanpaolo Bridge product customers.

- **Multiethnic point and Corner Rosa customer managers** on the issue of financial inclusion which emerged as a strategic issue in the Multistakeholder Forum (11 interviews);
- **Large and middle-sized corporate customers** on how the Bank can support them in facing the challenges of sustainability in the sectors in which they operate such as emission reductions, internalisation processes implemented with sustainability criteria, respect for human rights, etc. (16 interviews with corporate managers);
- **Consumer associations** in order to assess the effectiveness of measures put in place by Intesa Sanpaolo to tackle the crisis – for example the renegotiation of mortgages, agreements with category associations in support of SMEs, etc. (8 interviews).

A summary of the initiatives undertaken in the last three years by Intesa Sanpaolo to achieve the improvement targets for 2007-2009 is hereby given.

“ To give voice to the more important issues that arose in the course of our three years' engagement with our stakeholders, the chapters of the Social Report are accompanied by some of the more salient findings that emerged, placing them in connection with initiatives undertaken by the Bank. ”
 CSR Unit

of indirect environmental impacts from our activities and therefore greater clarity on our funding policies, both as regards controversial sectors and those that have a strong impact on the environment. Even customers of the mid-sized and large corporate segments that we have met have stressed that the Bank should flank economic considerations (sales volumes, turnover, etc.) that contribute to the evaluation of the Company's "state of health" alongside those relating to strategic management plans, staff management and attention to environmental impacts.

Communities

One of the issues most frequently addressed by our community stakeholder is that regarding Banca Prossima, since high expectations have been placed on this Bank, and the innovative side of this "entrepreneurial and social project" was appreciated by many. Banca Prossima is considered to be a strategic choice full of enormous potential in the Third sector, and has also developed into an interesting market in Italy. Banca Prossima should have territorial branches that not only disburse loans, but also personalised advice and assistance in tune with the needs of the Third sector.

The chapters related to each category of our stakeholders describe the actions that have been taken by the relevant Departments to meet their requests.

Sustainability Indexes

During 2009, Intesa Sanpaolo continued to be

present in some major European indexes that select securities based not only on financial performance but also based on CSR:

FTSE4Good – FTSE is an independent company owned by the Financial Times and the London Stock Exchange. To be admitted to the FTSE indexes, companies must: commit to environmental sustainability; develop positive relationships with stakeholders; uphold and support universal human rights.

ASPI Eurozone monitors the performance of 120 companies in the Eurozone that are leaders in sustainability. The criteria for admission are: relations and impacts towards external communities and international civil society; level of corporate governance; sustainable management of customers and suppliers; health and safety in the workplace and for the environment; sustainable management of human resources and compliance with international labour standards.

Ethibel Investment Register is a leading European research organisation in the social and environmental ratings. The Investment Registry consists of over 370 companies that, on a world-wide level, were deemed the most advanced in terms of sustainability.

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



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



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

Intesa Sanpaolo is actively involved in the UNEP FI activities with a focus on Human Rights and Climate Change. In 2009, through Eurizon Capital, Intesa Sanpaolo was elected President of UNEP FI's (United Nations Environment Programme Finance Initiative) Asset Management Working Group¹ and to the Presidency of UNEP FI's Executive Committee's Investment Commission. Furthermore, through Eurizon Capital, the Bank took part in the work groups set up between UNEP FI and the World Business Council for Sustainable Development (WBCSD)² whose goal is to bring businesses and financial worlds closer together in a context of sustainable development³.

Intesa Sanpaolo adopts and promotes important international initiatives that pursue respect for the environment and human rights. The Bank is committed to making these principles a constant reference in its activities.

¹ Among the various publications produced is "A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment" with the participation of the international law firm Freshfield Bruckhaus Deringer. All the documentation is available on the website www.unepfi.org.

² 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.

³ In this area of collaboration in 2009, the research paper "Translating ESG into sustainable value" was published and is available free online.

Our partnerships in sustainability



ABI

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

Work group on microcredit.

ABI work group on Consumer Associations.

Consorzio Abienergia, 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

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



Global Reporting Initiative

Intesa Sanpaolo is accredited as an Organizational Stakeholder of the Global Reporting Initiative (GRI) and supports the GRI mission to develop sustainability guidelines recognised globally through a multi-stakeholder process.

www.globalreporting.org

The Intesa Sanpaolo Group participates in and supports associations and work groups involved in disseminating a culture of social responsibility and transparency.

Relationship with national and international community institutions

During 2009, Intesa Sanpaolo followed with particular attention the numerous and profound changes in the regulatory framework that are being developed on an international and European level in response to financial crisis. We were invited to take part in some of the work groups of the European Commission and the European Central Bank aimed at identifying solutions for redressing some critical aspects of market operations (for example on OTC derivatives, the creation of a centralised counterparty). The Bank also directly participated in numerous public consultations and contributed to those of European and international professional associations, pointing out to regulators the specific nature of the Italian regulatory framework which allowed the Italian banks to react better than other EU banks to the crisis, and proposed referring to them when drawing up new European rules. On a national level, Intesa Sanpaolo has followed the changes in the regulatory frameworks and has participated in the consultations between Banca d'Italia, Consob and the Ministry of the Economy providing on-going contributions to the ABI work groups.

Support for the Global Compact

Intesa Sanpaolo has been active in the Global Compact since 2007, when the new Group ratified the commitments previously made respectively by Banca Intesa and Sanpaolo IMI. By implementing the 10 universal principles in the areas of human rights, labour, environment and the fight against corruption, the Bank feels

it is an integral part of the initiative promoted by the United Nations and that it is an active player, responsible for the dissemination of the culture that is promoted by the principles on which the initiative is based. Intesa Sanpaolo supports the Italian Global Compact Network and actively shares the initiatives it promotes.

Reporting our progress within the Global Compact

Intesa Sanpaolo's COP (Communication on Progress, the yearly report on progress made) obtained "Notable" status already in 2008 (for 2007 activities). In early 2010, thanks to the quality and exhaustiveness of its informa-

tion, our COP received a formal and public appreciation from a coalition of investors, all of whom are signatories of the PRI (Principles for Responsible Investment) based on the accessibility of the information it contains.

Intesa Sanpaolo is also committed to achieving broader goals within the United Nations. Among the other partnerships and initiatives which the Group supports is Project Malawi, set up in 2005 along with Cariplo Foundation and in collaboration with four Italian and international NGOs and the local Government with the goal of improving living and health conditions for the population of Malawi. The main areas of intervention, focusing on Millennium Goals 1, 4, 5 and 6, are: combating the spread of AIDS and prevention of HIV transmission from mother to child, assistance to vulnerable children and AIDS orphans, support to local development through microfinance initiatives and launching activities to generate income, promoting prevention and combating malnutrition through education on proper nutrition and food storage.

Intesa Sanpaolo is a partner of the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC).

Some of the Group's International Subsidiary Banks (Intesa Sanpaolo Bank Albania, CIB Bank, Banca Intesa Beograd, Privredna Banka Zagreb and VUB Banka) support the partnership with the Global Compact by participating in events sponsored by various local networks and progressively integrating its principles into their business strategies. The *Communication on Progress* of the different Banks are available on their respective websites.



“ One of the aims of the Global Compact is to catalyze actions in support of broader United Nations objectives including the Millennium Development Goals. ”
www.unglobalcompact.org

	The 10 Global Compact principles	Intesa Sanpaolo's initiatives	Performance Indicators with direct reference to Global Compact
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> ● Code of Ethics (see Sustainability section on the Group's website www.group.intesasanpaolo.com) Z ● The arms sector pages 89-91 ● Project Malawi page 167 ● Partnership with the Global Business Coalition page 45 ● Project finance and adherence to the Equator Principles pages 150-151 ● Promote social and environmental sustainability pages 129-130 	Economic performance: EC5 Labour practices: LA4, LA6-9, LA13-14 Human Rights: HR1-9 Society: SO5 Product Responsibility: PR1, PR8
	2. Businesses should make sure they are not complicit in human rights abuses	<ul style="list-style-type: none"> ● Corruption risk monitoring (Organisation, Management and Control Model in compliance with Legislative Decree 231/01) page 35 ● Promote social and environmental sustainability pages 129-130 	Human Rights: HR1-9 Society: SO5
Labour protection	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> ● Industrial relations pages 108-110 	Labour practices: LA4-5 Human Rights: HR1-3, HR5 Society: SO5
	4. Businesses should uphold the elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> ● Code of Ethics (see Sustainability section on the Group's website www.group.intesasanpaolo.com) Z ● Industrial relations (Trade Union freedom) pages 108-110 	Human Rights: HR1-3, HR7 Society: SO5
	5. Businesses should uphold the effective abolition of child labour	<ul style="list-style-type: none"> ● Code of Ethics (see Sustainability section on the Group's website www.group.intesasanpaolo.com) Z ● Industrial relations (Trade Union freedom) pages 108-110 	Human Rights: HR1-3, HR6 Society: SO5
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> ● The value of differences pages 100-103 ● Gemma Project page 100 	Economic performance: EC7 Labour practices: LA2, LA13-14 Human Rights: HR1-4 Society: SO5
Environment	7. Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> ● The Environmental Management System page 136 ● Project finance and adherence to the Equator Principles pages 150-151 ● Development of renewable energy and the emission market page 152 	Economic performance: EC2 Environmental performance: EN18, EN26, EN30 Society: SO5
	8. Businesses should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> ● Promotion of environmental culture pages 153-155 ● Collaboration pages 134-135 ● Reduction of atmospheric emissions pages 140-144 	Environmental performance: EN1-8, EN12, EN14, EN16, EN18-20, EN22, EN24, EN26, EN28-30 Society: SO5 Product Responsibility: PR3
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> ● Products for energy efficiency and renewable energy pages 148-149 ● Support for agriculture pages 149-150 	Environmental performance: EN2, EN5-7, EN10, EN26, EN30 Society: SO5
Anti-corruption	10. Businesses should work against corruption in all its forms	<ul style="list-style-type: none"> ● Code of Ethics (see Sustainability section on the Group's website www.group.intesasanpaolo.com) Z ● Corruption risk monitoring page 35 ● The internal control system on the implementation of the Code of Ethics page 38 	Society: SO2-6

Economic Report

In a year of serious recession for the international economic system, Intesa Sanpaolo confirmed its position among the strongest banking groups in the world. The Value Added in 2009 was 14,9 billion euro.

Economic and Financial Performance in 2009

Main economic and financial indicators

Calculation and distribution of economic value

Statement of calculation and distribution of value added

Economic and Financial Performance in 2009¹

In a difficult market context due to the consequences of the severest financial and economic crisis since the 30's, Intesa Sanpaolo Group closed out its 2009 financial statements with results that may be considered satisfactory, achieving a solid financial and business structure while also maintaining a close relationship with the economies in which it operates. The decrease in revenues, which was limited to 2% on an annual basis, is a direct consequence of the economic slowdown, while the more considerable drop in operating costs (-4%, also on an annual basis) bears witness to the operating system's flexibility and aptitude to adapt to changes in the market scenario. The heavy losses on loans may also be attributed to the economic slowdown and the crisis that struck many businesses and reduced the economic resources available to individuals.

Despite this unfavourable scenario, the Group earned a net income of 2,805 million euro in 2009, up by approximately 10% compared to 2008. As to in-year developments, 2009 saw a gradual reduction in revenue from the interest margin, mainly due to the rate cuts, counterbalanced by a gradual recovery in fees and commissions, mainly driven by the increase in security intermediation and asset management fees and commissions from the financial market recovery which positively impacted trading activities, especially in the second and third quarter. The performance of financial intermediation, as during the year the gradual reduction in revenue from interest margin was offset by the gradual pickup in commissions and by the constant operating cost containment policy, was directly reflected in operating income performance, which came to more than 2 billion euro in the two mid-year quarters and 1.7 billion euro in the first and fourth quarters.

It should be considered that the results were achieved in the framework of a policy that focused on three factors considered of key importance in the current crisis: solidity, liquidity and risk profile.

With regard to solidity, the actions carried out during the year yielded marked improve-

ments in capital ratios through the Group's operational management: Core Tier 1 rose from 6.3% at 31 December 2008 to 7.1% at 31 December 2009. Moreover, the Group's asset structure continues to be low-leveraged, with a ratio of shareholders' equity to total assets net of intangible items close to 5%, the highest among the main European banks and up from the previous year.

With regard to liquidity, direct customer deposits (70% of which from the retail segment) equal to 399 billion euro (net of the liabilities of the insurance segment) were markedly higher than the corresponding loans to customers (374 billion euro), the interbank position is well balanced and eligible assets with Central Banks have almost doubled on year-end 2008.

The overall risk profile continues to be low, with regard both to lending and deposit collection activities, due to the strong foothold on the domestic retail market, and to financial market activity, due to the small incidence of capital market and investment banking activities on the Group's accounts (5.6% of consolidated operating income) and to low – and appreciably decreasing – VaR of the trading book. With regard to the consolidated balance sheet, as at 31 December 2009 Group loans to customers stood at 374 billion euro, down 5.2% from 31 December 2008 due to strained market conditions affected by the reverberations of the financial crisis on the real economy. Non-performing loans were also affected by the economic recession which worsened the loan portfolio quality. In detail, doubtful loans came to 5,365 million euro, up 1,397 million (+35.2%) on the previous year, reaching a 1.4% incidence on total loans, and a 67% coverage ratio which is higher than the average ratio found in the Italian banking industry. Customer financial assets amounted to 813 billion euro, up 1% from the previous year, thanks to the positive performance of indirect customer deposits (+2.4%, to 417 billion euro) driven by assets under management, whereas direct customer deposits remained essentially stable (-0.2%, to 422 billion euro).

¹ The figures and comments refer to the reclassified consolidated income statement published in the Intesa Sanpaolo 2009 Annual Report. Changes in annual percentages are calculated on 2008 figures, restated on a consistent basis to take into account changes in the scope of consolidation. The amounts are expressed in millions of euro.

For further details or clarification, reference should be made to the Intesa Sanpaolo 2009 Consolidated Financial Statements, which can also be consulted on the Bank's website: group.intesasanpaolo.com.



As to asset management, the evolution of the aggregate (+5.6% to 226 billion euro) benefited from an improvement in financial

market performance, especially noticeable in the second half of the year, which offset the negative net inflows.

Main economic and financial indicators¹

Indicators	2009	2008
Personnel efficiency indicators (millions of euro)		
Loans to customers / Number of employees	3.61	3.63
Operating income / Number of employees	0.17	0.16
Customer financial assets ² / Number of employees	7.84	7.40
Balance sheet indicators		
Shareholders' equity / Loans to customers	14.1%	12.4%
Shareholders' equity / Customer financial assets ²	6.5%	6.1%
Capital ratios³		
Tier 1 capital (Tier 1 capital / risk-weighted assets)	7.1%	6.3%
Total capital (regulatory capital / risk-weighted assets)	11.8%	10.2%
Profit indicators		
Parent Company net income / Average shareholders' equity	5.5%	5.1%
Operating costs / Operating income (Cost income ratio)	54.1%	55.2%
Risk indicators		
Net doubtful loans / Loans to customers	1.4%	1.0%
Net substandard and restructured loans / Loans to customers	3.4%	1.4%
Adjustments to doubtful loans / Gross doubtful loans to customers	67.4%	69.6%

1 The indicators were calculated with reference to reclassified statements and figures published in the Intesa Sanpaolo 2009 financial statements. The 2008 figures were restated where necessary to take into account changes in the scope of consolidation.

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 From 31 December 2008 the ratios were calculated using the methodology set out in the Basel II Accord.

Calculation and distribution of economic value

Note on methods

The statement of calculation and distribution of economic value generated by the Group, as detailed below, was prepared according to income statement items used in the 2009 consolidated financial statements, subjected to audit and approval of the Supervisory Board on 12 April 2010. These items were reclassified in accordance with the ABI (Italian Banking Association) instructions recently updated and complying with GRI-G3 guidance¹. The new statement resulting from such reclassification separates economic value into its three macro-components: economic value generated, distributed and withheld by the Group.

The economic value generated expresses the wealth that the Group has proved it is capable of producing during the year, which is then mostly distributed among the different stakeholders with which the Group has relations of varying nature in its day-to-day business. First and foremost among the stakeholders are the employees – through which the Group interacts with the other stakeholders – who receive a part of the economic value in the form of direct or indirect remuneration. Next are the suppliers, who receive a significant share of the economic value generated from operating cost covering, and the State, i.e. the combined central and local government authorities which directly or indirectly receive a considerable part of the wealth produced. Special attention is also paid to the needs of the community through charity initiatives and by means of commitments of a social and cultural nature. Lastly there are the shareholders, who expect an economic return on their financial resources invested in the Bank. The economic value withheld by the Group, i.e. the difference between the economic value generated and distributed, is allocated to profit-making investments that offer economic growth and capital stability and can guarantee the generation of new wealth to the benefit of all stakeholders.

Economic value generated and distributed

The economic value generated by the Intesa Sanpaolo² Group in 2009 was 14.9 billion euro. As previously indicated, this amount expresses the value of the wealth produced during the year, most of which is distributed among the various counterparties (stakeholders) with which the Group interacts in various ways on a day-to-day basis. Specifically:

- employees benefited from around 41% of the economic value generated, for a total of 6.1 billion euro. This item includes 111 million euro (before tax) relating to staff exit plans. In addition to staff pay, the total also includes payments to the network of financial advisors;
- suppliers received approximately 21% of the economic value generated, for a total of 3.2 billion euro in payment for goods and services. This item includes merger and restructuring-related costs amounting to 150 million euro (before tax);
- the State, organisations and institutions saw an inflow of resources amounting to 3 billion euro, around 20% of the economic value generated and for the most part referring to income taxes for the year. Group companies used 27 million euro to the benefit of the community, through the allocation of profits to charities and as donations and gifts;
- approximately 8% of the economic value generated was allocated to shareholders, largely in terms of the proposed dividend, for a total of over 1 billion euro;
- the remaining 1.4 billion euro was withheld by the corporate system. This refers to deferred tax assets and liabilities, amortisation and depreciation, provisions for risks and charges and retained earnings. Self-financing is considered an investment that other stakeholder categories make each year to maintain efficiency and allow development of the Bank as a whole.

¹ The comparative figures from the 2008 and 2007 reports have been restated consistently, resulting in some cases in a different aggregation of captions compared to the Social Reports for 2008 and 2007.

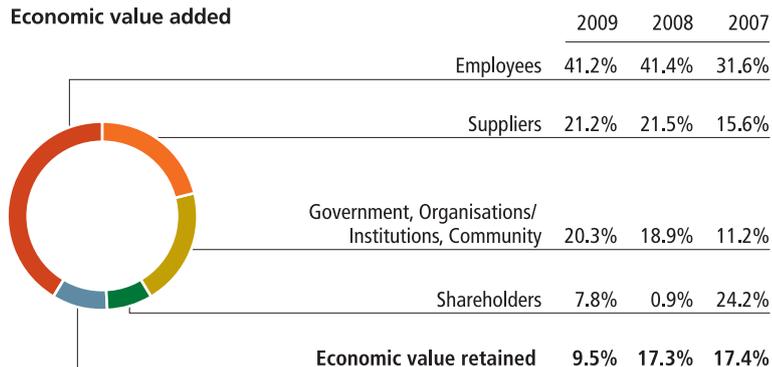
² As mentioned previously, the economic value generated is calculated in accordance with new ABI instructions issued in March 2010, consistent with international reference standards. The calculation is made by reclassifying consolidated income statement items recorded in the financial statements, as required under Bank of Italy Regulation no. 262.

Comparison with past years' figures, taken from the 2008 and 2007 consolidated financial statements, shows that the marked decrease in economic value generated, essentially due to the lower contribution in 2009 from extraordinary income regarding discontinued assets, had no significant impact on the overall total of value distributed to the various stakeholder

categories, except for the amount distributed to shareholders which in 2008, and to a lesser extent in 2009, were affected by the decision to further strengthen the capital base in a context in which the market sees bank capitalisation levels as particularly important, in line with instructions received from international bodies and the Supervisory Authority.

Millions of euro	2009	2008	2007
Economic value added	14,907	16,340	20,582
Economic value distributed	-13,495	-13,511	-17,003
Employees	-6,138	-6,763	-6,510
Suppliers	-3,172	-3,511	-3,217
Government, Organisations/ Institutions, Community	-3,019	-3,084	-2,303
Shareholders	-1,166	-153	-4,973
Economic value retained	1,412	2,829	3,579

Economic value added



Statement of calculation and distribution of value added

Financial Statement Captions (millions of euro)		2009	2008	2007
10.	Interest and similar income	19,607	28,041	24,527
20.	Interest and similar expense	-8,370	-15,587	-14,250
40.	Fee and commission income	6,141	6,738	7,327
50.	Fee and commission expense ¹	-836	-873	-914
70.	Dividend and similar income	479	704	781
80.	Profits (Losses) on trading	855	-1,329	-166
90.	Fair value adjustments in hedge accounting	-41	-143	27
100.	Profits (Losses) on disposal or repurchase of:	316	46	266
	a) loans	-16	-50	-156
	b) financial assets available for sale	320	80	420
	c) investments held to maturity	0	0	0
	d) financial liabilities	12	16	2
110.	Profits (Losses) on financial assets and liabilities designated at fair value	81	6	320
130.	Net losses / recoveries on impairment of:	-3,711	-3,270	-1,143
	a) loans	-3,448	-2,433	-1,045
	b) financial assets available for sale	-256	-963	-62
	c) investments held to maturity	0	0	0
	d) other financial activities	-7	126	-36
150.	Net insurance premiums	6,579	1,773	1,717
160.	Other net insurance income (expense)	-7,251	-1,575	-2,134
220.	Other operating expenses (income)	519	182	163
240. (partial)	Profits (Losses) on investments in associates and companies subject to joint control (realised gains/losses) ²	365	388	33
270.	Profits (Losses) on disposal of investments	5	203	41
310.	Income (Loss) after tax from discontinued operations	169	1,036	3,987
A	TOTAL ECONOMIC VALUE ADDED	14,907	16,340	20,582
180.b (partial)	Other administrative expenses (net of indirect taxes and donations) ³	-3,172	-3,511	-3,217
	ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	-3,172	-3,511	-3,217
180.a	Personnel expenses ⁴	-6,138	-6,763	-6,510
	ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES	-6,138	-6,763	-6,510
330.	Minority interests	-133	-129	-106
340. (partial)	Parent Company's net income (loss) – Minority interests	-1,033	-24	-4,867
	ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	-1,166	-153	-4,973
180.b (partial)	Other administrative expenses: indirect taxes and duties	-648	-148	-118
290. (partial)	Taxes on income from continuing operations ⁵	-2,344	-2,921	-2,153
	ECONOMIC VALUE DISTRIBUTED TO GOVERNMENT, ORGANISATIONS AND INSTITUTIONS	-2,992	-3,069	-2,271
180.b (partial)	Other administrative expenses: donations	-7	-7	-5
340. (partial)	Parent Company's net income (loss) – Allocation to the allowances for charitable contributions ⁶	-20	-8	-27
	ECONOMIC VALUE DISTRIBUTED TO COMMUNITY AND ENVIRONMENT	-27	-15	-32
B	TOTAL ECONOMIC VALUE DISTRIBUTED	-13,495	-13,511	-17,003
C	TOTAL ECONOMIC VALUE RETAINED⁷	1,412	2,829	3,579

1 The figures differ from those recorded in the annual report as remuneration to the Fideuram network of financial advisors was reclassified to "Personnel expenses".

2 The figures differ from those of the income statement in the annual report due to the exclusion of realised gains/losses, now recognised in a separate caption.

3 The figures differ from those of the income statement in the annual report due to the exclusion of indirect taxes and donations and gifts, now recognised in a separate caption.

4 The figures differ from those of the income statement in the annual report as they include also remuneration paid to the financial advisors networks.

5 The figures differ from those of the income statement in the annual report due to the exclusion of deferred tax assets and liabilities, now recognised in a separate caption.

6 The figures include amounts allocated to the charity funds operated by Group banks.

7 Net adjustments to/recoveries and provisions, deferred tax assets and liabilities and consolidated income net of dividends of the Parent Company.

Social Report

Materiality, completeness and responsiveness: these are the stakeholder inclusion principles which inspire our Social Report as a real tool for dialogue

Stakeholder map

Customers

Employees

Shareholders

Suppliers

Environment and climate change

Community

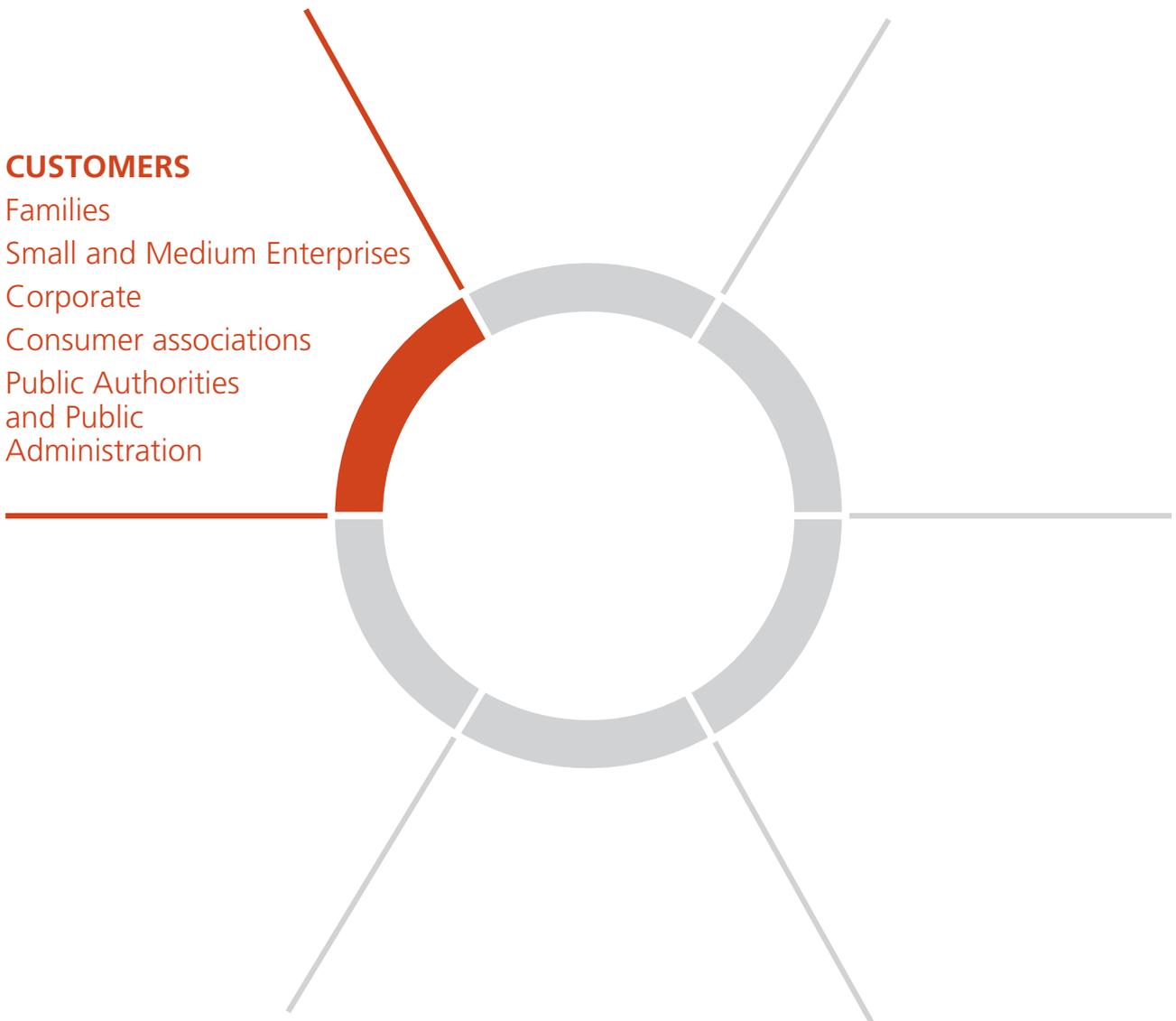
Stakeholder map



Customers

CUSTOMERS

Families
Small and Medium Enterprises
Corporate
Consumer associations
Public Authorities
and Public
Administration



Strategies

During 2009, in a macroeconomic environment in which businesses and households continued to be affected by the economic crisis, Intesa Sanpaolo's commitment to support Italian families and the country's economy has remained steadfast, paying continuous attention to local communities and the SME's which drive our economy. The process of streamlining and simplifying our range of products continued with additional focus given to the quality of services, listening tools and the offer of expert advice in touch with the real needs of customers. The organisational and service model consolidated over the past years has allowed 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, lending and the correct allocation of resources to both private and corporate customers.

The model is based on enhancing local presence and specific local qualities of the environment, especially in trade relations with customers, but without losing sight of the national scenario and service excellence that the various Group entities can provide. In relation to businesses, we have concentrated on sectoral specialisation and understanding the competitive strategies of individual sectors to support the development of the economy, focusing on delivering services and products that promote the growth, innovation and internationalisation of businesses and that, more broadly, improve the dialogue between companies and the Bank.

Commitments for 2007-2009 and our achievements

WE SAID:

Promotion of the Bank's role in innovation and service excellence by focusing on the quality of customer relations in the long term.

Reinforcement of effective listening and dialogue enabling long term relationships with customers based on mutual trust to be maintained.

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

We have invested in developing internal processes to ensure quality in the delivery of our services, adopted a model of customer relations based on consultation to respond effectively to their needs and enhanced innovation as a key to development both for our collaborators and our customers.

We have involved nearly 350,000 clients in customer satisfaction surveys and developed a structured process of engagement with all customer segments. We have created a new way of listening directly at our branches to solve problems and improve the quality of our service, and we have launched financial education projects in Italy and abroad.

WE SAID:

Diversification of the commercial offer, focusing on quality products/ services with a special focus on cost control.

Promotion of the overall interests of the nation in collaboration with the main players of the areas in which the Group is present

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

We have developed a complete range of products and services for the more vulnerable social groups: families facing hard times, young people, the elderly, unemployed workers and migrants, both in terms of funding and savings.

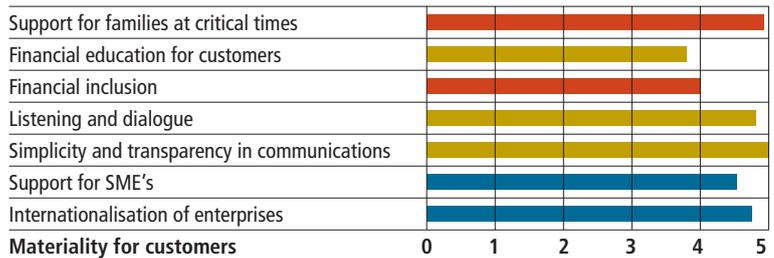
At the end of 2009, the credit provided by the Group to Italy amounted to almost 500 billion euro in terms of credit lines granted, equivalent to about a third of GDP, of which 65% to SMEs. We partnered with medium and large companies to help develop their projects and assist in the restructuring operations imposed by the crisis, not only by means of credit but also through venture capital.

In the three-year period, medium-long term financing disbursed for setting up infrastructures and to support public administration projects amounted to some 17.5 billion euro.

Material issues for customers and consumer associations

The following chart illustrates the issues covered over the last three years during our listening and engagement activities with customers and consumer associations.

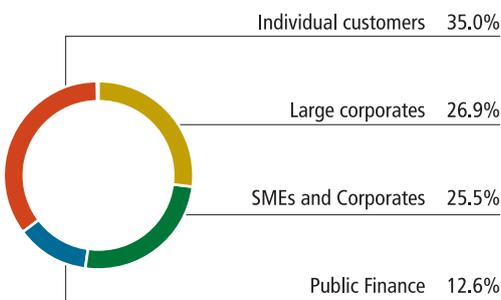
Material issues for customers



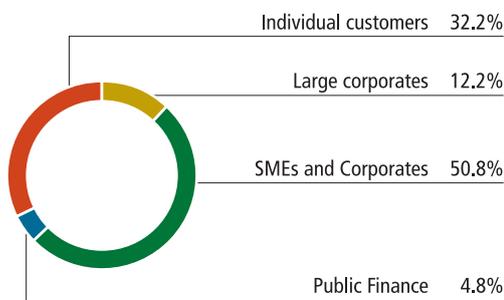
Materiality for customers

0 not material issue, 5 very material issue.
 ■ Quality of the commercial offer ■ Quality of relationships ■ Support to production

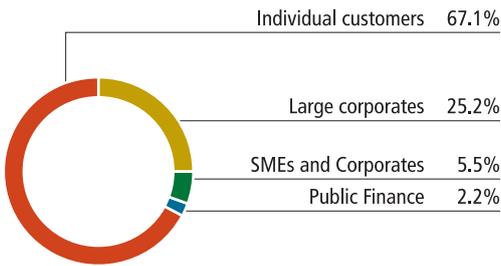
Loans by customer type: Italy 2009



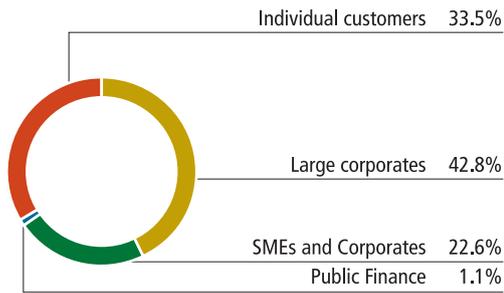
Loans by customer type: Abroad 2009



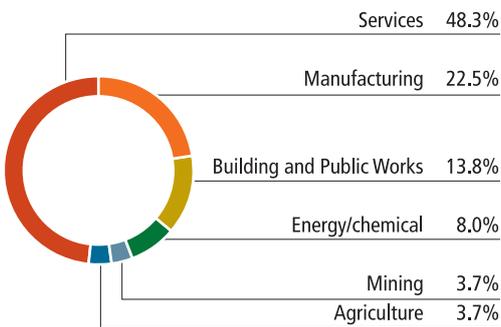
Deposits by customer type: Italy 2009



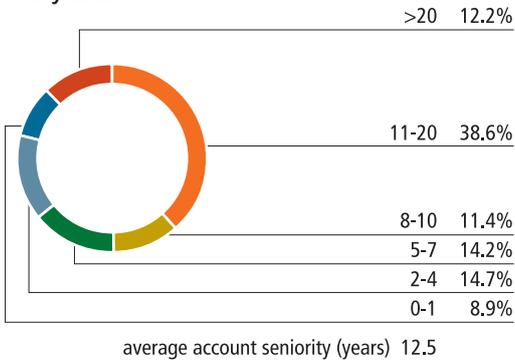
Deposits by customer type: Abroad 2009



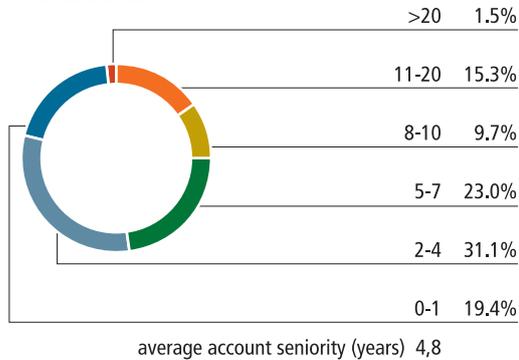
Loans 2009 by industrial sector: Group



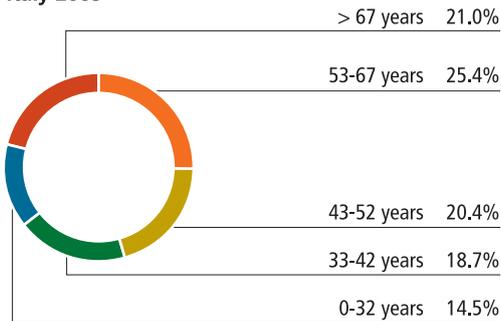
Retail customers by account seniority (years): Italy 2009



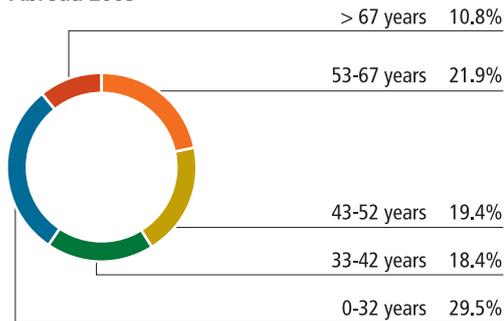
Retail customers by account seniority (years): Abroad 2009



No. of customers by age groups (years): Italy 2009



No. of customers by age groups (years): Abroad 2009



Supporting families in times of crisis

Mortgages and consumer lending: new solutions to help families

In this unfavourable macroeconomic environment context, the Bank is committed to providing innovative financial solutions and make the repayment conditions for holders of mortgages and personal loans less difficult. In addition to innovating and simplify our products, particular attention has been placed on supporting families, both with the aim of financial inclusion and supporting the sustainability of debt for customers who might be most vulnerable to income reduction or the loss of employment. Attention to sustainable debt is also supported by the in-branch consultancy model which aims to provide financial solutions that better meet our customers' needs.

During the year, our mortgage portfolio saw the introduction of MRO¹ indexed floating-rate mortgages, offering customers an alternative to the traditional Euribor option, mortgages enabling their existing financial commitments to be streamlined, obtain new liquidity and make repayment instalments more sustainable, as well as variable mortgages which offer protection against excessive rate increases with a maximum interest rate (cap) set by contract. Moreover, in addition to the possibility of activating the flexibility options on the main types of mortgages available contractually (instalment suspension), customers holding floating-rate mortgages could switch to a fixed rate or extend the original financing terms (as of 31 December 2009 some 25,000 mortgages have been renegotiated). During the year, the capped rate (Italian Legislative Decree 185/2008) was applied to some 200,000 mortgages, with contributions by the State on the 2009 instalments of non floating-rate mortgage loans on the primary residence.

Among the various local initiatives undertaken, worthy of merit is the collaboration with the Municipality of Turin in support of 100 young couples, including temporary workers, who were granted a subsidised mortgage of up to 100% of the price of the house with a guaranteed buyback by the municipality in the event of insolvency by the mortgage holder. Given the favourable reception of the initiative, it is going to be activated in other Italian towns.

Abroad, CIB Bank launched "Solution Loan" to support families having problems in pay-

ing their mortgage instalments, which allows mortgage holders to pay their instalments at a reduced amount for a certain period and spread the outstanding debt over a longer period of time.

The Solution Loan product won first prize as "Retail Loan Product of the Year" at the MasterCard "Bank of the Year" awards.

CIB Bank also launched other initiatives for customers in difficulty. Over 10,000 customers were contacted by the Bank to review and facilitate their payment terms – not only for mortgages but for other forms of loans as well, including credit cards. A new credit protection service, which was subscribed to by more than 13,000 customers, was launched under which, in the event of unforeseen accidents, insurance will cover the repayment of the loan (even in full).

VUB Banka also offered its customers subsidised forms of mortgage payments, with the option of starting with lower repayments which then increase over time. In particular, young people who have less spending power were favoured. Customers can also skip the payment of an instalment should they be in difficulty. For the unemployed VUB Banka offers the option of not paying up to a maximum of six months, at no extra charge for the service.

Among the new opportunities regarding personal loans, *Anticipazione Sociale* makes credit available in monthly instalments proportionate to the amount of compensation due to workers who have been laid off and who are in financial difficulties due to the delay of payment by the INPS (Italy's social security agency). This project, initially experimented in the Lombardy Region, in 2009 became available throughout the Intesa Sanpaolo network. 2,400 households received approximately 10.5 million euro in financial support.

In collaboration with the Italian Banking Association (ABI) and with the support of the Italian Episcopal Conference (CEI), personal financing called *Prestito della Speranza* was made available to support families in specific socio-eco-



“ Intesa Sanpaolo has always shown strong “social attention” and the offer to renegotiate mortgages, which was available before many other banks, fits into this context. Furthermore, the option of transferring mortgages sought to give a new boost to competitiveness: Intesa Sanpaolo’s decision was a far-sighted move. ”

Consumer associations

COMMUNITY

¹ MRO – Main Refinancing Operations. A rate established by the European Central Bank on refinancing operations.

conomic situations who have lost every source of income due to the current crisis and who have a plan for returning to work or engaging in an entrepreneurial activity. The loan is a model of income support for families through which the Bank is implementing new solutions:

- it entrusts the analysis of the need and financial sustainability of the family budget to VOBIS – a voluntary association made up of former bank employees;
- it entrusts the provision of the loan to a select number of specialised counters to serve customers better and build specific expertise in the area of micro-financing.

Also active are numerous **agreements with anti-usury foundations** (Italian Law 108/96) for the granting of loans to customers who are victims of **usury** – an activity that is continually being expanded through the establishment of new agreements (Microcredito Pistoiese, Fondazione Toscana Prevenzione Usura and Fondazione Beato Fondini, etc.).

Still with a view to sustainable debt, Intesa Sanpaolo continues to promote the **Servizio Monorata** as a tool for managing the growing, and often unknown, debt exposure into one single loan, encouraging greater awareness on the part of the customers and easing the impact of the monthly instalments.

Additionally, the financing option best suited to the customer can be determined through the **Check-up finanziario per il bilancio familiare** (Financial check-up for household budget), which consists of a short interview to understand the customer's needs and profile. The selected profile and solution are illustrated in a simple and transparent document that is delivered to the customer and can be used for planning the household budget in an informed and sustainable manner.

Furthermore, the work of the **PAN** consortium (Crèche Project) is on-going, established by the Bank in collaboration with the three largest networks of social entrepreneurship with the aim of developing and promoting high quality services for children. The new **Prestito Asili Nido PAN** (PAN Crèche loan) allows our customers to spread over time the annual instalments due to nursery schools.

In the area of cooperation with Local Authorities, emphasis was placed on measures to support housing, fine-tuning

agreements on a regional level for granting subsidised loans (Veneto, Campania, Sardinia, Lazio). As well as facilitating access to credit by low and middle income customers, such agreements also improve the sustainability of instalments to holders of existing mortgages by renegotiating previous funding.

As for consumer lending, agreements were signed at the local level for granting concessional loans for people who have suffered a significant reduction in income due to being laid-off and to temporary workers.

Intesa Sanpaolo also launched initiatives in support of the Abruzzo earthquake victims, including a suspension of up to 12 months on payment of medium-long term loan instalments; "Prestito Abruzzo" for purchasing a wooden house, the replacement of damaged cars and/or small renovation works; adhering to the ABI Agreement signed with Cassa Depositi e Prestiti – CDP for providing funding for the reconstruction/restoration of buildings located in the areas affected by the earthquake. The Bank anticipates the payment of instalments to CDP and recovers the amounts through tax credit compensation.

Helping young people in building their future and facilitating their right to study

For young people, including temporary workers, a wide range of products and services have been created in support of their distinctive financial needs. For young people between 18 and 35 who face difficulties in accessing credit due to the obvious problems they have in being integrated into the work force, solutions for financing up to 100% of their investment for a duration up to 40 years are available. In 2009, nearly 6,300 mortgages were granted for a total of almost 650 million euro and about 1,200 personal loans for a total of some 14 million euro.

COMMUNITY



Bridge is a bridge loan which brings together the university and the working environment. Launched in 2003 with the Polytechnics of Milan, Turin and Bari, the project was subsequently extended to more than 40 Italian universities and university secondary schools and has also been adopted by the Group's banks in Croatia and Slovenia. Bridge is a fixed-rate loan, granted on scholastic merit, which does not require a guarantee from the student or the student's 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 their degree, students repay the sum effectively used in equal monthly instalments over a period of eight years. The Bank assumes the risk, which is partly shared by the participating universities, each with a different quota according to the occupational potential of its graduates. The regions of Piedmont and Veneto have chosen Bridge to sustain the "loan of honour" for their students, with a guarantee of Ministry funds. Some 4,000 students have chosen Bridge for a total distribution of approximately 37 million euro.

Bridge is made available by the Croatian Privredna Banka Zagreb to Electronic Engineering students at the University of Zagreb and, through an agreement with Milan Polytechnic, some of these students attend specialisation courses in Milan to obtain a second degree.

Intesa Sanpaolo has also joined the ***Diamogli Credito loan program*** set up by the Youth Department of the Prime Minister's Office in order to allow students easy access to loans without requiring collateral. Those benefiting from the loan were around 200 for a total disbursement of approximately 500,000 euro.

An additional subsidy aimed at supporting the right to study for disadvantaged groups is 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 students who have SuperFlash accounts. 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 loan is available to students of the University of Teramo and, from the second instalment due for the 2009/2010 academic year, also to students from the University of Milan. To support families and the birth rate, Intesa

Sanpaolo has adhered to the agreement with the Department for Family Policies for the provision of funding (maximum 5,000 euro) to families with newborns or adopted children in 2009, 2010 and 2011.

Support for female entrepreneurship

The initiative begun in 2008 with the establishment of 19 advisory points in Piedmont – the *Corner Rosa* – specialised in assisting female entrepreneurs, continues. 188 loans were disbursed on the basis of a special Regional Law for a total of approximately 5.6 million euro.

New financial services accessing systems

SuperFlash, launched in May 2009, is the first personal rechargeable prepaid card that combines the functions of payment cards (withdrawals at authorised ATMs, mobile phone top-ups and MasterCard purchases from participating shops) to typical current account services (bank transfers, salary credited to account), as well as allowing users to safely make purchases and payments over the Internet.

SuperFlash is designed especially for young people, students, workers or anyone wanting easy access to the Bank, even when away from home and even if they do not have a current account. These customers can make use of the site www.vogliosuperflash.com , which is a dedicated channel for interacting with the Bank and easily finding all the information and promotions that are associated with the card. Since its launch in December 2009, about 55% of SuperFlash cards have been purchased by young people under 35 years (more than 66,000 cards) and about 18% by immigrant customers (22,000 cards).

***Progetto Risparmio* (The Savings Project)**

The singular economic situation of 2009 brought about the need to re-evaluate the entire products offer to define a new savings paradigm. The way customers' financial assets were managed according to their needs, behaviours and life cycles started to undergo a gradual but radical change. The project, which was born to strengthen the current consulting and service model, took as its point of departure the need to gain an in-depth understanding of the customers' investment requirements and purchasing behaviours. The project is based on adopting a new consulting model structured according to needs as the enabling factor for re-qualifying the financial assets of customers

and with an integrated management of both stocks and financial flows. The aim is to take into account the investment needs that have been identified and direct the new financial flows towards long-term accumulation, disseminating a culture of saving and providing comprehensive advice that takes into account the need to protect assets as well as the family unit and social security.

This entailed considerable investment in training for managers to improve their skills and approach on how to provide investment advisory services within a defined business process for a more effective post-sale management.

From the outset the initiative involved many departments both inside and outside the

Bank with the common goal of providing major infrastructural innovations, developing tools to support consulting and business activities enabling those in contact with customers to maximise the effectiveness and efficiency of their relationship and improve the level of

service perceived by customers. The end of the first phase was marked by the availability of the "Recommended Business Portfolios" report for managers as an aid to their drawing up suitable business proposals and which required an intense training effort for managers about business methods, business plans and tools to support investment advice. The second phase has just got underway and will see the completion of some major infrastructural projects including an enhancement of the entire system of profiling and assessing the adequacy of investment operations, of strengthening training activities on the Internet, making available innovative tools for providing advice, including flanking portfolios risk analysis alongside the expected returns.

The development of products offered has also been consistent with this logic of needs.

For young people in particular, Intesa Sanpaolo focused on innovative products that are distinguished by their simplicity and affordability and that concretely meet their needs. Furthermore, by making use of specific instruments, attempts have been made to re-focus attention on "how to save", trying to steer the flow of general and short-term savings through gradual market investments.

Meta Giovani is a new service that allows customers to identify a medium to long-term objective and set up a multi-year funds investment plan with a dynamic financial mechanism (Life

cycle style management), which enables market growth participation, reducing the investment risk as its maturity approaches. Once the duration of the plan has been defined – 5 to 30 years, the Life cycle style service automatically suggests the best allocation of the investment over time: riskier and potentially more profitable funds in the first years to funds with risk profiles that gradually decrease as the target date chosen by the customer approaches.



“Managers should devote more time to proposing the investment products that are most appropriate to our needs. The principles contained in the Code of Ethics could also guide the consulting activities of employees.”

Household customer

The Eurizon Meta management engine, already used for Eurizon Meta Giovani, recently won the "Golden Circle for Financial Innovation 2009" Award that promotes innovation in banking sector and rewards the ability to anticipate and drive market change.

Insieme per domani is a new targeted savings service for customers who would like to set up a savings plan for a loved one. The service is targeted at young people with earning power, who have their own family and who would like to save – for example for a newborn child –, and at adults/seniors wishing to help a loved one (a minor at the time of underwriting) to initiate a plan or encourage the culture of savings. The amount saved will be available to the beneficiary on a date chosen by the person who subscribed to the plan.

With regards to the insurance sector, workers compensation policies have been developed that guarantee a minimum return, to which should be added the possibility of liquidating one's assets in the event of unforeseen events, recouping at least one's own capital, after only 18 months.

Specifically as regards pension benefits, pension funds include certain forms of social and welfare services (income and medical support) and keep pension savings and managed savings clearly separated. When specific work-related events occur, the customer may request to cash in his/her individual insurance position (partially or in full) before acquiring the pension entitlement under the public system to which he/she belongs. Specifically, the participant is entitled to: 50% redemption of the individual position in the event of being unemployed for a minimum of 12 months or in the event of mobility or unemployment benefits (ordinary and extraordinary); total redemption in the

event of more than 48 months of unemployment; receive pension benefits with a 5 year advance in cases where the state of prolonged unemployment takes place during the five years preceding the right to a state pension. The customer also has the right to full redemption in the event of permanent disability, and a 75% advance for medical expenses should critical situations relating to themselves, their spouse or children arise.

The global crisis has taken its toll on the sustainability of companies, including banks, creating deep uncertainty among customers about the safety of their deposits and the solvency of banks. To help customers regain their peace of mind, Intesa Sanpaolo has offered the Group's International Subsidiary Banks a new product called "guaranteed deposit". The initiative was especially welcomed by the Eastern European banks where the memory of the failure of local banks is still very much alive among customers. Consisting of time deposits with a 12 month maturity period issued by every local bank, its distinguishing feature is that the payment of the principal amount and the interest is secured by means of a guarantee issued by the Parent Company. The guarantee agreement is delivered to the customer, as a sign of the product's security.

Customer financial education

Intesa Sanpaolo's commitment to the financial education of our customers has always been a top priority, to help improve their understanding of products and services and make them more aware of their financial decisions.

In 2009 several initiatives were implemented to improve customers' financial and economic literacy by placing at their disposal (for non-commercial purposes) our advice service and helping them gain a fuller understanding of how to manage savings and family budgets. Such events took place either in branch offices after office hours or as intervention undertaken by specialised Bank personnel during events organised by consumer or trade associations and universities, or as meetings with students in schools of various kinds and levels.

Another ongoing activity is the publication of *Scenario*, a report offering a closer look at markets and the macroeconomic situation, which is available to all customers every six months at our branches or on the Bank's website. Also

available is the weekly newsletter sent directly via e-mail to anyone who requests it and which provides an overview of the financial markets and news relevant to investors.

The evolution of PattiChiari also led to a renewed commitment in promoting financial education in our country through educational programmes targeted at primary, secondary and high school students. Our Group is actively working on this project through the Cassa di Risparmio del Veneto which participated in "PattiChiari con l'Economia" 2009 by

giving high school students from Verona and Vicenza the opportunity of taking part in the "Develop your business idea" contest.

For the 2009-2010 school year our commitment continues to both the Cassa di Risparmio del Veneto as well as the Cassa di Risparmio di Venezia and Cassa di Risparmio in Bologna. The Cassa di Risparmio del Veneto is also a tutor of the primary school student project "Our Community" while Intesa Sanpaolo and Banca CR Firenze, with its experts, took part in the "Financial Education week" for tier one secondary schools in Rome and Florence respectively.

Several initiatives were undertaken to provide financial information and education by the Group's International Subsidiary Banks.

Privredna Banka Zagreb in collaboration with the Croatian Banking Association organised a series of educational workshops entitled "How to balance revenue and expenditure". The project's success led to the compilation of e-learning material, which is available free of charge to the public (on CD or downloadable from the internet).

Banca Intesa Beograd launched the Project "Managing personal finances" in collaboration with the Serb headquarters of the UN Global Compact

network. The project was developed by the banking and finance CSR work group made up of eight banks and domestic institutions. The meetings were run by bank experts and addressed to the general public. No single bank or banking product was promoted and emphasis focused on improving the ability of



“The level of financial education in Italy is much lower than in other European countries, because the stakeholders involved are many and there is neither a common vision on the best approach to take, nor a centralised coordination in the design of these interventions. The Bank should play a leading role in developing and disseminating such initiatives.”

Consumer association



“Financial education initiatives should be implemented starting at primary and secondary school level, as well as at branches and meeting venues available in the area.”

Consumer association

citizens to manage their money, learning how to save and when to apply for a loan. After the pilot meeting held in late 2009, a further 20 meetings have been planned for 2010.

CIB Bank offered customers who are having difficulties in paying their mortgage instalments a variety of alternatives and published "Solutions for instalment payment difficulties" which illustrates the best financial choices for solving financial problems. VUB Banka has been actively involved in offering financial education to customers for several years. Leaflets, available at branches and on their websites, have been printed explaining how to manage money and how to choose the right product to suit different personal and family needs, comparing the features of the different products and suggesting how to make best use of them. We began by making information for our customers clearer and more transparent and then by changing the products to simplify them.

A financial education initiative was also launched on our website with the creation of an economic-financial glossary and advice on how to make use of the products devoted to customers and non-customers. Over 10,000 visits per month testify to the interest and importance of this initiative.

In 2009, VUB Banka organised a workshop to help female entrepreneurs by explaining the legislation applicable to launching businesses and drawing up a business and a marketing plan.

The Russian Banca Intesa launched a series of seminars aimed at SMEs to improve financial knowledge, particularly on taxation and busi-

ness management. In December 2009, the bank became a partner in the project OPORA-CREDIT (www.opora-credit.ru) , a portal dedicated to finance for small businesses with information on how to obtain state funding, improve relations with banks and be better versed, overall, on credit in general.

The role of consultation and education in collective adhesions

After Intesa Previdenza and a company sign a collective agreement, a series of meetings with employees get underway. On these occasions Intesa Previdenza plays an important consulting and educational role: the employees of the company receive detailed explanations about the Italian public pension schemes, rules of operation and the services that the Italian state pensions scheme offer and will be able to offer in the future. By so doing, the employees become potential subscribers aware of the benefits, constraints and the services expected from supplemental retirement benefits and attempts are made to try and raise awareness about the importance of making the right investment choice from among those suggested by the pension funds, stressing the crucial importance of the decision and periodically reviewing it to avoid facing problems in times of crisis (e.g. being close to retirement in a position of high risk). Educational meetings of this kind have been held both in business environments such as with Microsoft, ING Direct and Mediaworld, as well as with Associations such as A.C.L.I., C.D.O. and the Association for Cancer Research.

Financial inclusion

Immigrant customers

Intesa Sanpaolo has some 533,000 foreign customers in Italy, of which 57% aged between 36-65, with the most numerous ethnic groups being Rumanian, Albanian and Moroccan. Migration seniority impacts both on the degree of use of the banking system and on banking needs: at first, the primary need is sending remittances to the country of origin; then to have salaries credited on their accounts and have an ATM card; lastly, financing products (mortgages and loans) and savings products. The products we currently offer to foreign customers are the same as those for our Italian customers, except for the 'GetMoney to Family' and the 'Multi-ethnic Point' services. GetMoney to Family allows funds to be sent quickly and inexpensively to 18¹ participating countries due to agreements with banks operating in the main countries of origin of foreign nationals residing in Italy.

The service combines ease of use with reliability, transparency and certainty for customers about times and costs, which are set for all these payments (from transfer orders to banking the money); the possibility for the recipient to choose between having the amount credited on account or cash it; advantageous prices compared to the competition (including non-banking entities). Launched in 2004, the service was marked by steady growth (+10% in 2009 on the previous year), in contrast to the remittances global market trend. To facilitate access by foreign customers and foster good relations, some branches, chosen on the basis of the concentration of certain ethnic groups in the area, also have tailor-made Multiethnic Points, staffed by qualified personnel fluent in various foreign languages.

During 2009 the Bank, together with ABI and Cespi, worked on a project sponsored

by the World Bank to monitor global costs of migrant remittances, with its own specially created website – www.mandaisoldiacasa.it  – to provide comparative information on the methods that are available and the cost of sending remittances.

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, facilitates access to financing, helps to avoid re-

course to informal sources of financing and the related criminality. PR.IM.I. is 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. Immigrant business people who participate in the project also provide funding in the form of 2% of the amount of the loans they receive. 8 loans have been granted to businessmen for a total amount of 127,000 euro.

Buoni vacanza (holiday vouchers)

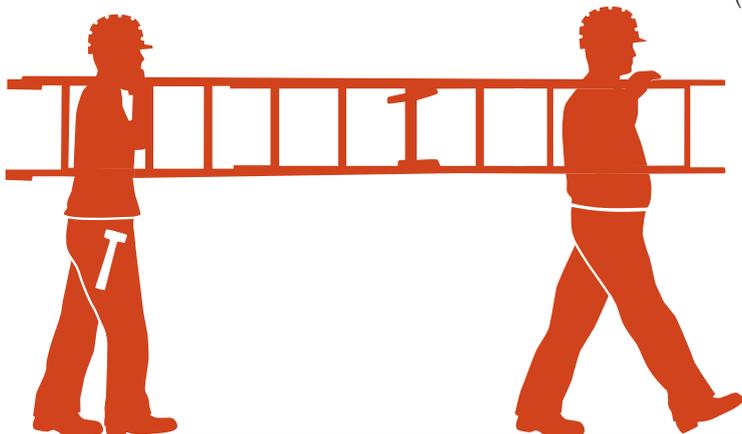
Intesa Sanpaolo is a partner of the Department for Development and Competitiveness of Tourism of the Prime Minister's Office in implementing the "Buoni Vacanza" initiative for promoting social tourism in support of the right to vacations for families, young people, the elderly, the disabled and vulnerable population groups. The Holiday Vouchers are state-subsidised payments available to people who are economically weak, to be spent at tourism companies that are part of the initiative. Intesa Sanpaolo was the sole banking group chosen by the BVI Association to handle the subscriptions, payments and cash management (entrusted to Banca Prossima).

To confirm a reservation made at www.buonivacanze.it  applicants can go to any Intesa Sanpaolo branch office to pay their quota without incurring additional expenses.

 **“ The Bank should work more on welcoming foreign customers in bank branches including awareness and multicultural education projects. ”**
Association for the rights of migrants

¹ Currently money can be sent to Albania, Bangladesh, Brazil, Bulgaria, Romania, Ecuador, Egypt, Philippines, India, Mali, Morocco, Moldova, Peru, Serbia, Thailand, Tunisia, Ukraine, Vietnam.

To increase the presence on the territory of the remittances services and promote financial inclusion of people who do not typically use banks, new agreements are being worked on that will allow money to be sent to Russia and Sri Lanka.



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 funds.

Fund	Assets as of 31/12/2009 (€/m)	Performance
Ethical international equity	110	+22.7%
Ethical bonds	218	+7.8%
Ethical diversified	103	+8.9%

Ethical fund assets represent 0.81% of the Group's total fund assets. Investments in ethical funds are selected on the basis of positive criteria (inclusive principle) to identify the presence of good social and environmental governance in companies or institutions under analysis and negative (exclusive principle) for those areas of activity that are considered to be in contrast with the ethical principles asserted by the funds. The "best in class" principle is also used to identify companies that, in certain markets at risk, stand out for their social-environmental initiatives. Environmental screening is entirely subject to the principle of "best in class" given that all the companies listed with major capitalisation have a notable impact on the environment, and this principle facilitates the selection of the most "virtuous" securities. In 2009, the investible universe was modified, giving favourable consideration to 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; and, unfavourably, the involvement in the arms sector, the breach of anti-trust rules, accounting fraud and discrimination in the issuance of loans. There are no specific policies in place regarding exercising voting rights in companies belonging to the funds or subsidiaries.

In order to guarantee that management choices correspond to the ethical principles stated above, an autonomous Sustainability Committee has been set up, independent of Eurizon which is represented by a single committee member. Composed of professionals of heterogeneous extraction with significant experience in the various areas of social responsibility (bioethics, alternative energy sources, corporate governance, law, medicine, environment and equal opportunity), the Committee steers the fund management and formulates strategies to resolve key CSR issues.

The International Ethical Equity Fund and

the Ethical Bond Fund Management Regulation provides for the financing of projects and initiatives of a humanitarian nature through devolving a part of the management commissions, equivalent to 0.01% of the overall average daily net worth in each fiscal year. Those who invest in the Ethical Bond Fund may also contribute a part of the income placed in payment by the Fund itself to charitable associations. In 2009, 40,000 euro were allocated for the Abruzzo earthquake victims and 2,500 euro to the ADMAIORA non-profit organisation, to protect women. Eurizon Capital, as per a consolidated practice, donated 850 euro to the non-profit Opera San Francesco per i Poveri Foundation after raising money from its own employees.

Eurizon Capital SGR adhered to the transparency guidelines issued by Eurosif, a pan-European non-profit organisation that encourages socially responsible investment practices and corporate governance best practices. 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.

Eurizon Capital, among its institutional customers, manages three sub-funds of traded pension funds managed according to socially responsible criteria and two SICAVs according to socially responsible criteria. Abroad, the Hungarian CIB Bank'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 amount to 7.5 million euro.

In 2009, Intesa Sanpaolo, through Eurizon Capital, was elected President of UNEP FI's (United Nations Environment Programme Finance Initiative) Asset Management Working Group and to UNEP FI's Executive Committee's Presidency of the Investment Commission.

ENVIRONMENT

COMMUNITY

Listening and dialogue

Customer satisfaction surveys

Target	Objectives	Methodology
Individual and small businesses customers of retail Banks in Italy (June-July 2009)	Assess customer satisfaction levels regarding: <ul style="list-style-type: none"> ● branch and contact personnel ● overall branch office environment ● products and services ● relations with the banking industry ● word-of-mouth ● Brand Image 	<ul style="list-style-type: none"> ● 5,850 telephone interviews with individual customers ● 2,600 telephone interviews with small business customers
Industry research: individual and small business customers and non-customers in Italy For each BdT Regional Management, the universe of reference is the Italian adult population between 18 and 75 years of age.	Assess customer and non-customer satisfaction levels regarding: <ul style="list-style-type: none"> ● branch and contact personnel ● overall branch office environment ● products and services ● relations with the banking industry ● word-of-mouth ● Brand Image 	<ul style="list-style-type: none"> ● 4,800 telephone interviews with individual customers and non-customers ● 4,800 telephone interviews with small business customers and non-customers
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 for quarterly monitoring of the active customers of the Group's International Subsidiary Banks (individual and SME customers) – 10,000 interviews with the customers of competitors for annual benchmarking
Individual customers, retail bank Internet channel users – Abroad	Assess customer satisfaction levels regarding: <ul style="list-style-type: none"> ● Internet use and accessibility ● reasons for dissatisfaction, if any, about the internet banking service 	<ul style="list-style-type: none"> ● Around 1,800 questionnaires prepared on-line by customers (during the last quarter), 4 banks involved

Gaining customer trust, knowing their level of satisfaction, expectations and needs is the key to providing an outstanding level of service. In 2009, Intesa Sanpaolo also carried out surveys on the Group's banks customer satisfaction level (Strategic Customer Satisfaction survey) as well as on the number of Italians who use banks (Benchmark Survey).

The 2009 Strategic Customer Satisfaction Survey allowed us to measure the differences in customer satisfaction levels over time, the evolution of their needs, but also their willingness to use word of mouth – a true indicator of their loyalty. The surveys are always carried out with the utmost attention to the customer contact methods and in full respect of privacy protection, assuring customers that the information

supplied will be used for generic statistical purposes only.

Individual customers – Italy

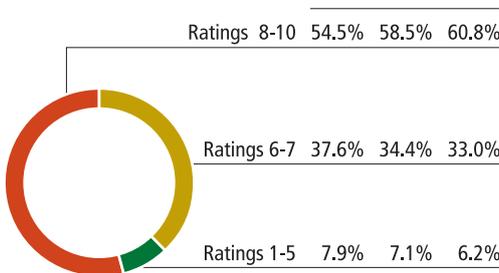
The telephone survey involved 5,850 individual customers between June and July and the questionnaire allowed us to analyse all aspects of their relationship with the Bank. Starting this year, the Net Satisfaction Index (NSI) was used, an indicator that divides customers into three classes: satisfied (8-10), neutral (6-7) and dissatisfied (1-5). The difference between the percentage of satisfied and dissatisfied customers determines the NIS index. The Overall Satisfaction index is substantially in line with that assessed in 2008, although in slight decline (47% in 2009 vs. 51% in 2008). The percentage of

customers who in 2009 expressed an excellent degree of satisfaction remains high: 54% of individual customers interviewed expressed an excellent evaluation with ratings ranging from 8 to 10, a percentage that represents highly satisfied customers, 'supporters' ready to spread a positive impression of our Bank. The percentage of positive opinion on our branch office staff remains very high (in line with last year) confirming that relationships are our distinctive strong point. A positive growth was recorded as regards ATMs (69% vs. 66%) and Internet Banking (77% vs. 71%) confirming that the criticalities caused by the IT integration

process in 2008 have been overcome. Satisfaction on investments showed a slight recovery (9% vs. 7%), though still remaining limited, a sign that the financial crisis has not yet fully been overcome. Lastly, the results show a decline in satisfaction regarding grants and loans (61% vs. 66%), emphasising the exogenous problems that have recently hit the credit industry (credit crunch, global financial crisis, etc.).

“ We very much appreciate the helpful staff at the branch but they can't always match our needs because of the demanding pace of work. ”
Household customers

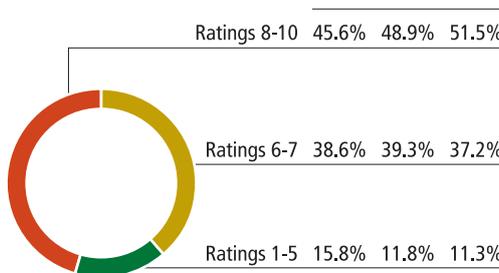
Distribution of Overall Rationale ratings: Individual Customers



Small businesses – Italy

In 2009, 2,600 telephone interviews were carried out in the Small Business customers segment. Compared to 2008, the overall rating of the Group is in decline (Overall Rationale: 30% vs. 37%), while ratings remain essentially stable regarding satisfaction with branch office staff (62% vs. 63%), current accounts (19% vs. 21%) and collection and payment services (31% vs. 33%). Satisfaction ratings that increased included POS (34% vs 32%) and the branch office environments (53% vs 50%). This segment, too, registered a significant decline in credit which speaks for the sensitivity to the effects of the financial crisis.

Distribution of Overall Rationale ratings: Small Business Customers



Analysis of the needs of Businesses

Between June and July 2009, a survey was conducted on the financial behaviours and needs of SMEs, through 500 questionnaires and 1,000 telephone interviews. The responses were then factored in to developing a new marketing plan.

In 2009 a system to measure, evaluate and manage customer satisfaction of large businesses got underway with the creation of a dedicated structure to ensure an innovative and integrated supervision of business models. This is the first project of its kind in Italy and one of the first in the world for this type of corporate banking customer and it will be incorporated across the whole range of products and services being offered.

Industry research – Italy

To define the Bank's positioning in relation to the Italian market and its main competitors, in

2009 a specific benchmark survey was carried out with telephone interviews conducted using a CATI¹ system, targeting the whole Italian banking population. The American Customer Satisfaction Index (ACSI) indicator that measures the satisfaction of consumers within the U.S. economy was used. Created by the National Quality Research Center (NQRC) at the University of Michigan, it is the model of reference for calculation of customer satisfaction and enables comparability at both the inter-industry and international levels.

Performance on a Banking industry level (Private sector) is considerably in line with that of 2008. Only the Credito Cooperativo and the Banco Posta achieved higher results, while the larger groups are still suffering from the instability of the international markets. Although registering a slight growth over the previous year (67.2 vs. 67.0), Intesa Sanpaolo is still below the Industry level.

¹ Computer Assisted Telephone Interviewing.
² The ACSI index calculator took into account customers who answered all questions in the overall areas on the questionnaires (from which the levels of satisfaction are taken) consequently the number of customers used in calculating the index is slightly lower than the number interviewed: 929 for Intesa Sanpaolo, 4,487 for the Industry total.

Individual Customers system (Values from 1 to 100)	ACSI Index 2009	ACSI Index 2008	ACSI Index 2007
Intesa Sanpaolo	67.2	67.0	68.1
Industry	69.0	68.4	69.8
No. interviews of Intesa Sanpaolo customers	993 ²	1,170	2,457
No. interviews of Industry customers	4,800 ²	5,200	9,000

Individual and SME customers of retail Banks – Abroad

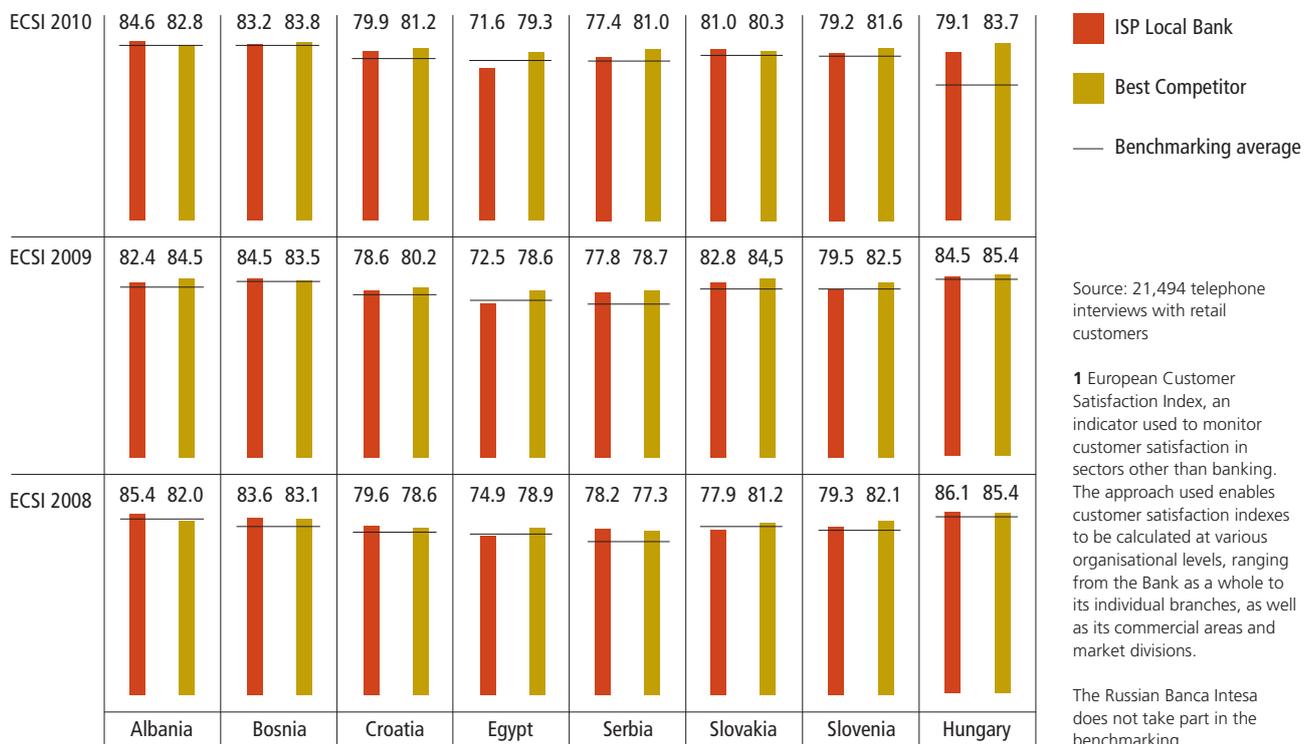
The "Listening 100%" activities continued to be developed at the Group's International Subsidiary Banks in 2009.

To measure customer satisfaction systematically and identify the causes of dissatisfaction, monitoring continues via telephone interviews to calculate reliable indexes of satisfaction for

different organisational levels (the Bank as a whole, commercial areas, down to individual branches). The monitoring system has been adopted by 9 of the Group's 11 International Subsidiary Banks, and a total of over 100,000 interviews were conducted during 2009 on a sample representative of customers in the individual and small and medium enterprise segments.

European Customer Satisfaction Index (ECSI)¹ – Retail

Intesa Sanpaolo Local Bank vs. Best Competitor and Benchmarking Average 2010 vs. 2009



The data collected in January 2010 on a representative sample of individual customers confirm the general decline in satisfaction across all the banks involved in the survey, but strongly rooted in the countries that have experienced lowered expectations towards the banking sector. In this difficult context, some of the Group's banks have proved that they can cope with market changes upholding their role as best performers.

At the end of the year, a systematic survey measuring the satisfaction of individual customers who use the Internet Banking service was launched. This online survey is consistent in its methodology and approach to that already underway by phone with individual customers and SMEs.

The launch of the "Listening 100%" Education Programme continued in 2009 at the International Subsidiary Banks, with the aim to spread and strengthen awareness on the issue of customer satisfaction to various organisational levels and company departments, including central and support departments, 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. Lastly, some banks added the customer satisfaction data by organisational unit to their internal commercial reports in order to support the centralisation of a customer-centred culture based on facts and results.

The entire process of listening and constantly improving customer satisfaction is supported by specific organisational units – Voice of the Customer Units – which, during 2009, were also set up by Banca Intesa Beograd, the Russian Banca Intesa, Banka Koper, Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina and Privredna Banka Zagreb.

Complaint handling

Handling complaints promptly and attentively is a valuable source of information and a privileged listening channel which helps us improve the level of our service, our organisational processes and our commercial offer. In 2009 the complaints received from the various Group's banks in Italy and abroad totalled 106,475, marking a drop of some 3% against 2008. The organisational consolida-



tion for handling most of the complaints of the Group's banks in Italy has allowed us to deal effectively with new commitments arising from recent regulatory innovations, including the launch of the Arbitro Bancario Finanziario

(ABF), and the coming into effect of the new Legislation on transparency, which require intermediaries to respond to customers' complaints (excluding those related to investment) within 30 days.

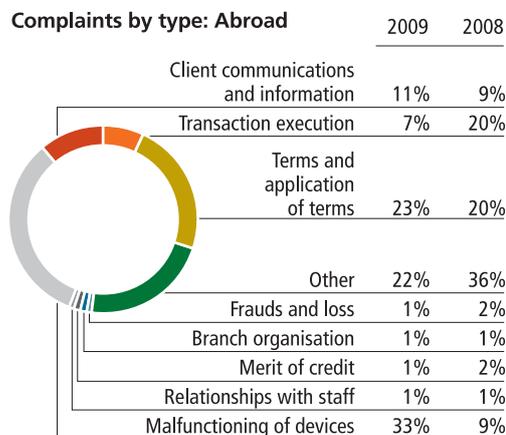
Complaints by type

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Investment services complaints	8,911	10,153	8,161	794	543	219
securities in default	2,044	2,454	–	141	5	–
structured securities	28	301	–	62	51	–
Cheques and collection orders	2,154	1,584	–	56	14	–
Bank transfers, Salaries and Pensions	2,486	2,118	–	4,676	3,110	–
Cards	3,794	38,450	16,788	12,440	4,964	3,008
Credits	2,833	2,095	2,235	8,781	5,389	4,882
Current accounts and term deposits	8,473	7,762	11,262	8,086	6,604	2,137
Mortgages and special loans	3,940	2,335	–	2,963	2,766	–
Insurance products	4,424	4,282	3,704	362	148	–
Remote banking	1,113	878	–	11,244	3,246	–
Other	2,574	4,050	8,391	16,371	9,735	10,988
TOTAL	40,702	73,707	64,706	65,773	36,519	24,666

Complaints by type: Italy



Complaints by type: Abroad



In Italy, the overall number of complaints regarding investment services registered a noticeable decline, which can be attributed to the significant reduction in the problems related to structured investments and to a decline of complaints from investors in securities issued by Lehman Brothers Group which, compared to 2008, dropped by about 40%. The line pursued was that of investigating such complaints

case-by-case, based on specific guidelines drawn up in 2008.

As for complaints regarding current accounts, loans, customer information and requests for documentation, a particular incidence of complaints related to investments in funds and, more broadly, to credit lines was noted which can also be attributed to the recent introduction of predictions on debt portability and

renegotiation and cancellation of mortgage guarantees which, in many cases, were not immediately understood by customers and which required progressive adjustments in procedures both of the intermediaries and the administrations involved.

Complaints and requests for clarification were similarly received following the introduction of the new fees regime by the Group¹, which, specifically, did away with the so-called "over-draft charge".

Starting from July 2009, the Intesa Sanpaolo Group adapted the management of the reversal of customer credit and debit card transactions to the new arrangements as detailed under the "PattiChiari" initiative, anticipating the content of the European Payment Services Directive (PSD) legislation. Consequently, a 'subject to collection' compensation – in relatively short times – of the amounts being disputed by customers is applied, pending the outcome of further verifications, which must in any event be within 120 days, after which the chargeback made becomes final. During 2009, 24,753 complaints regarding operations carried out with credit and debit cards were managed: of these 20,665 were accepted for a total outlay of over 16 million euro.

During the year, the banking Ombudsman Giuri received 865 customer complaints, whereas 38 cases were presented to the ABF (Arbitro Bancario Finanziario).

645 complaints pertained to updates and responses from supervisory authorities at the Bank of Italy, 17 from Consob and 15 from the Italian Competition Authority. On the whole, the Group received 697 complaints in 2009 regarding privacy issues, while those for anatocism numbered 523. In 2009, 64 complaints concerning possible breaches of the provisions of the Code of Ethics by the Bank were received.

As regards the Group's International Subsidiary Banks, during 2009 listening to the complaints and suggestions of customers continued in order to achieve gradual alignment of the Group's International Subsidiary Banks with homogeneous customer relations standards, while recognising the specific qualities of each country's market and legislation.

The comparison of historical data reveals that the International Subsidiary Banks have developed an increased ability to manage and, above all, to monitor and keep track of customer complaints and dissatisfaction.

The following lines of action were pursued in 2009:

- the activation of specific organisational units dedicated to handling complaints in the nine banks already taking part in the "Listening 100%" program was completed (Bank of Alexandria, Banca Intesa Beograd, CIB Bank, the Russian Banca Intesa, Banka Koper, Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosna i Hercegovina, Privredna Banka Zagreb, VUB Banka).

Specifically, the progressive development of processes and rules of action regarding complaints aimed at customer satisfaction was promoted. These organisational units not only ensure the efficient management and resolution of customer complaints, but also that information arising from complaints will be used to ensure the correction of defects in service and process improvement;

- a common 'Listening' language (complaints and suggestions) was finalised and shared with the main banks, the aim being to facilitate the identification and dissemination of operational best practices of the different banks, as well as to standardise the issuing of a quarterly report.

From the data gathered on the reasons behind the complaints, cards were found to be the main cause of grievances and reports from customers which often overlap and are confused with operational malfunctions at ATMs and POS. In this regard, the complaints Management Units most involved are monitoring activities to gain a better understanding of the issue which will be concluded in 2010 – also with a view to be able to better pinpoint any responsibilities that can in fact be attributable to the banks. Furthermore, in 2010 the percentage of complaints that were settled in 48 hours is to be considered a key area of monitoring and improvement.

Customer service

Another important channel of communication and listening is our customer service, which answers customer questions via the Internet, e-mail and telephone. It is often the first contact with the Bank, both for requesting product and services information, for resolving issues that are not so serious as to become complaints and to gather suggestions and complaints on issues of general interest. More than 3.8 million calls were handled through the automatic answering service and nearly 1.6 million by operators, while around 116,000 customer emails were handled.

¹ Consequent to the application of law decree n. 185 of 29/11/2008, which became law n. 2 on 28/1/2009.

Dialogue with consumer associations

The key elements in our dealings with consumer associations are reflected in the consolidated and structured relationship built up over time, in the fullest possible collective nature in relations and the mutual respect of roles. Internally, the objective is to improve our focus on consumers in our business culture – intended not as a self-referencing operation, but as an openness to dialogue which makes the Bank able to use the skills acquired by consumers.

The response to specific and system criticalities reported by citizens/customers to the associations focused on issues of mortgage subrogation and renegotiation, the overdraft charge and the implementation of the decree-laws regarding consumer protection. Initiatives were launched through the associations for the responsible use of money and the prevention of over-indebtedness and usury by promoting at the associations the financial check-up tool and support in listening to families in need. During this period of crisis, communications with the consumer associations regarding the Group's initiatives affecting the discontinuation of mortgages instalment payments and credit to households and small businesses have been improved.

We pursued our commitment to the Consumers' Forum – the first national roundtable that brings together Italian consumer associations and companies – to study and disseminate issues regarding consumers' protection, serving as a single point of reference with institutions, universities and the media.

The Roundtable on Conciliation and Responsible Lending in 2009 continued discussion on the claims raised in 2008 regarding the **conciliation procedure for Parmalat bonds** to the former customers of Sanpaolo. At the end of 2009, the conciliation roundtables met 464 times and assessed a total of 10,990 claims. Of these, 4,239 received compensation proposals totalling nearly 11.8 million euro. Compensation pertains to 38.6% of claims examined and amount to 5.7% of the amount invested in Parmalat bonds for all claims processed and 13.2%, if only taking into account claims with compensation proposals.

The examination of claims will be completed by the first semester of 2010.

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 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. The conciliation procedure is simple, free of charge and rapid (maximum case resolution time is 60 days). Customers may decide to participate without incurring any expense and knowing that the procedure will in no way jeopardise any other processes that they should wish to undertake, even at a later date, to protect their interests. A total of 187 claims were received in 2009.

Ascolto Rete Project

The Ascolto Rete project, launched in February 2009, began as a collaboration initiative for maximising the ideas, skills and experience of colleagues in the network and speeding up the process of improvement and simplification of branch operations. A dedicated web portal at their disposal provides 20 thematic forums to which they can freely submit their proposals via e-mail. All proposals are selected by the Project Editors and those chosen are added to a plan of action that can be consulted by all colleagues. In 2009, 120 interventions, mainly IT in nature, though also training related, were carried out to improve, where necessary, understanding of procedures and processes, for a total financial commitment of over 1.1 million euro.

SEIok project

Quality is an explicit commitment by our Bank to customers. In 2009, the SEIok project (Intesa Sanpaolo System of Excellence) was launched with the goal of making customer expectations and satisfaction and the characteristics of the service rendered, measurable. This is an innovative quality management system which adds value to processes in an ever-continual attempt to achieve service excellence. The project is based on the fundamental principles outlined



“ The conciliation roundtables with the consumer associations are, from our point of view, an outstanding service in the Italian and European banking system because they are truly effective in resolving disputes and because of the high level of involvement and direct interest by the Bank. ”

Consumer association

in external and internal rules governing professional ethics, fairness and transparency in operations, the use of suitable processes and procedures able to ensure efficient and effective delivery of customer service. The tools used are based on a dialogue that is simple and clear and that entails participation from and information to customers, on a positive approach and on the development of a new culture of quality.

The initiative spreads across 6 major "action projects": regulatory definition of service processes and standards, the identification of specific performance indicators to be monitored, customer satisfaction surveys, listening to customers and employees projects and measures of continuous improvement.

The method is based on the vision the customer has of the overall services offered, identifying ourselves in their needs and expectations and recognising the key "moments of truth" that characterise our relationship with our customers when they enter the Bank, make use of our products and services and interact with their points of contact within the Bank. The analysis was developed within six main functions that fall under the Bank's responsibility for attaining customer satisfaction: reception, operational services, investment services, financial services, added value services, assistance. Specific service indicators have been identified for each function which are then gathered into a final score that becomes a true synthetic expression of a branch's quality index.

To facilitate monitoring and the identification of critical issues to be tackled first, a quality 'dashboard' was created to monitor the progress of all the items that make up the quality index. The results of this monitoring activity will be included in 2010 in the employee reward system.

A new way of meeting companies and sharing values

In 2009 a new communications format was created targeted at Italian medium and large businesses. "Racconto Italiano" is a theatrical play, produced in collaboration with the Teatro Franco Parenti, which has brought to the stage in 11 Italian cities the Group's values, responsibility and capacity to support the development of businesses and of Italy. Great actors have given life to characters that hail from various Italian regions: stories of men and women who, in their different identities,

jobs, ambitions and dreams, have in common the desire to do, to become entrepreneurs.

Stories that are bearers of values such as creativity, imagination, enthusiasm, courage, competitiveness, the ability to listen and to see beyond appearance.

Values that belong to the Italian companies and constitute a valuable heritage to be preserved and shared.

Simplicity and transparency in communications

The new rules on "Transparency of banking services and fairness of relationships" apply to all banking and financial transactions and services and to all customers. They provide special protection for retail customers, i.e. consumers, individuals carrying out professional activities or craftsmanship, non-profit institutions, businesses with less than ten employees and an annual turnover not exceeding two million euro. Intesa Sanpaolo is taking steps to ascertain the client type and provide appropriate protection when signing a contract and to classify existing customers. When such classification is not available, Intesa Sanpaolo applies the maximum protection possible (all businesses are considered retail customers). The new rules for the protection of customers include:

- clearer information of customers' rights in the document "Main customers' rights"¹;
- active use of Factsheets with updated information and more clearly intelligible drawn according to the directions laid out by the Bank of Italy;
- adoption of practical guidelines for current accounts and mortgage loans contracts offered to consumers and access to out-of-court redress of disputes;
- the introduction of a synthetic product cost index for current accounts and credit lines for consumers, as well as for mortgages and consumer lending already provided (TAEG);
- transmission of an annual summary of all expenses charged on the current account

“ Quality of the relationship means ensuring more individualised forms of listening and being attentive to the most concrete needs of all customers, large and small, in order to develop more lasting relationships. ”
Client

“ The communication we receive has improved in clarity, we wish that the language used were even simpler and less technical. ”
Household customer

¹ The rights concern the various products offered by the bank and the timing for sales in which the bank is bound to supply adequate literature and information. Details of customers' rights are available on the bank's internet site.

(as from 2010) to allow customers to assess if there are products that suit their needs better.

Factsheets available at internet points in branches

From the end of 2009, a feature allowing banking transparency documents to be published online has been available, allowing the Bank's branches to discontinue using a paper factsheets archive. The Internet points located within the branches are user-friendly and allow Internet services to be accessed and the transparency and reporting documents to be printed, as well as serving as a means to educate customers.

The current layout of the Internet points will be changed to make them accessible to impaired users and to increase privacy protection. The online publishing of Factsheets allows documents to be promptly updated across the whole network, non-stop availability of factsheets for customers, the reduction in the use of materials for updating paper documents (i.e. paper and toner).

Reporting to customers

The complete revamping of the statements for accounts, securities deposits and credit cards, in terms of both content and presentation, which was carried out last year was extended to new SuperFlash cards and savings accounts in 2009.

The analysis of customer satisfaction surveys shows that satisfaction increased greatly during the period when the new bank statements were sent to our customers.¹ In 2009, the new reporting has also led to significant work on the securities statement which informs all customers of their portfolio's consistency with their risk profile.

Everyday more customers opt for the simple, convenient, secure and cost-effective *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. Some products launched in 2009 were automatically paired to the online reporting, unless the customers expressly declined the option. The *Online Reporting* service allows customers to save up to 75% on the costs of sending documentation.

By activating the Online Reporting customers may also contribute to protecting the environ-

ment by preventing the waste of paper and the environmental costs of printing and transporting mail.

Payment services directive

The PSD Directive² is the most significant legislative initiative issued by the European Union on payment services and introduces relevant changes for banks and customers in terms of:

- improvement in the timing and implementation of payment services;
- more information available to customers on payments and terms of service;
- uniformity of rules in the European market.

After the introduction of the euro and the launch of the SEPA instruments, the directive gave new impetus to the creation of a single market for payments in Europe by increasing competition and focusing on consumers' protection through a number of rules on transparency and certainty of timing in the execution of orders. PSD establishes that ongoing performance of payment service is regulated by a

framework contract between the Bank and the customer, with a number of obligations on informing the customer, such as a breakdown of all expenses (including any costs for book entry) and any interest and exchange rates applied to each payment transaction.

Another change is the execution of payment within a short and pre-set time, generally within one working day following receipt of the order or within two working days if the order is a hard copy. Funds received must be credited to the beneficiary on the same day the Bank receives them. Although the Directive allows execution times to be extended by two days up until 1 January 2012, Intesa Sanpaolo has decided to apply the new terms that are more favourable to customers since the date the PSD in Italy came into force. Additionally, the Bank has brought some services into line with European legislation (International Bank Transfer and Single European Bank Transfer) even before the implementation of the Directive, applying the best terms in advance to its customers (currency and execution times).

PattiChiari project

The implementation of the PattiChiari project (literally "Clear Pacts") has seen the Intesa Sanpaolo Group banks that belong³ to the

“ The Bank should be more timely in its communications, especially when new procedures and new regulations are adopted. ”
Household customers

¹ The NIS (satisfaction index of the families segment) has grown from 48 in the survey during the first quarter of 2009 to 52 in the second quarter 2009.

² Number 2007/64/CE (known as PSD – Payment Services Directive).

³ The Group's banks belonging to the PattiChiari Consortium, the commitments for Quality taken, those yet to be undertaken and the optional initiatives are available on the internet site: www.pattichiari.com. 

Consortium involved in the implementation of 26 Commitments to Quality (out of the 30 defined by the PattiChiari Consortium) and three voluntary initiatives. They are interbanking electronic tools and procedures that form a complex self-regulatory code of a customer-oriented banking system to arrive at a more efficient, transparent and competitive retail market. In particular, we aimed at simplifying the transferability of current accounts by means of on-line comparisons of all the offers of member banks, thereby facilitating the transfer of services from one bank to another. These tools not only meet the European guidelines on customer mobility, but improve on them.

In September 2009, CIB Bank signed the Code of Conduct for Hungarian banks which is part of a project launched by the Government to meet a need expressed by the citizens to improve relations with financial institutions. The Code, in place since December, is a voluntary commitment based on three fundamental principles: transparency, compliance and symmetry of information. In terms of transparency, the Bank commits to making financing terms clear and understandable to the public and to provide all necessary information. Banks must also comply with a series of defined and publically-known rules and must commit to not modifying the interest rates and fees when such changes are detrimental to the customer, while they are obliged to do so if the changes are to the customer's advantage.

Proximity to the customer

Direct channels

Direct channels enable customers to work with the Bank at a distance, comfortably and safely, 24 hours a day. Among the new Internet services that were made available to individual customers in 2009 are the International Bank Transfer and the Single European Direct Debit (ADUE)¹ even over the telephone, Pagamento Multe service (only in Florence), the Activation of Tim/Vodafone Cards Service, the TV fee payment via the Internet and the car tax payment service. The renewal of the pages devoted to operations of the Group Banks' websites based on users' requests, best international experiences and new solutions for the web 2.0 was also concluded. Among the novelties: simplified navigation and presentation, rationalisation of communication areas and

improvement of customer service interaction, customised Home page and Menu based on the customers' operational needs. Text mobile message alerts were also made available for specific transactions, such as the crediting of salary.

At the end of December 2009, the Intesa Sanpaolo Group had approximately 2.9 million customers in Italy who had adhered to services via the Internet, mobile phone and traditional phone service, equal to nearly 28% of its total retail clientele with a 12.5% growth. In 2009, the growth of customers applying for online reporting also continued: 66% of multichannel customers. As for operations, in 2009 about 9.7 million bank transfers were carried out, corresponding to a 55% rate of automation. Approximately 5 million trading transactions (excluding Intesa Trade) were also executed via direct channels, with a 40% growth and representing 77% of total securities trading undertaken.

Services for SME's were also marked by several innovations in 2009: adapting products and services to PSD², integration of SEPA products for handling domestic and European payments in euro, launch of the Financial Value Chain project, elimination of hard-copy communications and remote banking systems integration of CR Firenze Group and Casse del Centro, which involved a total of over 850 branches and about 53,000 customers. The "Financial Value Chain" project consists of a range of products and services with high added value for the integrated use of transactional services (Cash Management) and Trade services related to the supply chain corporate processes that trigger financial-transactional needs. Customers will benefit from a reduction in processing costs and increasing control of flows and deposits. Providing support and appropriate products, the Group will accompany the Italian and foreign companies along the path to internationalisation. The new solution will be made available online through a single Group platform and will entail Bank personnel visually recognising all users and contextually authorising them to operate on the portal through a secure authentication tool.

To reduce the material submitted on paper, from May 2009 the expiry warning for collection orders, which up to then was sent both in electronic and hard-copy mode, has been eliminated, while, from December 2009, hard-copy reports for bank transfers credited to legal persons, as already implemented for natural persons, has been eliminated. Dur-

¹ Previously authorised debit service in Euro which allows customers to pay creditors in Italy or in other SEPA countries.

² The European Community Directive 2007/64/CE on payment services in the domestic market (PSD), in defining a homogenous reference legislative framework per payment services in the single European market, particularly useful also for SEPA, establishes new contract standards based on maximum transparency and new definite and strict terms for carrying out payments in Euro and in other UE currencies, encouraging the adoption of new methods of payment.

The European Directive on Payment Services became effective in Italy as of 1st March 2010 (Legislative Decree n. 11 dated 27/1/10, published in the Official Gazette 13/2/10, from which date the bank thus applies the new rules concerning money transfers and payments through cards.

As far as telematic channels are concerned, these indications have imposed a significant revision on products such as Supplier and Salary Money Transfers, as well as on the Single European Money Transfer and Overseas Money Transfer.

ing 2010, the centralised activation of online product service for all customers who adhered to the LINKS Intesa Sanpaolo service has been planned.

At year-end, the customers of the Intesa Sanpaolo Group who had signed up for the remote-banking service included nearly 300,000 primary companies and 89,000 associated companies, for a total of 389,000 companies. In 2009, the number of transaction instructions sent by customers over the remote channel came to approximately 161 million.

The network of 7,200 ATM terminals in Italy comprises about 1,550 machines accepting cheques and cash deposits and some 4,800 machines equipped with a jack device enabling visually impaired customers to carry out autonomous withdrawal thanks to a vocal guide. Short-sighted customers were also provided the ability to make withdrawals using a high-visibility display format (yellow font on a black background) on all ATM WEB terminals (6,850). This function may be enabled on all Web terminals by pressing the "5" key before inserting a card. The new machines equipped with WEB technology and aligned to international standards of management of EMV microprocessor cards (over 95% of the total at the end of 2009) provide customers with information on accounts and cards, allow for phone cards top-ups, payment of utility bills (for the most widespread utility companies) and both domestic and Single European bank transfer.

New branch office layout for International Subsidiary Banks

During the year, a project for the introduction of a new branch office layout for International Subsidiary Banks was launched, the primary features of which are modularity to adapt locally to different service models as well as different ways of using and relating to diversified services. Operations spaces are arranged in a clear and accurate way and the use of the Group brand colours enables immediate identification and use of services. To increase the quality of the service, a Reception Assistant was introduced to help customers in the use of remote channels, reducing the waiting time to access the services. The model branch for International Subsidiary Banks, with different timings for each country, was intro-

duced in Romania, Serbia, Egypt, Slovakia and Bosnia Herzegovina.

Great attention was paid by the banks to the problem of accessibility for disabled persons through the adoption of ramps and other measures aimed at eliminating physical barriers from our branches.

Safeguarding security

During 2009, the Group consolidated its strategy based on priority attention to protecting people, personal data, processes and physical belongings when entering their facilities, protecting the rights and interests of its employees and customers. Apart from it being a legal obligation, the Bank's first goal is to disseminate and broaden attention and cultural sensitivity to the protection of personal data, processed in various operations within the Bank and by other companies. This was achieved through training courses for the staff (branch directors and other employees involved in dealing with this issue in the bank's key sectors) as well as through publications designed to capture the interest of employees featuring practical everyday examples.

The monitoring activities of cards and online transactions for corporate customers have been strengthened by enabling faster recovery and management times of detected fraudulent transactions and improving service to customers.

To support the effectiveness of fraud prevention, during the year the first FAQs¹ answering the main questions received from the branches during the year were published on the company's intranet. In 2009, 95 Group companies



started or completed the adoption of a single regulatory framework for information assets security.

In order to keep up the best safety standards of direct operations, as well as renewing the previous ISO27001 certification (certification of the Information Security Management System) for the Internet banking and phone banking channels and for Bancalidentity product, in 2009 ISO27001 certification was also applied for and obtained for Mediofactoring in relation to ICT services provided by the supplier.

International subsidiary banks have also adopted the highest standards of security for Internet banking transactions through cutting-edge authentication and authorisation technology. Of particular importance is informing customers about possible online frauds (phishing and pharming). Several initiatives were implemented to raise public awareness by publishing brochures and online information on the websites of the Banks.

Operational continuity

The completion of the last three years investments now allows the Bank to act as a reference point, in line with the best international practices concerning operational continuity (certificated by the Bank of Italy's inspection in 2009).

Intesa Sanpaolo completed its operational continuity protection integration by issuing a Disaster Recovery solution with the technology Centres of Turin and Parma and related certification. The Bank also handled special critical situations with the activation of a Group Crisis Unit following the earthquake in Abruzzo, with specific task forces for setting up mobile branches, extraordinary measures to help the population affected by the earthquake and in support of staff located at the earthquake-affected areas.

Financial derivatives – sales policy OTC

Intesa Sanpaolo offers its customers a wide and diversified range of financial derivatives – for interest rates, foreign exchange and, from the end of 2009, commodities – 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 customers' financial profile and their effective needs. The offer ranges from simple

packages with a high protection co-efficient, to more complex solutions which may 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.

These principles were formally stated in a governance document entitled "Interest- and Exchange-rate OTC Derivative Products Sales Policies". Customers with outstanding OTC derivative transactions receive a "Monthly OTC Derivatives Statement" containing the main details of outstanding transactions and their market values.

Supporting production in Italy

Supporting SMEs: access to credit

Access to credit continues to be one of the most significant challenges for the setting up and development of SMEs, an issue that is exacerbated by the worst economic and financial crisis in decades. Intesa Sanpaolo did not fail to support the economy by launching and implementing several initiatives to free resources for the benefit of households and SME's.

In August 2009, Intesa Sanpaolo adhered to a joint notice undersigned by ABI (Italian Banking Association), Government and Business Associations for the suspension of SME's debts owed to the credit system. The agreement commits all the Group's banks in the moratorium for SMEs experiencing temporary financial difficulties. Intesa Sanpaolo was already active on this front, particularly with the agreement signed in early July with Confindustria to provide liquidity and recapitalise Italian SMEs. The approved applications for suspension up to the end of 2009 were about 30,000, and, against an outstanding debt of around 9.6 billion euro, extended debt

amounts to about 1.6 billion euro. Other important agreements were signed with major industry associations: Confcommercio to support small trading, tourism and services enterprises; Confagricoltura to support the food chain; Confartigianato, CNA, Casartigiani. Overall, 7 billion euro were made available to production companies.

In 2009, Intesa Sanpaolo confirmed its willingness to offer credit to Italian SMEs with about 60 billion euro in credit already granted and currently not used and another 35 billion euro in new grantable credit, if required.

Currently, Intesa Sanpaolo offers almost 500 billion euro in credit to Italian industry (about one third of GDP) and 66% of this credit goes to enterprises – especially SMEs.

Growing together with enterprises

In this particular economic situation, to further strengthen our role as a bank of choice for small and medium businesses and associations, the project “**Growing together with companies**” was developed. New solutions grouped into three lines were made available:

- “Real support”: this range of products includes the tools to support the working capital to help companies face the economic cycle. It includes solutions to defer repayment of the principal amount of certain funding instalments and to manage the liquidity problems due to the insolvency of its customers. Even agreements with exhibition institutions are intended to foster, by specific funding, participation by entrepreneurs at events that promote business relationships and trade. Our collaboration with Fondimpresa allows corporate training courses to be developed for employees.

- “Strengthening and Development”: provides financing products designed to facilitate new investments or improve the capital structure and recapitalisation of companies, including the use of tools to fix the financing costs against future market fluctuations, for example in interest rates. Innovation and development will benefit from a specific line of funding designed to support research, development and innovation projects, as well as investment plans to enhance the products’ technological content, processes and services and to improve the corporate organisation and structure.

- “Bridge”: As part of its commitment to grow together with companies through dedicated initiatives, Intesa Sanpaolo has further developed its role as a “bridge” with all other en-

terprises operating in the area that can facilitate access to credit by allowing the Bank to reduce the risks from insolvency (Confidi, Fondo Centrale di Garanzia, SACE, Cassa Depositi e Prestiti, BEI).

Confidi

2009 saw a reinforced collaboration with Confidi. Through guarantee consortia, with which Intesa Sanpaolo has been signing agreements and conventions for many years, we can guarantee small businesses easier access to medium and long term credit.

Currently there are some 350 Confidi agreements in place.

In addition to issuing a guarantee for the financing disbursed, the guarantee consortia 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.

With regard to enterprises and small businesses, the 2009 data are very interesting:

- More than 9 billion euro in available credit against a disbursed credit of approximately 1.4 billion euro;
- approximately 14,000 customers with guaranteed financing from Confidi.

Even international subsidiaries have been working to support SMEs in this difficult economic period, developing agreements with public funds and associations. Banka Koper (Slovenia) cooperates with “Public fund of the Republic of Slovenia for regional development and rural development”; and “Slovene enterprise fund”, a national financial institution founded to support SMEs and to accelerate their growth and development. The Bank also contin-

ued its active cooperation with the Slovenian Chamber of Crafts as well as with regional chambers of crafts. The collaboration is based on the Obrtnik cards (Cards for Crafts), a project through which the Bank provides specific banking services to members for their different activities.

In Hungary, **CIB Bank** has developed the “CIB SOS Project” to support enterprises facing



“ In September 2009, Intesa Sanpaolo and Confartigianato, CNA, Casartigiani signed an agreement providing a plafond of 3 billion euro by the bank group to Italian companies in the field. Such initiative represents a social intervention focused on smaller companies that are the ones most affected by the crisis... It is a very positive step that deserves a more effective communication. ”
Consumer associations

serious difficulties in this period of financial crisis. The project, born in June 2009, allows rapid identification of solutions for small businesses which are able to recover, notwithstanding their solvency problems. The proposed solutions provide easier refunding,

extension of payment terms or refinancing. Debt restructuring programs for micro-enterprises with the aim of supporting employment in a critical period were also adopted. Since the project start-up, CIB Bank has restructured 210 operations.

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

The partnership with ALDA (Association of Local Democracy Agency) continued for social projects in the Balkans.

In 2009, the Serbian Banca Intesa Beograd provided 118 loans for a total of over 1.1 million euro, focusing on the development of venture capital businesses that have generated social value for the community. Loans from ALDA and those designed to promote female entrepreneurs benefit from significantly lower interest rates compared to local market conditions.

The Croatian Bank Privredna Banka Zagreb is also

in partnership with ALDA and in 2009, it financed 9 projects for a total of over 500,000 euro and, since 2009, Intesa Sanpaolo Banka Bosna i Hercegovina, which started a microfinance initiative for individuals and SMEs.

The project aim is to stimulate entrepreneurship by providing financing on flexible terms and favourable interest rates for the creation of start-ups and innovative business projects, attracting young people to the financial sector and fostering economic development, which could lead to the integration of Slovenia into the EU.

Research and study to provide assistance to local production

As regards the impact of the global crisis on the financing of SMEs, in March 2009 Intesa Sanpaolo organised a roundtable which focused on regulations adopted by governments to facilitate access to financing under the OECD Working Party on SMEs and Entrepreneurship. The debate developed around a questionnaire to which 29 countries – members and non-members of OECD, the European Commission and the European Investment Fund took part. The results of the roundtable were collected in a publication by the OECD and Intesa Sanpaolo “The impact of the global crisis on SME and entrepreneurship financing and Policy response”. The roundtable was a major contribution to the OECD’s strategic response to the financial and economic crisis.

Still on the subject of research to support Italian production, Intesa Sanpaolo provides analysis of the territory and industrial districts activities by the Research Department that involves the operators, produces and distributes analysis reports, provides advisory services and publishes researches in scientific journals. The Research Department publishes monographic reports dedicated to the Italian regions and the 103 Italian provinces with structural analyses and

forecasts, updated each year and, as of 2010, each quarter. The principal Italian districts are monitored, with in-depth studies regarding their economic development. A quarterly publication, the “District Monitor”, is dedicated to an analysis of the current economic scenario in the various districts and offers an interpretation of the performance of exports in the main Italian districts. Our line of research on industrial districts was expanded with the “Annual Report on the Economy and Finance of Industrial Districts”, the second edition of which was published at the end of 2009, which provides a picture of the districts development according to the enterprises’ financial statements.

Industrial sectors

Our support to the operations and growth of companies also relies on our own research on the industrial sectors and, more broadly, on the Italian entrepreneurship. A key product of this activity of our Research Department is



“ To prove that they are successful partners, banks should understand which investments are the more attractive and better suited to the specific local socio-economic context in order to be able to manage complex projects by having a thorough knowledge of the territory in which they operate. ”

Municipalities Representative Association

the Analysis of industrial sectors, a report containing detailed forecasts on each sector with quarterly updates, which is into its 20th year of publication and is produced in collaboration with Prometeia.

As early as 2008 the Corporate and Investment Banking Division adopted a service model for the industry with the aim of improving the perception of customers' needs and strengthen partnerships by providing the tools to assess risks and opportunities for action. In this context, the division has long been holding regular "Sector Round tables" among teams specialised by industrial sector. The goal of these meetings is to collect, systematise and develop knowledge on the sector, support managers and GRMs (global relationship manager) in understanding better sector characteristics and strategies, strengthen long-term relationships providing an excellent service that can anticipate the expectations and future needs of small businesses.

From July 2009, a new meeting was added to those already taking place which includes the participation of two new players to the Table: an industry representative at the industry-related Table and, for the most strategically important industry, the addition of a consulting company by providing a viewpoint on industrial strategies.

Promote innovation and research in enterprises

For all small businesses, technological innovation is an important tool to compete and make the best of new growth opportunities, especially in a quickly changing market.

Intesa Sanpaolo has always been close to the most dynamic companies, supporting their development programs, providing assistance, advice and financing through dedicated structures.

Nova+

In 2009, the Nova+ line of products continued to be available; a specific line of medium-term financing products on concessional terms for companies wishing to improve their technological level.

The offer is divided into different solutions depending on the strategy chosen by the company. From in-house research and development programs for the improvement of new products and production processes, to investment plans to buy innovations, to modernizing corporate IT systems and transformations achieved through the execution of

tasks for research, development and transferring of innovative technologies assigned by companies to universities and public research entities.

As in the past, the Bank continued to work 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 with specific technological expertise. We also draw on the contributions provided by our scientific partners (prestigious Italian universities and polytechnics) for projects of particular complexity and/or relevance.

In 2009, over 300 applications were received against a total of investment projects for over 700 million euro. The total amount of financing required was 551 million euro, of which 253 million were disbursed at the projects start-up.

Start up Initiative

In 2009, the Corporate and I.B. Division introduced a new service dedicated to constantly monitoring the world of business innovation in its various aspects, inside and outside. From an internal point of view, it represents a development engine for innovation, a point for listening, sharing and disseminating ideas. Externally, it develops a strong relationship with academic and research centres. The first project being activated is "Start-up Initiative". The project aims to create new business initiatives to help grow those businesses that have a strong spirit of innovation by enhancing their competitiveness in a complex market environment. Intesa Sanpaolo Start-up Initiative represents the first and only platform in Italy uniting companies and investors in a program that includes training, selection and presentation to investors to create concrete investment opportunities by having innovators meet financiers. The first Start-Up Initiative was developed in three stages during which companies perfected their business plans, were selected by a panel of experts from the fields of research, industry and finance and, lastly, the selected 14 start-ups had the opportunity of presenting their projects during a meeting with over 50 potential investors (e.g.: Business Angel/Venture Capitalist), who, throughout the day, carefully analysed the topics under discussion and evaluated the feasibility of investing capital in the participating companies.

Venture capital for innovation:

Atlante Ventures and Atlante Ventures Mezzogiorno

Italy has significant strong points in terms of entrepreneurship and process innovation. Fully aware of this, Intesa Sanpaolo wanted to compensate for the lack of enabling factors to support enterprise innovation and development. Therefore, in 2009 the Bank launched two new venture capital funds. Atlante Ventures' main goal is putting small, innovative companies in touch with each other, with medium-large companies and with universities and research centres, thus creating a true business accelerator at least on a national scale. The fund was created with an initial budget of 25 million euro fully paid in by Intesa Sanpaolo Group. The duration of the project is 12 years. The key areas of focus are: competitive edge of the product or service, large potential market reference, adequacy of the entrepreneurial team. The fund will favour technological innovation or sectors with wide-ranging opportunity to create value through process or service innovation. In early 2010, Atlante Ventures joined Silicon Biosystems SpA with an investment of 2 million euro. The company is a world class specialist in oncology and prenatal diagnosis.

Finally, because of the importance that Intesa Sanpaolo attaches to the development of Southern Italy, Atlante Ventures Mezzogiorno was also launched in 2009 with an initial budget of 25 million euro and the participation of the Ministry for Public administration and innovation. This fund, which will be operational for 10 years, shares the same goals as Atlante Ventures and its operations are focused in the South of Italy and in those companies planning investments to introduce process or product innovations through digital technologies.

Venture Capital for NPO:

Welfare Italia

Intesa Sanpaolo has designed an innovative operation with the aim of fostering a project of particular interest for the social impact that the creation of centres of so-called "soft healthcare" may have on Italy's welfare needs. Welfare Italia is a non-profit start-up project sponsored by the National Consortium of Social Solidarity "Gino Mattarelli" intended to create a network of centres (over 100 in five years, about 90% of which through franchising) offering high-quality and affordable soft healthcare services.

These are mainly dentistry care services, but

also general outpatient clinics, especially for ophthalmology and soft rehabilitation. The Welfare Italia project answers Italy's health-care needs, where social spending is below the European average and where the public health system ensures high quality of performance, but low level of service, while private health structures offer high performance quality and service and high average tariffs.

In June 2009, Intesa Sanpaolo acquired a minority interest in Welfare Italia Servizi. Under an agreement with the company, in Welfare Italia's early years of activity, the Bank will pay in subsequent capital increases in order to support its development, when certain conditions occur and when specific results are achieved.

Advisory and access to European financing

The Bank has devoted a specialist department – Intesa Sanpaolo Eurodesk – to support Italian companies in accessing the 7th Framework Programme for Research and Technological Development and the Competitiveness and Innovation Framework Programme, which are characterised by a substantial budget for enterprises. Eurodesk promotes collaboration among research players by stimulating the creation of international networks of businesses, universities and research centres.

To this end, in 2007 the portal www.intesas-anpaoleurodesk.com  was created, which now has over a thousand members.

During 2009 the Bank entered into agreements for the provision of information services and preparatory lobbying to participate in European calls for tenders for leading Italian companies in biotechnology, health and pharmaceuticals, medical devices and ICT.

Intesa Sanpaolo Eurodesk is a partner in two major transnational research projects to be financed by the European Commission within a specific call for tenders on energy-saving technologies (Calls for European Public-Private

“ In this context of economic and financial crisis, banks should not “turn off the taps” to all indistinguishably... Policies and strategies for sustainability of companies should be defining elements in assessing the creditworthiness or in deciding over a capital equity, and therefore at risk. ”

Corporate customer

“ To promote growth and innovation of companies, the bank should participate, where appropriate, to venture capital taking into consideration, when making choices relating to creditworthiness, also the corporate social credit and not just the financial one. ”

Consumer association

Partnerships for energy-efficient buildings). The two projects, E-HUB and F-DISTRICT, which deal respectively with the development of integrated renewable energy sources to be applied to buildings and the design and implementation of a prototype of energy-efficient district. The role of Eurodesk in the two projects will be tied to dissemination activities and business modelling. Intesa Sanpaolo Eurodesk also joined, as an associate partner, the cooperation project between the European Union and China aimed at creating and handling the Europe-China Clean Energy Centre (EC2).

Support for enterprises on foreign markets

Intesa Sanpaolo, with an international network of branches, representative offices and banks, is active in over 40 countries and offers a wide range of innovative banking products and services able to meet the needs of different types of customers who face the challenge of entering foreign markets.

To bring this combination of expertise and services closer to those SMEs facing strategic choices in defining their future, the Polo di Padova Business Internationalisation Centre was created in 2007 to provide assistance and tailor-made solutions.

The Business Internationalisation specialists provide consultancy service to customers through joint visits with branch colleagues and meetings with entrepreneurs at trade associations on specific issues. The solutions available to customers address in particular:

- Scouting of foreign markets: research of industrial partners, business opportunities in different markets, trade missions, tenders and contracts;
- Planning a direct investment abroad: information on selected countries, contacts (institutions, etc.), outline of possible financial solutions, testing incentives;
- Carrying out a direct investment abroad: advice on setting up companies on-site, investment financing solutions, business information on other party/foreign partners;
- Management of subsidiaries abroad: activation, through the overseas network of the Group and/or related banks, of current accounts and other banking services to meet financial needs abroad.

The Service develops solutions for customers through five specialised geographic desks (China, America, Asia, EuroMed Africa, East-

ern Europe) which, in turn, make use of the skills and knowledge of the foreign network and the central management of the Group interacting with other institutional entities (e.g.: SIMEST, SACE, ICE, National Agency for Foreign Investments).

During 2009, the "Research Partner" service, which, through a platform allowing multiple accesses to international databases, can quickly identify potential trading and/or industrial partners and supports the company in contacting and selecting the partners was especially active.

In partnership with institutions active in the territory (trade associations and other institutional bodies e.g. chambers of commerce, special agencies for internationalisation, etc.), several cooperation agreements have already been signed, which see the Intesa Sanpaolo Group as the reference Bank in providing services related to interchange with foreign countries and assistance in the internationalisation processes of their associates.

The service also offers assistance to foreign companies planning to invest in Italy.

Mediterranean economic development agreement

In 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. By signing the agreement, Banca Intesa became one of the twelve financial institutions from the northern and southern Mediterranean that decided to create a working group 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 in the southern Mediterranean.

In January 2009, a Memorandum of Understanding for the implementation of 20 projects identified by the working team was signed. Among these are: the transfer of remittances and the opening of corporate accounts with pre-set conditions; the creation of a "Medi-

“ Financial institutions should have a modern approach to internationalisation. An approach that can be defined as macroeconomic or business intelligence. An 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 is required. 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. ”
Multi-stakeholder forum 2008

terranean Desk" in any Bank to facilitate on-site assistance to operators from the Member States of origin of the signatories. Multilateral agreements are also included to facilitate the operations of SMEs when opening *c/a*, issue of commercial guarantees and channelling documentary credit.

A feasibility study is also underway to set up a market-place open to signatory banks allowing interested customers to join the market opportunities.

Public administration

The Intesa Sanpaolo Group has dedicated the activity of a Bank – Banca Infrastrutture Innovazione e Sviluppo (BIIS) – to serve public and private players that collaborate to build large-scale infrastructures and establish public

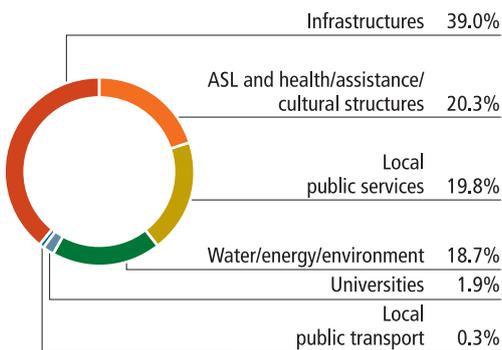
utility services. BIIS works in those sectors that have the greatest impact on economic development and which require close cooperation between Public and Private sectors: credit for infrastructure projects; support for the health-care system, universities and scientific research centres; improvement of public utility services; support for the financial balance of Public Administrations; funding of projects for the urban development and territory valorisation; introduction of innovative tools for the efficient management of banking operations of institutions and public companies.

Excellence in customer service is ensured by over 300 highly skilled professionals, capable of providing real solutions in response to specific and growing needs of the sector in Italy and abroad. During 2009 BIIS provided medium/long-term financing for 4.2 billion euro.

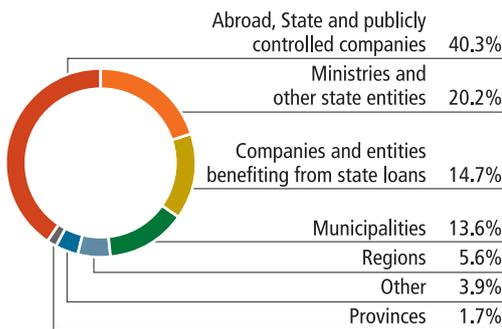
Funds disbursed have been distributed in the following areas of intervention (in millions of euro):

Intervention by sector	Italy	Abroad	Total
Water/energy/environment	154	236	390
ASL and health/assistance/cultural structures	424	–	424
Local public services	413	–	413
Local public transport	5	–	5
Infrastructures	551	261	812
Universities	40	–	40
Other sectors	1,273	859	2,132
Municipalities	290	–	290
Regions	119	–	119
Provinces	38	–	38
Abroad, State and publicly controlled companies	–	859	859
Companies and entities benefiting from state loans	314	–	314
Ministries and other state entities	430	–	430
Other	82	–	82
TOTAL	2,859	1,357	4,216

Loans to socially useful sectors



Loans to local and/or state entities



Focus on projects

Among the many projects financed, a detailed description of which is available at www.biis.it, two flagship projects which saw the participation of BIIS are:

Montalto di Castro’s photovoltaic park

This is the largest photovoltaic park in Italy and one of the biggest in Europe.



Connected to the network last 30 November, the Montalto di Castro station has 78,720 high-efficiency solar modules. Covering an area of 80 hectares, the plant produces enough energy to power 13,000 households, avoiding the emission of 22,000 tonnes of carbon dioxide a year. The project total amounts to 142 million euro, whilst the funding was of 120 million euro and was paid by BIIS with two other banks, in equal shares.

The initiative received the Euromoney “Project Finance Deal of the Year 2009” award for Europe.

The National Centre of Oncologic Hadrontherapy of Pavia

The centre is the first in Italy, the second in Europe after the one in Heidelberg, Germany and third in the world (the first institution is active in Japan) for hadrontherapy, an innovative and unique form of radiotherapy that offers significant advantages, at least for the 10 percent of patients with tumours resistant to traditional radiotherapy.



Hadrons are in fact able to hit targets that are more deeply embedded and with higher precision thereby avoiding damage to healthy, often vital organ tissues that surround the tumour.

Unlike X-rays, the protons and carbon ions have no effect on the organism’s development which means they could be used in paediatric oncology.

Thanks to its characteristics, hadrontherapy will be used particularly for cancers of the head and neck, but also those of the liver and lung, malignant melanomas and sarcomas on mucous membranes, providing an important treatment option for the patients. BIIS was the Organisational Bank in charge of structuring the transaction and underwrote 50% of the total value of the fund, amounting to 40 million euro.

An on-going dialogue with the territory

The Group’s constant attention to issues relating to the public world at large and its desire to involve representatives of central and local governments on issues of common interest, has led the Institutional Relations Department, with the involvement of different Bank departments, to organise the conference “Federalismo e infrastrutture per il rilancio del sistema italia. Il turismo tra i motori della crescita” (Federalism and infrastructures for relaunching the Italian economy. Tourism as a growth engine) and the research “Infrastrutture di sistema e offerta turistica” (Infrastructures and tourist offer). This event was the result of a study launched by the Bank six years ago on two issues that are pivotal for the development of Italy and its economic and institutional modernisation: the federalist reform of the State administration and building the necessary infrastructure to ensure a sustainable economic growth. The Institutional Relations Department also organised meetings, in-depth analysis and free classroom training for the administrators and managers of local entities on issues of

particular relevance, to facilitate dialogue between public and private sectors. Among the meetings organised, were the Master Diffusi, classroom trainings, which were held during the Forum PA and among the issues looked at were project financing for infrastructure and land, renewable energies and strategies to access European funds.

The year 2009 was also the year for the launch of an initiative that involved the leaders of BIIS on a journey that crossed Italy to strengthen the cooperation with the territory and confirm the commitment to foster cooperation between institutions and private sector, for the revival of local economies.

The first venues of the meetings organised as roundtables were in Genoa, Padua, Bologna and Bari on the issues of major local importance: port facilities, the "Terzo valico" railway (a railway tunnel under the Appennini project), health industry, sustainable development, renewable energies and growth potential of the tourism sector. The initiative will involve other Italian regions in 2010.

BIIS's commitment to supporting infrastructure and land development projects in the regions covered by these meetings has been long apparent: in 2009, funds were allocated to Società Autostrada Brescia Verona Vicenza Padova S.p.A. to build the motorway tract south of the A31 "Valdastico" motorway and the Policlinico of Modena for restructuring and upgrading healthcare facilities. For the revamping of the structures of the Fiera di Forlì under the flag of "green economy", financing for the building of a photovoltaic plant capable of providing power meeting 75% of the fair's energy needs was provided: the project was entirely funded by BIIS by leasing of public property, an innovative tool for this sector, which compensates the debt through the revenue arising from contributions paid by the GSE for the energy produced by the plant. To these are added the financing disbursed for the building of fully integrated photovoltaic systems in towns in the Apulia and Basilicata regions, with a total capacity of 5MW. Also significant is the awarding of the tender to build 11 schools in the province of Bari, through leasing of public property.

The foreign subsidiaries have also funded projects for the public administration. In 2009, Banca Intesa Beograd approved a budget of 30 million euro for funding projects in towns in Serbia. The projects aim at improving local liv-

ing conditions (water supply, sewerage, roads, pipelines).

In Bosnia and Herzegovina, our subsidiary has allocated 50 million euro for the financing of SMEs and public administration. These were intended to develop the potential local employment and have been allocated to the sectors of infrastructures, energy, environmental protection, health, education, tourism and services. About 70% of the funds are for credit lines for SMEs, while the remaining 30% will be allocated to the public sector.

Disputes

Briefly described below are some disputes that have affected Intesa Sanpaolo in 2009.

Overdraft charges

The proceedings against Intesa Sanpaolo S.p.A. regarding overdraft charges, initiated by the Antitrust Authority in July 2008 (also affecting Unicredit, Montepaschi and BNL) was closed at the end of the same year with the acceptance of the commitments made by the Bank. As a result of the changed economic scenario and subsequent anti-crisis measures, in 2009 the Bank adopted a new economic system and the Authority reopened the proceedings to assess the new fees applied in April 2009. In December 2009, the proceedings were closed (as with the other banks) with a general reporting to Parliament, the Government and the Bank of Italy by the Authority on the analysis of the economic impact of the new fees introduced by the banking system.

On the same topic, in January 2010 a summons concerning a class action under Article 140 bis Legislative Decree No. 206/2005 (see Consolidated Financial Statements page 359) was served to Intesa Sanpaolo by Codacons as representative of a single current account holder. In April 2010, the first hearing was held but no decision has yet been taken as to the admissibility of the action.

“ Survey "Infrastructure for growth: a dialogue between bank and companies and institutions" involved a sample of 150 opinion leaders, clients and customers of the bank, consisting of a qualified group of companies, trade associations and local authorities. In a climate of general concern for the Italian and international economic development and pessimism for the industry, investment in infrastructure – according to respondents – seems to play a key role to combat the crisis. "Infrastructures" used not always, or only, as a synonym for expensive and ambitious projects. Respondents also considered important for the development other works, such as infrastructure for tourism and sport, and the smaller ones that can be immediately initiated. The public and private sectors, particularly in the South of Italy, are aware of the need to rely on dedicated banking institutions to address the complexity of investing in infrastructure. ”

ISPO (Istituto degli studi sulla Pubblica Opinione) 2009 Survey

Simplified Mortgage Cancellation

In February 2009, the Antitrust Authority initiated proceedings regarding simplified cancellation of loan mortgages against Intesa Sanpaolo S.p.A. The proceeding was closed on 6 August 2009 with two sanctions against the Bank for a total of 325,000 euro. The Authority argued that the Bank adopted an unfair business practice by adopting a dilatory conduct towards consumers who were entitled to obtain the cancellation of the mortgage following extinction of the loan, even failing to respond to correspondence sent by them to request cancellation. An appeal was made regarding this decision to the T.A.R. Lazio (Administrative Regional Court of Lazio), which has in part, accepted the Bank's reasons. Both parties can now appeal the decision to the State Council.

Mortgage transferability

At the beginning of 2009, T.A.R. Lazio upheld the appeal by Intesa Sanpaolo S.p.A. against the action regarding mortgage transferability by which the Bank was ordered to pay a sanction by the Antitrust Authority. The Authority has initiated the proceedings for the annulment of T.A.R.'s decision before the State Council.

"Telco"

In early January, the Argentinean Economy Ministry imposed a penalty of 3.218 million euro to Intesa Sanpaolo as a shareholder of Telco. The Ministry found that no notification was given regarding an acquisition that took place in 2007, concerning the subsidiary of the Pirelli Olimpia S.p.A. Group, an Italian financial company holding the relative majority (18%) of Telecom Italia shares. The acquisition took place through a newly set-up company, Telco S.p.A., targeted to incorporate Olympia, which, after the operation, owned approximately 23.6% of the voting capital of Telecom Italia (18% of which acquired through Olimpia and 5.6% brought in by Generali and Mediobanca). On 28 January, the appeal against the decision imposing the sanction was filed with the Argentinean Competition Authority calling for the withdrawal thereof or, alternatively, the reduction or recalculation of the sanction.

"Akcenta"

According to the reconstruction undertaken by the Slovak Antimonopoly Office, in 2007 the Slovak subsidiary VUB reached an agreement with two other banks to close, almost simultaneously, current accounts belonging to Akcen-

ta CZ – a Slovak company that (through these accounts) provided international payments and Forex non-cash transactions services on the Czech Republic and Slovakia markets – in order to exclude the company from the Slovak market because of its more advantageous fees. Hence the appeal to the Slovak AntiMonopoly Office by Akcenta CZ to convict the banks for forming a cartel.

The Supervisory Authority, as a result of its findings, ruled for the first time on 9 June 2009 by imposing a sanction on the three banks for a total of approximately 10 million euro, of which 3,8 for the subsidiary VUB. On 19 November 2009, the Authority, as a result of the appeal submitted by VUB and the other two sanctioned banks, definitively confirmed the fine originally imposed. On 20 January 2010, VUB filed an appeal against the decision of the AntiMonopoly Office to the County Court Bratislava.

Controversial sectors

In 2008 Intesa Sanpaolo contributed, as a minority position, in the financing granted by a consortium of international banks to the Indian company Vedanta Resources, one of the largest mining companies listed on the London Stock Exchange. In September 2009, the Bank, together with other financial institutions that provided credit to the Indian company, was invited to attend a meeting in London organised by a large delegation of Non-Governmental Organisations and some members of the community of the Indian region of Orissa, where Vedanta carries out mining activities. During this meeting, the NGOs reported alleged breaches of regional Indian environmental laws and breaches of

the rights of the local population to live in their territories of origin. Intesa Sanpaolo, while participating with a minority stake in the financing and therefore being in a position of lesser power to require the company to take measures to mitigate the social and environmental impacts, addressed its serious concerns regarding the alleged breaches to the principles expressed in

“ Vedanta/Sterlite is about to build a giant open-cast bauxite mine in the mountains of Niyamgiri, home to the Dongria Kondh, one of the most remote peoples of India. [...] The mining will destroy the livelihood opportunities of Dongria who are completely self-sufficient, and their most sacred sites, making it impossible for them to continue to exist as a people. [...] In addition to the mine, Vedanta has already built an alumina refinery near Lanjigarh. The indigenous inhabitants of the village have lost their lands and find themselves living with deposits of toxic waste, including heavy metals and radioactive waste, dumped in rivers and soils. ”
International ONGs

Intesa Sanpaolo's Code of Ethics to Vedanta, through the leader Bank.

Vedanta, in an official communication addressed to us, decided to respond to objections raised against the company by providing a detailed analysis of events and circumstances which, according to the company, confirm the correctness of its actions, especially given the results of an extensive analysis on the environmental impacts of their operations conducted at the company's request by an independent company specialist in the field. At the time of printing of this Social Report, Intesa Sanpaolo has already achieved an initial, important result, namely to engage Vedanta in discussion regarding the accusations brought against it by the NGOs. Furthermore, Intesa Sanpaolo has effectively and proactively asked the company to informally shoulder the obligations of managing the environmental and social impacts arising from the interaction with all its stakeholders. Despite these encouraging results, Intesa Sanpaolo remains concerned on this issue due to the number and the seriousness of the allegations against Vedanta and, according to the principles of its Code of Ethics, continues to closely monitor the developments on the matter.

The arms sector

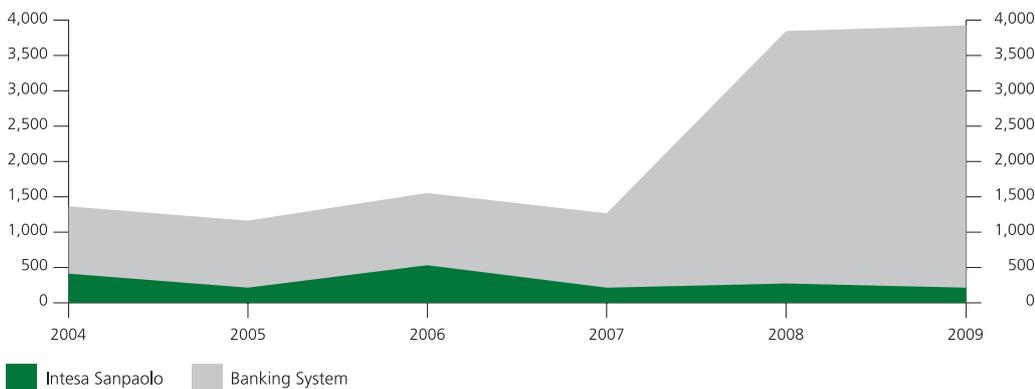
The complex and controversial issue of arms production and trade has been well represented in the Bank's strategies for some time. We are aware that Intesa Sanpaolo is fully responsible for how it conducts its business as financial intermediary. Consequently, the Bank, in keeping with the values and 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 it is impossible to transfer 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.

“ Intesa Sanpaolo wishes to be a role model for the development of the market, by promoting a policy drawn up by the whole industry in relation to the issue of armed Banks: the policy is easily accessible to all stakeholders from the website and can be easily consulted. ”
Armed Banks Campaign

“ Despite public declarations and its internal policy, Intesa Sanpaolo is still on the list of armed banks presented to Parliament. ”
Customer

Comparison Intesa Sanpaolo – Italian Banking System (amounts authorised by the Finance Ministry)



Although the Bank has not been able to completely halt its operations in the field, in recent years the operations incidence has decreased up to 6.1% compared to operations in 2009 (compared to a 16% credit market quota).

Law 185/90 governs the import, export and transit of weapons and the operations of the banking sector in this area. The law provides that a Parliamentary report be issued on a yearly basis in which the Ministries involved illustrate data and information on the activities carried out in the previous year. Among the data presented, those regarding notifications and alerts are particularly relevant.

Notification means the application submitted by the Bank¹ to the Ministry of Economy and Finance (MEF) under Article 27 of Law 185/90, for authorisation of a banking transaction relating to a license granted to the company belonging to the arms industry by the Ministry of Foreign Affairs or by the Defence Chiefs of Staff. The Bank must therefore always ask permission before carrying out transactions in this field.

The notification is a simple report by the Bank to MEF of the bank transfer that took place with information that is similar to that contained in the notification.

¹ Art. 12.2 of DPCM 93/05.

Summary of data on authorisations issued for exports listed in the *Parliamentary Report*

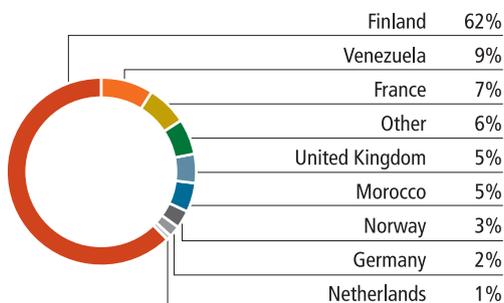
Millions of euro	2004	2005	2006	2007	2008	2009
Sanpaolo IMI Group	366.1	173.0	448.3			
Banca Intesa Group	23.2	0.2	46.9			
Intesa Sanpaolo Group				198.2	265.1	233.3
Pro-forma total	389.3	173.2	495.2	198.2	265.1	233.3²

² CR La Spezia data included (47 million euro)

Authorisations for exports for 2009 have decreased by approximately 12% compared to last year. The main operation, representing over 60% of the total number of authorisations, was the supply of 3 MITO class minesweepers by the company Intermarine to the Finnish Navy.

A review of authorisations by end-user country can help to better understand the operations dynamic in 2009:

Authorisations for exports issued to the Bank in 2009, by end-user country



The objective of the inter-governmental programs in the defence industry are to provide the Italian armed forces with advanced equipment, in which the Italian design and manufacturing industries also participated, simultaneously modernising and strengthening the national industry adapting it to the demand and to international competition.

The agreements are signed preferentially within European Union and NATO, but also through more expanded political and military alliances. Some, those identified under Article 11.1.a) of Prime Minister's Decree 93/05 and published in the annual report to Parliament, have simplified procedures.

Inter-governmental programs: amounts reported by the Bank to the Ministry of Economy and Finance¹

Millions of euro	2004	2005	2006	2007	2008	2009
Sanpaolo IMI Group	384.3	568.1	558.3			
Banca Intesa Group	11.4	0.8				
Intesa Sanpaolo Group				341.2	668.9	806.1
Pro-forma total	395.7	568.9	558.3	341.2	668.9	806.1

¹ Source Report to Parliament

The inter-governmental programs recognised by MAE are 21. The Parliamentary Report on 2009 operations illustrates the major programs in which our Bank takes part:

- FSAP – an agreement between Italy and France for manufacturing S/A missiles (320 million euro);
- EFA (Eurofighter) – an agreement between Italy, Germany, the UK and Spain for the manufacture of multitasking aircraft (292 million euro);
- Hawk Viability – an agreement between Italy, France and the USA for the manufacture of S/A missile system (61 million euro);
- MEADS – an agreement between Italy, Germany and the USA for the manufacture of an air defence missile system (54 million euro);
- PAAMS – an agreement between Italy, UK and France for the manufacture of a missile system for Horizon and anti-aircraft naval units (35 million euro);
- Fremm – an agreement between Italy and France for the manufacture of frigates (30 million euro).

During the year, Intesa Sanpaolo has also continued to support 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 specific policy dedicated to the management of activities of International Subsidiary Banks within the arms sector is expected to be approved and disseminated in the first six months of 2010.

In Italy, the scrupulous monitoring programme continued 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.

Employees



Strategies

In the Bank's first three years we have strived towards completing the integration of our employee management and development systems, increasingly attentive to the involvement of individuals as internal resources for achieving our goals in all areas of the Company.

We continue to work on those areas that require improvements and we believe in a style of leadership apt to develop a work environment that fosters creativity and innovation.

Notwithstanding the difficult economic climate, we are offering new opportunities in the labour market and are investing in developments and projects for young people in order to attract and retain the best professionals.

We remain committed to ensuring that our advanced system of labour relations accompanies the Group's organisational developments and contributes to building a mutual identity and culture by dialoguing with our stakeholders through information, debate and negotiations.

We keep needs and requirements in mind, designing solutions to increasingly help reconcile the pace between working and private lives. We are heavily committed to a number of projects currently underway for simplification, development and innovation based on listening and cooperation. Overall, the employees currently working for the Group say they are quite satisfied: what we want for them is to change that 'quite satisfied' into 'very satisfied'.

Commitments for 2007-2009 and our achievements

WE SAID:

Promotion of cohesion and transparency in business relations.

Enhancement of the professional competence of all employees and promoted their personal and professional development, considering their individual characteristics and the context in which they operate.

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

By making use of a variety of tools, we have built a common language to facilitate a thorough understanding of events and provide the means for understanding the changes that have taken place and the work tools that have become available: the Intranet – a single point to access all information – now integrated and available throughout the Bank averaging 216,000 hits per month in the three-year period; live, on-demand Web TV offerings providing clear, direct and timely information as well as training (more than 1,762,000 total hits in the 2007/2009 period); the House Organ with over 239,000 copies issued in the three year period.

We have ensured that our employees receive comprehensive training by offering a wide-ranging selection of courses through strong commitment in terms of organisation, planning, and innovation, and a process of continuous development of in-house expertise – which saw the involvement of over 266,000 employees who performed over 2,595,000 days of training in three years. We have created a platform for development based on three guiding principles – merit, equality and sustainability – and have defined actions and targeted policies for specific groups to build a management system that is close to the needs of professional growth.

WE SAID:

Adoption of fair and transparent systems for assessing positions, performance and potential. Introduced incentive schemes to enhance individual and team worth.

Adoption of policies and developed projects designed to foster a quality work environment for all employees.

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

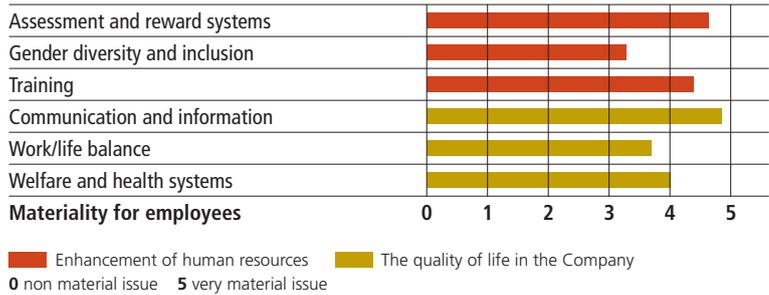
We have progressively extended the assessment of human resources and reward systems to all Group employees implementing them through various listening initiatives, which involved both the key assessors and the people being assessed.

We have signed 489 agreements arising from our on-going dialogue with the trade unions, some of which to ensure that all the Group's personnel enjoy equal economic and regulatory treatment. We have identified concrete solutions on issues relating to home/work balance through projects and initiatives which provided greater flexibility and support for people who face long periods of absence from work. The Gemma Project consolidated our commitment to equal opportunity and, in particular, to making the best use of female talent.

Materiality of issues

The following chart illustrates the issues covered in the listening activities and those concerning the involvement of employees and trade unions over the last three years (24 focus groups with employees, two with trade unions and a questionnaire to 6,000 employees). This result will guide us in giving greater weight to issues that stakeholders considered most relevant.

Materiality of issues for employees



Staff breakdown

At 31 December 2009 the employees of the companies included in the scope of the Social Report numbered almost 101,700 (-4.3%

compared to 2008), of whom almost 69,300 in Italy and a little more than 32,400 abroad. Below is a breakdown of Group employees.

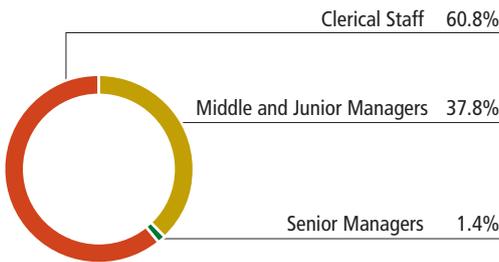
Composition by gender: Italy



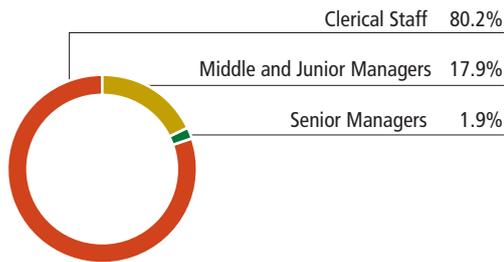
Composition by gender: Abroad



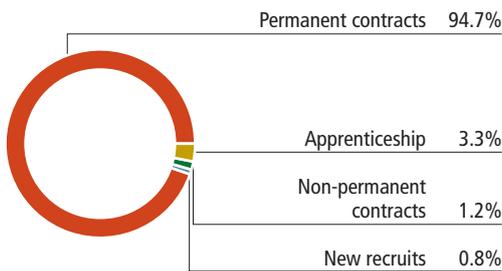
Positions held: Italy



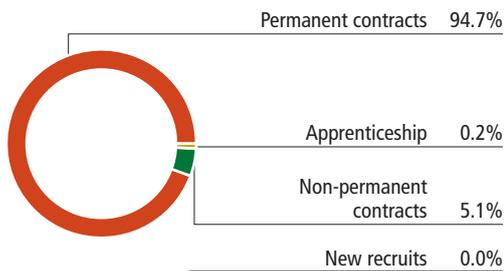
Positions held: Abroad



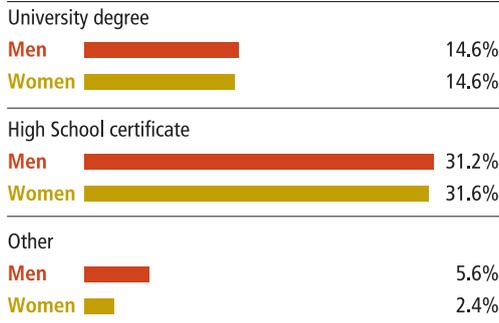
Breakdown by type of contract: Italy



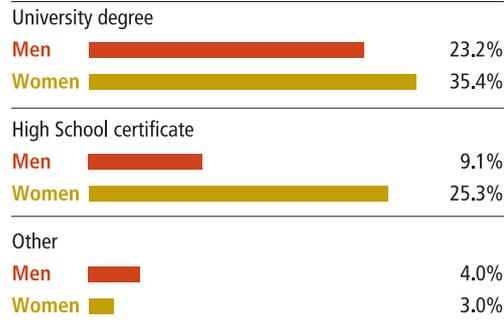
Breakdown by type of contract: Abroad



Academic qualifications: Italy



Academic qualifications: Abroad



Breakdown of employees by age/positions held (%)

	Italy			Abroad		
	2009	2008	2007	2009	2008	2007
<=30	11.9	12.2	10.7	35.8	29.1	28.1
Senior Managers	0.0	0.00	0.0	0.1	0.1	0.1
Middle and Junior Managers	0.1	0.1	0.2	2.3	1.8	4.9
Clerical Staff	11.8	12.1	10.5	33.4	27.2	23.1
31-50	65.9	66.3	68.2	51.0	56.7	58.1
Senior Managers	0.8	0.8	1.0	1.4	1.7	1.4
Middle and Junior Managers	26.3	26.3	27.1	10.9	12.4	15.9
Clerical Staff	38.8	39.2	40.1	38.7	42.6	40.8
>50	22.2	21.5	21.1	13.2	14.2	13.8
Senior Managers	0.7	0.7	0.7	0.4	0.5	0.5
Middle and Junior Managers	11.3	10.7	10.5	4.7	5.4	5.5
Clerical Staff	10.2	10.1	9.9	8.1	8.3	7.8

Staff evolution

The following main trends were recorded in 2009:

- the growth in the number of female employees, equal to 48.6% in Italy (+0.6% compared to 2008) continues, ranking above the industry average (47.5%); abroad women make up 63.7% of employees (+4.1% compared to 2008, even after the inclusion of Pravex Bank in the Company boundary). The overall data also reflects the prevalence of female recruitments from the labour market (over 58% are women);

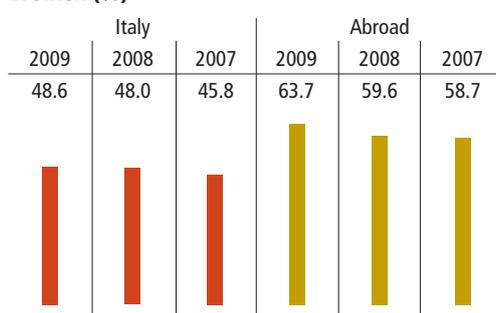
- the average age in Italy is 42 (in line with the national average) and 36 abroad. For the Group, the percentage of employees under the age of 30 was up from 16.8% in 2008 to 19.5%;

- the level of education shows that in Italy the percentage of graduates increases to almost 30% (27.9% in 2008) in line with the Italian average, and also registers a slight increase abroad, to an absolute level that is nonetheless higher: 58% (55% in 2008);

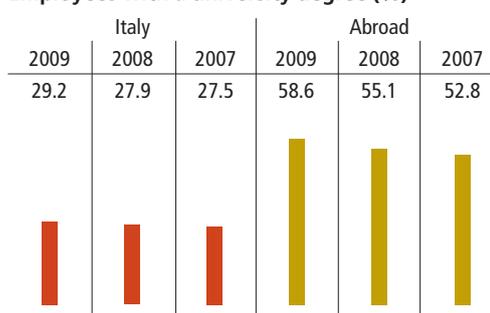
- In Italy the part-time figure increases by 0.3% to reach 11.5% (11% in 2008) against the Italian average of 8.4%¹.

¹ All perimeter data are taken from the "2009 ABI Report on the labour market in the finance industry", Bancaria Editrice.

Women (%)



Employees with a university degree (%)



Turnover

The turnover rate in Italy was -2.9% (-3.2% in 2008) where, compared to around 4,500 terminations, the number of incoming human resources exceeded 2,450. Abroad the registered turnover rate was -9.8% (4.0% in 2008) which was affected by the unique combination of the economic crisis – particularly in some Eastern European countries – and a reorganisation which, among other things, saw the closure of a number of branches not considered to be strategic.

Turnover

	Recruitments			Terminations			Turnover		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
ITALY									
TOTAL	2,453	3,550	2,257	4,504	5,887	6,887	-2,051	-2,337	-4,630
Men	1,067	1,381	871	2,563	3,981	2,610	-1,496	-2,600	-1,739
Women	1,386	2,169	1,386	1,941	1,906	4,277	-555	263	-2,891
<=30	2,069	3,112	1,880	1,222	1,319	502	847	1,793	1,378
31-50	375	434	358	574	1,159	1,378	-199	-725	-1,020
>50	9	4	19	2,708	3,409	5,007	-2,699	-3,405	-4,988
ABROAD									
TOTAL	2,147	4,457	3,703	5,656	3,432	3,201	-3,509	1,025	502
Men	837	1,344	1,167	1,890	1,224	1,120	-1,053	120	47
Women	1,310	3,113	2,536	3,766	2,208	2,081	-2,456	905	455
<=30	1,493	3,197	1,493	2,939	1,673	1,306	-1,446	1,524	187
31-50	606	1,204	1,885	1,809	1,388	1,521	-1,203	-184	364
>50	48	56	325	908	371	374	-860	-315	-49
TOTAL									
TOTAL	4,600	8,007	5,960	10,160	9,319	10,088	-5,560	-1,312	-4,128
Men	1,904	2,725	2,038	4,453	5,205	3,730	-2,549	-2,480	-1,692
Women	2,696	5,282	3,922	5,707	4,114	6,358	-3,011	1,168	-2,436
<=30	3,562	6,309	3,373	4,161	2,992	1,808	-599	3,317	1,565
31-50	981	1,638	2,243	2,383	2,547	2,899	-1,402	-909	-656
>50	57	60	344	3,616	3,780	5,381	-3,559	-3,720	-5,037

Turnover rate (%)

	TURNOVER RATE ITALY			TURNOVER RATE ABROAD			TOTAL TURNOVER RATE		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
TOTAL	-2.9	-3.2	-6.2	-9.8	4.0	2.0	-5.2	-1.3	-4.2
Men	-4.03	-6.5	-4.4	-8.21	1.1	0.5	-5.11	-4.9	-3.4
Women	-1.62	0.8	-8.3	-10.62	6.1	3.2	-5.25	2.4	-4.9
<=30	11.44	25.8	22.5	-11.06	24.8	2.7	-2.93	25.3	12.0
31-50	-0.43	-1.5	-2.1	-6.79	-1.2	2.5	-2.21	-1.4	-1.0
>50	-14.94	-18.2	-25.2	-16.73	-7.8	-1.4	-15.34	-16.3	-21.5

Recruitment policy

Access and non-discrimination in recruitments

Recruitments are open to everyone by submitting a CV along with the application on the Group's Internet sites where candidates can also see the profiles that are most in line with the positions being requested. Intesa Sanpaolo makes sure that jobs assigned to new recruits are close to their towns of residence or domicile. In Italy in 2009 the number of CVs sent voluntarily by those hoping to work in the Group were over 114,000 (over 99,000 in

2008) and abroad over 115,000, in line with the previous year.

In 2009, the intensive plan of Employer Branding initiatives continued with participation in career guidance events and discussions in major universities and business schools in Italy.

For the third year running, Intesa Sanpaolo was voted as the ideal and most coveted work place by new graduates based on the "Recent Graduate Survey" conducted by an independent institute, which examined 138 companies evaluating graduates' expectations, preferences and objectives.

Recruitments during the year by type of contract

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007 ¹
Non-permanent contracts	1,350	1,324	799	874	1,475	0
Permanent contracts	503	728	911	1,214	2,804	0
Apprentice contracts	353	1,074	499	52	165	0
New personnel contracts	247	424	48	7	13	0
TOTAL	2,453	3,550	2,257	2,147	4,457	3,703

¹ From 2008 onwards, the refinement of the data collection process also allowed us to obtain detailed data on our international subsidiaries which previously were only collected as totals.

As at 1 January 2009, 48.6% of the non-permanent contracts awarded were for maternity leave replacements or long absences and 51.4% were in response to seasonal or exceptional needs. During the year, 95.2% of such contracts ended; of these 59.3% were renewed, 12% as permanent contracts and 88% as non-permanent contracts.

In 2009, 331 contracts in Italy (140 in 2008) and 195 abroad (302 the previous year) were signed with workers who were not employees of the Group (supply contracts, temporary workers, project workers).

Development of human resources and remuneration policy

Internal mobility policies

The cross-cutting of skills and opportunities was promoted by strengthening the Job Posting process providing employees with the possibility to apply for vacant positions in various Group companies.

118 new Job Postings were published for a total of 149 positions in 2009. In total, over 2,650 applications were collected and the suc-

cess rate exceeded 62%, filling open positions internally.

Consistent with the new organisational model, mobility at the Banca dei Territori was strongly geared to improving people's level of competence and coverage of commercial and managerial roles. During 2009 there were about 1,400 transfers from Departments or Regional Offices to branches which led to shifts from administrative to commercial tasks. Over 650 transfers were approved in the Banca dei Territori Division based on employees' applications..

Professional assessment systems

Guiding principles of management and development policies – merit, equality and sustainability – have been strengthened by simplifying the data processing of the performance assessment system that takes into account the views expressed during listening initiatives both by assessors and by those being assessed. The goal was to refine the main instrument for acknowledging merit, by focusing on the revision of the assessment of managerial skills for people about to assume senior positions of responsibility.

The *All-encompassing Assessment* at the Corporate and Investment Banking Division continued, integrating feedback from all those who come into contact with the person being assessed (colleagues, department heads, customers, etc.) in the process of evaluation – an initiative which was also picked up by the International Subsidiary Banks through the *Leadership Development Project* (Sviluppo della Leadership).

In Italy, all employees undergo a professional

assessment and this assessment culture is expanding abroad: in 2009, 69% of employees was evaluated (a little over 62% in 2008).

To ensure greater transparency in the process, a brand new way of assessing skills and aptitudes to cover roles was implemented within the Group. Moreover, a development model was defined that allows the indications from the different assessment tools (performance and potential) to be systematically collected to detect better individual characteristics and guide professional growth and development and customise training initiatives.

Potential Objective (Obiettivo Potenziale) a project launched in 2009 aimed at assessing the potential of personnel, was extended to all of the

Group companies. The assessment system is based on the evaluation of five specific behavioural aptitudes that are considered key drivers: personal energy, emotional stability, generation of alternatives, self-awareness, influence and impact. The introduction of the system was accompanied by a specific training for supervisors to explain goals and methodologies and involved about 5,200 people. The potential development projects involved more than 2,870 people in Italy (1,700 men and about 1,170 women) and over 390 abroad (200 men and 190 women).

During the year, in Italy, over 4,700 people (6.87% of staff) were promoted to senior roles of whom about 2,360 men and 2,390 women; abroad, more than 2,500 people (7.7% of staff) were promoted, of whom about 1,280 men and 1,240 women.

“ The Bank should sensitise its managers so that they place more value on assessment interviews which represent an opportunity for professional development (...) A proper amount of time and attention should be given to these interviews. They should not be treated as an obligation that needs to be over and done with. ”
Employee



Several development or training programmes were undertaken with regard to personal development and strengthening of expertise and specific skills:

- *Leadership Through Responsibility*, a project created to implement development initiatives to reinforce individual skills, while creating socially useful projects. In 2009 one of these projects involved the Information Services managers who donated

COMMUNITY

'virtual tours', constructed by employees in the course of the project, to Fondo per l'Ambiente Italiano to be used for its websites, thereby inaugurating a new, useful way of accomplishing projects for both the Company and non-profit organisations.



- *VOI – Voluntary work and Business (Volontariato e Impresa)* is an experimental initiative aimed at providing managerial training while also playing a socially useful role. Managers of the Corporate and Investment Banking Division attended two days of training at a cooperative that plays an important social role for persons with disabilities.

- *Progetto Imagine*, also of the Corporate and Investment Banking Division, is an initiative aimed at young people (under 31) with the objective of developing new skills and pinpointing multi-disciplinary professional goals and directing professional growth towards integration.

Remuneration policy

A gradual process of harmonising the treatment of managers began through assessment of organisational positions, assuring their competitiveness on the market according to the specific characteristics of the professional categories.

The materiality of each position was identified, through an international measurement system developed from a rigorous analysis of the level of monitored activities and their economic and organisational impact.

Treatment, recognition and development opportunities are assessed on the basis of objective internal parameters against market competition in accordance with the need to attract and retain key professionals.

Corporate conduct regarding remuneration

is inspired by and complies with the criteria contained in the Group Code of Ethics, primarily towards senior management and, more generally, the whole staff. Accordingly, some useful clarifications to raise further the level of transparency were also made, particularly with regard to employment terminations for which there is a limitation in terms of pay and for which the provision of incentives following the achievement of negative results is excluded. Within the Group, the minimum remuneration applied for newly-hired personnel is that laid down by the national collective bargaining agreement (CCNL)¹ for the various personnel categories.

Incentive systems

The incentive system varies according to business area in order to implement measures reflecting the different professional roles in the Group, recognising individual merit, rewarding teamwork and even offering the possibility of long-term incentive plans. The system is based on promoting individual contributions and the pursuit of excellence. Since 2006, 4 goals for managers have been introduced in the incentive system regarding leadership responsibilities, assessment and management of merit, and enhancement of human resources. These objectives relate to the so-called "intangible" components inherent in the processes of value creation and sustainable growth and that are now considered a distinguishing factor in the competitive environment even for promoting sustainable financial results.

¹ The CCNL for the sector covers all employees in the Group in Italy; while abroad, considering the variety of legal frameworks, there is no uniform application of collective agreements.

“ Often the objectives on which a person is assessed are not made known in good time. The objectives are frequently commercially challenging and can also lead us to overlook the principles contained in the Code of Ethics which instead, should be a base on which to build the assessment system and, in turn, the incentive systems. ”
Employee

² The following table provides a better interpretation of the earning trend abroad given the changes in the boundary and particularly the inclusion of the Bank of Alexandria which has a particularly high percentage of male employees, who are paid in line with Egyptian market standards.

Basic average annual gross remuneration by gender/category (€/000)

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Male Senior Managers	131.8	130.6	126.1	63.7	69.7	60.1
Female Senior Managers	121.6	118.7	113.1	57.2	48.8	45.5
Male Middle and Junior Managers	54.7	53.6	51.6	18.6	30.5	27.6
Female Middle and Junior Managers	48.2	47.2	45.3	22.5	21.9	21.1
Male clerical staff	35.0	34.1	32.6	10.2	14.0	13.3
Female clerical staff	31.9	31.0	29.7	9.2	11.2	11.1

ABROAD reclassified ²		
2009	2008	2007
63.7	62.8	52.0
57.2	49.3	45.8
18.6	17.1	15.4
22.5	19.3	19.0
10.2	9.3	8.0
9.2	8.8	8.4

Innovation

Through the Corporate and Investment Banking Division's projects *Leading Our Change and Strategic Seminars*, focus was placed on the development of department heads and their multidisciplinary skills and flexibility to enable them to adapt to multicultural and international changes.

In "Parliamo di Noi" (Let's talk about us) a publication in which the Division collected the major initiatives undertaken in 2009 to strengthen its identity and improve its level of knowledge of the way we work, an initiative that interested department heads on issues such as market, customers, innovation, technological development and leadership of the future was continued. This is a true plan for change that sees the Division involved in the achievement of common objectives in a manner aimed at sharing information. With the Archimedes Project (Progetto Archimede), also initiated by the Corporate and Investment Banking Division,

employees were invited to submit ideas and innovative proposals. A workshop *Kick off Innovaz10ne* was held to turn them into concrete projects and solutions.

The value of differences

In 2009 special attention was paid to diversity in its broadest and most inclusive sense through a considerable number of projects and initiatives.

Female employees

The percentage of female employees in Italy grew overall to 48.6% (+0.6% compared to 2008) and to 63.7% abroad (+4.1% compared to 2008). These figures reflect the prevalence of female hirings (58.6% of all recruitments). Compared to the total number of employees, female Management figures registered a small increase in Italy (3.3% in 2009 against 3.2% in 2008) while abroad there was a slight decrease (2.2% in 2009, against 2.9% in 2008).

Gemma Project



Progetto Gemma (Gemma Project) was created in 2007 by Intesa Sanpaolo's top management to make the best use of human resources, especially female talent, to affirm the values of inclusion and non-discrimination, and with the goal of highlighting skills, cognitive models and leadership styles brought by women to promote the enrichment of managerial skills within the Group.

Initially a survey among over 1,700 female Group employees was carried out to hear about their stories, opportunities and the critical issues they encounter in their jobs. This was followed by direct interviews and specific meetings.

Subsequently, areas of intervention were identified with the participation of a cross-section of staff from different corporate backgrounds who contributed various corporate experiences and a variety of inputs:

- *"Business" to consider the contributions made by female talent in the development of business and identify potential female customers basins;*
- *"Comunicazione" (Communication) to give out news and information to improve the quality of life in the workplace;*

- *"Leadership al femminile" (Female leadership) to identify the characteristics of the Group leadership style, to analyse and remove barriers to the development of female managers and foster a female leadership;*

- *"Sviluppo e Formazione" (Development and Training) to disseminate and promote a culture and conduct that foster inclusion and valorisation, suggesting solutions and initiatives that facilitate professional and managerial development with particular reference to female talent;*

- *"Work Life Balance" to provide tools to promote a balance between work and private life.*

On 11 February 2009 the Gemm@ on-line community project was born, which is accessible over the Company's intranet. Gemm@ is a direct and immediate tool to update fellow project members about the project, but above all it is a virtual place for people to meet and listen to each other.

The community is particularly enthusiastic and active: over 10,000 visitors, 8,337 women and 1,955 men who have signed up and some 1,800 posts and comments with more than 1,000 contacts per day.

Breakdown of employees by category/gender %

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Senior Managers	1.5	1.5	1.5	1.9	2.4	1.9
Male Senior Managers	1.3	1.3	1.3	1.3	1.6	1.3
Female Senior Managers	0.2	0.2	0.2	0.6	0.8	0.6
Middle and Junior Managers	37.8	37.1	37.9	17.9	19.6	26.2
Male Middle and Junior Managers	24.4	24.3	25.5	10.5	11.8	14.6
Female Middle and Junior Managers	13.4	12.8	12.4	7.3	7.8	11.6
Clerical Staff	60.7	61.4	60.6	80.2	78.0	71.9
Male clerical staff	25.7	26.4	27.4	24.4	27.0	25.3
Female clerical staff	35.0	35.0	33.2	55.8	51.0	46.6

Breakdown of branch staff by gender %

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Senior Managers Men	8.7	8.9	9.0	3.9	3.7	4.0
Senior Managers Women	3.5	3.5	3.0	4.1	4.5	4.7
Family bankers Men	20.1	20.0	20.7	15.7	20.1	21.3
Family bankers Women	31.1	29.1	26.3	37.6	30.4	20.1
Other – Men	18.1	18.6	21.1	10.9	13.1	15.2
Other – Women	18.5	19.9	19.9	27.8	28.2	34.7

Average age (years)

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Men	44.7	44.5	44.6	39.4	40.3	39.9
Women	40.6	40.1	40.1	35.3	36.6	36.3
Average	42.7	42.4	42.5	36.8	38.1	38.7

Average employee seniority (years)

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Men	18.6	18.4	18.7	11.8	12.7	12.3
Women	15.9	15.6	15.8	8.2	9.4	9.3
Average	17.3	17.0	17.4	9.5	10.7	10.6

Following on from projects related to Gemma and with the purpose of promoting culture and conduct that foster inclusion, the development of female talent and balance between work and private life, a workshop for women entitled *COOnnaction lab* was held for female managers of Intesa Sanpaolo Group Service with the aim of identifying concrete proposals on the issue of developing female talent and networking.

Specific studies on the development of female employees were held in some of the behavioural and managerial courses for professionals and department heads: *Influence and Impact*, *Personal development: self-esteem and proactivity*, *assertiveness to develop one's authority*, *Coach and motivation*.

An analysis project of the Group leadership style (*Leadership al femminile* – Female Leadership) was created with special reference to the relationship between leadership and gender diversity. The initiative involved 90 managers of both genders – and showed up areas where action could be taken to better enable female management to express itself.

Multiculturalism

The Intesa Sanpaolo Group now has a strong presence abroad, and the staff who work at our banks are increasingly called on to interact with different cultures. It is therefore imperative that they be afforded the opportunity to work effectively in international work groups and that they be given specific training. For example, employees who are interested in

being transferred to China join a course on residing abroad: *Working and Living Abroad* for the Bank of Qingdao (China) provides individual coaching, intercultural training and cultural awareness and is specifically centred on facilitating understanding between the cultures for expatriates and local managers. A similar course was planned for Pravex Bank (Ukraine.)

The *Business Innovation R_Evolution* project, enacted by the Corporate and Investment Banking Division, sought to promote cultural change and support integration, multidisciplinary and the dissemination of a culture of innovation through the exchange of knowledge and experience among the business divisions.

The people involved acquired the skills needed to come up with ideas and solutions pertinent to the Bank's business. The active learning project Crossover, involving young specialists from the international subsidiaries and specialist teams from the Head Office Departments in a course of learning and exchange of know-how lasting some 4 months alternated training, mentorship, coaching and project work by exploiting social networking tools.

An annual workshop was held for the CEOs and their deputies of the International Subsidiary Banks: the *International Top Executives' Annual Forum: Leading in a Time of Turbulence* set as its goal to build a shared and successful managerial approach in the international component of the Intesa Sanpaolo Group.

In general, training initiatives to develop knowledge and language skills were stepped up with special attention given to persons who have close relations with foreign countries, to support the process of the Group's globalisation.

Protection beyond the legal requirements

The selection of persons belonging to protected categories was carried out with specific consideration by organising a tailor-made event entitled *Diversitalavoro*, following which the identified individuals were contacted by the Recruitment and Selection Office for a selection interview for inclusion in Group companies, matching skills required under the job profiles with the characteristics and motivations expressed by candidates.

Visually impaired and blind staff were



given the opportunity to participate in standard training courses, also in the classrooms, providing them with the necessary support. In particular, for blind switchboard employees in Milan, a pilot language training project was launched to teach and help improve their ability to speak English in order to support daily activities. The *Business English Programme* pilot course involved 13 people and was held at their place of work.

All blind and visually impaired employees were able to make use of our support technology platform: today about 210 employees are able to independently access their e-mail, surf the web and use the "office automation" products.

Despite the possibility offered by current legislation to suspend the recruitment of members of protected categories, the Bank and the Group's companies opted to continue recruitments by entering into specific agreements with the Italian Provinces. In particular, in the Province of Milan, cooperation with the Don Gnocchi Foundation, offering services of re-

cruitment, hiring and training in the Company, will be resumed.

The initiative *Everybody safe (Tutti al sicuro)*, a part of the Safety and Health (*Sicurezza e Salute*) initiative, is a project that aims to make all employees aware of the safety aspects and problems associated with inclusion in the employment environment of disabled people by promoting and managing a relational approach that takes greater account of the needs of the individual.

Lastly, the training of employees identified as "Disabled persons' First Aid specialists" and those assigned to "emergency measures" continued with first aid and fire management courses.

CIB Bank partnered with a non-governmental organisation to launch a distance training initiative on equal opportunities for people working in the network and at call centres in order to foster behavioural relationships with customers who have physical and mental disabilities. At the end of the course, a practical manual with clear and timely advice on how to behave in various situations is provided.

Number of employees belonging to protected categories % out of total number of employees

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Disabled	4.1	4.1	4.0	1.2	0.8	1.2
Other	1.8	1.8	1.8	0.7	0.1	0.3

Training for people

A training system that is accessible to all, that gave life not only to classrooms, but to overall learning and relationship experiences based on the values of the Code of Ethics, by focusing on listening and dialogue between people, developing innovative, integrated methodologies, aimed at maximising effectiveness. A training system, ultimately, that supports the whole Group in skill enhancement and dissemination of culture and corporate identity.

These are the guidelines that guided the Bank's impressive training activity.

There was a significant increase compared to 2008 of man/days of training with over 936,000 days, which also exceeded the goals set in the business plan. Quantitative data also reflected in the appreciation of the initiatives provided as highlighted by the satisfaction levels on the overall quality described in the following sec-

tion "Gauging the efficiency of training". In Italy in 2009 the number of enrolments in training activities were 63,300 (62,000 in 2008) and 32,000 abroad (24,000 in 2008).

Training was also conducted through grants and special funds received from national and EU funds for over 36 million euro.

Also significant, in terms of volume and impact, were the activities supporting the integration of operational models, systems and processes. The ISI project, for example, covered 7.2% of the total number of days paid. No less significant were the efforts to promote the continuation of cul-

“ Distance training is not always effective for those who work in branches and whose working time is defined by their relationship with customers, nor is it suited for certain 'critical' issues such as legislation on privacy or anti money-laundering. (...) In general, training should be more timely especially with regard to new regulations and procedures and when undergoing a change in role. ”
Employee

tural integration through the dissemination of distinguishing styles and behaviours, with a view to strengthening our corporate identity Progetto Fiducia (Trust Project). Different channels were used for providing the training. In addition to classroom courses, the use of

remote channels was relevant, particularly for compulsory education or training required by legislation, but also for behavioural training. Our Web TV channel was rewarded by high listening levels.

Content training (classroom hours + distance training hours %)

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Managerial	21.3	7.8	7.6	17.8	13.1	19.1
Commercial	6.3	5.1	43.4	17.6	13.9	11.7
Operative	12.3	9.0	10.2	15.8	13.3	12.7
Credit	9.2	6.5	6.8	5.9	4.4	6.3
Finance	28.9	42.7	25.9	2.7	1.4	3.0
Abroad	0.4	0.1	0.4	0.2	1.0	1.6
Computer	1.9	1.4	1.2	14.5	5.8	7.9
Specialist	13.0	25.0	0.8	12.3	37.9	15.7
Linguistic	6.7	2.3	3.7	13.2	9.3	22.0

Training by type

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Classroom training by type (% of hours)	61.1%	65.2%	58.6%	91.2%	98.5%	98.7%
Distance training by type (% of hours)	38.9%	34.8%	41.4%	8.8%	1.5%	1.3%
Training days during the year (classroom + distance)	824,700	752,372	709,808	111,494	108,232	89,355
No. of participants in training (enrolled)	63,330	62,071	49,249	32,046	24,155	35,387
Training days per employee	11.9	10.5	10.1	3.4	4.1	3.5

Training by professional category and gender (average number of hours per person)

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Male Senior Managers	31.8	29.5	40.0	72.0	120.6	73.8
Female Senior Managers	40.5	36.5	45.8	83.5	153.2	87.9
Male Middle and Junior Managers	57.1	54.0	48.3	27.2	26.5	24.6
Female Middle and Junior Managers	56.7	56.1	51.2	50.9	51.3	28.2
Male clerical staff	42.1	39.9	34.7	18.0	21.3	45.9
Female clerical staff	49.6	44.0	45.4	17.0	27.2	44.0

Responsibility training

Special focus was given to training on social responsibility.

A course on Intesa Sanpaolo's Corporate social and environmental Responsibility was provided for all employees in Italy to reinforce the basic culture on the general principles of ethics and human rights, with the aim of illustrating the

model, policies and tools adopted by the Bank to enact responsible attitudes within the Company. The course was attended by more than 30,000 people.

A new workshop *CSR: Creare Sostenibili Relazioni* (CSR: Creating Sustainable Relationships) was launched for cultural training devoted to Delegates¹ to support them in the dissemina-

¹ For the description of the CSR governance model and the role of the delegates see chapter "Identity and Governance".

tion and practical implementation of CSR principles within their own divisions.

Abroad, all banks distributed the Code of Ethics and information material on the themes of responsibility to staff and also made them available over the intranet.

Ambientiamo – a cross-media training course that incorporates and gives continuity to the initiatives already undertaken to implement the environmental policy of the Bank was perfected. Launched to raise employees' awareness on the environmental impacts of behaviour at home and at work, it also meets the training needs of the branch managers in charge of the Environmental Management System. The project was implemented in collaboration with the Ministry of the Environment, under the Sustainable Energy Europe campaign of which Intesa Sanpaolo is a partner. The Training Department became a spokesperson for the "M'illumino di meno" initiative energy saving day organised by the Caterpillar radio programme and under the patronage of the European Parliament: the initiative aims to raise public awareness on better use of energy. In addition, almost 48,500 employees in Italy (over 70% of the workforce) and 10,000 abroad (over 30% of staff) received specific training on anti-corruption policies and procedures in place.

Training for excellence

To enhance the job skills of those working in Human Relations and strengthen individual skills required for the best possible job fulfilment, the *HR Academy* was set up – an integrated, permanent platform of Training, Development and Innovation for those dealing with the Group's human resources.

The community of internal trainers can avail itself of the Trainer Academy (Accademia Formatori), which aims to develop and consolidate the necessary skills and acquire full mastery of one's role through a social network of about 1,800 people.

A huge effort flanked the technical training courses dealing with virtually all the professionals who interact with different customer segments. At Privedna Banka Zagreb, the strategic development of the PBZ Business School project, offering a three-year training course for recruits, continued. VUB Banka also has its own in-house training centre, VUB Akademy, with a mission to strengthen professionalism, support ongoing training and motivate people through knowledge.

Gauging the efficiency of training

The measurement of the effectiveness of the training provided was achieved through the implementation of an 'on-line' dashboard to detect the projects, the volume of activities, economic data and feedback based on the appreciation of the training.

In 2009, among course participants in Italy, the training satisfaction index, that is the correspondence between training re-

ceived and professional demands of those who attended the training, was 3.98 out of 5.

Banca Intesa Beograd also carried out a survey of the differentiated needs between Central offices and branches with the *Training Need Analysis* initiative to define precise training needs and priorities in relation to each development profile.

ENVIRONMENT



“ When changing position in the Company, training should be structured and timely: too much is left up to self-training and learning from colleagues. ”
Employee

Progetto Aula+ (Classroom+ Project)

This is a project that aims at enhancing the classroom experience by means of tools and channels that go beyond the traditional concept of training by offering 'assisted' training which provides: pre-classroom where the contents and objectives of the initiative are presented;

the classroom – characterised by more opportunities for discussion and collaboration – and the post-classroom, which enriches and gives substance to the work done by offering materials for gaining further knowledge and connections with more training initiatives.

Internal communication

Following the most intense phase of integration and territorial reorganisation in 2008, internal communication activities in 2009 were directed mainly to support the completion of this process, which occurred at year-end when Banca CR Firenze and Casse del Centro were also integrated in the information channels.

Our commitment in terms of information, analysis and listening continued with the aim of spreading values and strategic directions through planning and consultancy services to all business structures. The communicators worked alongside colleagues from individual offices to collect content and information objectives and enact them in plans, projects and

initiatives focusing on recipients and defining methods, times and tools to make communication more effective.

Intranet: integration, simplification and innovation

In the course of the year, the Intranet – the main source of real-time information about the Company and an ideal place to access all available content, tools and applications – was made available to all employees of the banks and companies, which started-off the IT integration, thus becoming the portal common to all. Integration of the different content also continued and was carried out by selecting and relocating the various existing tools in a more rational and accessible manner. Also a new, simpler and more accessible Intranet was designed.

Company support for initiatives of solidarity: communication and training

As has always been the case, the internal communication tools were also used to have employees participate and become involved in solidarity initiatives.

Spreading awareness about Project Malawi, Intesa Sanpaolo's initiative in support of the population of Malawi, continued. At the end of the year, the Intranet again gave access to the procedure for donating luncheon vouchers to the project: more than 7,300 people took part, donating almost 31,000 vouchers valued at 160,000 euro.

The internal communication tools also played an important role for the earthquake in Abruzzo. A commitment to inform was flanked by that of promoting and gathering the solidarity of people who could participate in a fund-

raiser by making use of a procedure accessible via the intranet, which collected more than 450,000 euro, to which will be added the Bank's contribution of one million euro. The funds are to be used to build a school.

Training was also used to support an initiative of solidarity and, during the year the training project Pres-tito della Speranza in support of the C.E.I. and A.B.I. initiative, which will provide loans to families in need guaranteed by a special fund set up by C.E.I., was completed.

Intesa Sanpaolo joined the initiative by making available its network of branches. The training aimed at bringing Intesa Sanpaolo employees and VO.B.I.S. volunteers into close contact.

COMMUNITY

House Organ

With six issues published in 2009, the bi-monthly Mosaico news magazine consolidated and expanded its role as a tool for furthering the Group's internal communication, describing details of a complex organisation like Intesa Sanpaolo through the voice of the people who took part in its projects, initiatives and activities.

With articles, interviews and news stories, the magazine offered an overall panorama, yet also an in-depth view, of the Group's life as a useful and necessary complement to the information provided by instruments updated daily such as the Intranet and Web TV. The dis-

tribution of Mosaico was gradually extended to colleagues involved in the integration process.

Company television

The topics addressed by the Company television, 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 (during the year 937 new productions were made of which 232

were press reviews, 232 television news programmes and 473 programmes); on demand allows viewers to choose from a whole host of available clips, overcoming potential problems connected with work schedules (part-time, absence, etc.). A total of 327 new clips were published on the on demand channel, of which 39 were produced by the Training Department. At year end a total of 848 clips were available for viewing.

Communication in the international subsidiary banks

The quarterly internal English language newsletter "What's Up" was distributed to the International Subsidiary Banks: it is produced by

the in-house editorial team, with contributions from the various subsidiary banks which makes it an ideal meeting point between the Group entities.

The English language "Sharing Forum" for Division colleagues is a virtual place where community members share knowledge and "best practices". "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 Subsidiary 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.

Group identity based on values

The project We are Intesa Sanpaolo Group: chi siamo e come vogliamo lavorare insieme (who we are and how we want to work together) is a communication initiative aimed at our International Subsidiary Banks colleagues to disseminate a better understanding of the Group, its values and culture, through the people that are part of its different entities. The project saw the involvement of Intesa Sanpaolo Bank Albania, Intesa Sanpaolo Banka Bosnia-Erzegovina, Bank of Alexandria, CIB Bank, VUB Banka, Banca Intesa Beograd, Privredna Banka Zagreb, Intesa Sanpaolo Bank Romania and Banka Koper. The campaign focused on people from the different banks and on sharing common Group's values represented by icons to make them more simple, direct and personal and supported by the slogan 'We are Intesa Sanpaolo Group'. An international casting call was held, open to all Inter-



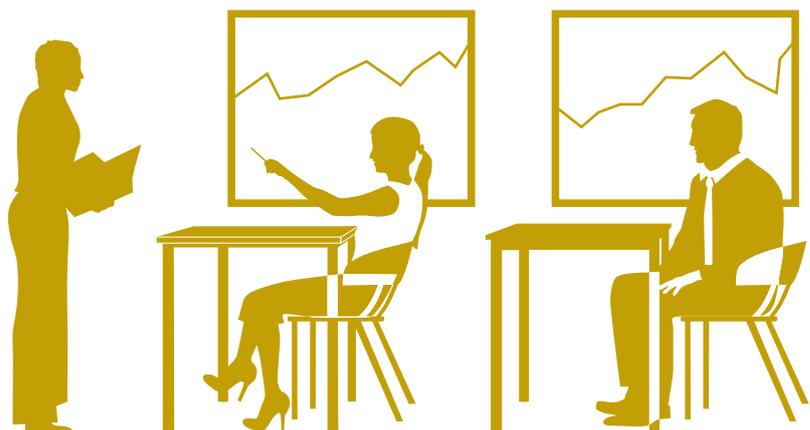
national Subsidiary Banks colleagues to represent one of the values of the Group. The choice of winning applicant was based on the motivation for applying or personal story in which the value chosen was the determining factor in a work situation. The actions and behaviours representing the values were illustrated by photographs taken by employees who took part in the internal communication campaign at the branches and offices of the banks involved, in posters, promotional cards and publications in local House Organs. Following the campaign, feedback was collected which showed a positive result in terms of individual involvement – in some cases, greater than expected – the recognition of icons as representations of values, discussion among staff on issues related to the Group values and a greater sense of awareness on belonging to the Intesa Sanpaolo Group.

Structured listening

Listening has always characterised our way of interacting with people.

Among the main initiatives undertaken is the organisation of meetings in the area, during which top management unveiled the new organisation of the Banca dei Territori (BdT). After each meeting a forum was open to all participants in the event as a channel for 'first-hand' listening. At the end of this initiative, to meet the information needs detected, two new editorial products were also set up: the TV format "La nuova BdT" (The new BdT) – a series of meetings

to introduce the Management of regional and central structures of the Division to all, and the "Newsletter BdT", a fortnightly informa-



tion sheet sent to all branch managers to communicate information and the most relevant news.

One of the novelties of 2009 was the launching of the "Panel dei mille" (Panel of a thousand): a representative listening group made up of about one thousand colleagues available

for consultation via brief on-line questionnaires on specific issues about life and work in the Company.

WebTV continued its series of interviews with the Group's managers on the most topical issues, by submitting the questions over the Intranet and video recorded by colleagues.

Working environment

In Italy surveys were conducted to gather people's opinion about their working environment. Compared to the previous year, these surveys, conducted in June and November and with a respondency average of 35.5% (36.2% in 2008), showed an increase in the percentage of those who said they were fairly or very satisfied with the working environment (62.3% versus 59.9% in 2008).

In the second half of the year, the International Subsidi-

ary Banks also carried out similar working environment surveys. The questionnaire, which was completed on-line, was adapted and translated into several languages, thereby giving people in each Bank the opportunity to answer questions intended to gain a better understanding of issues of specific local interest. International Subsidiary Banks employees' participation was generally very high.

Internal communication¹

	2009	2008	2007
Company Intranet: average monthly individual accesses	78.129	77.020	61.634
Web TV: total accesses	597.041	561.687	603.657
"house organ": average number of copies produced/printed	78.489	80.000	80.634

¹ With reference to the Group in Italy.

² With reference to 9 out of 11 International Subsidiary Banks.

³ Averages data not significant as the results of individual banks have been very different depending on contexts.

⁴ Data refers to individual bank initiatives and is not comparable with 2009 data which refers to an international survey.

Working environment

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Number of environment analyses	2	3	5	1	n.a.	n.a.
Analysis of environment (% participating in selected survey)	35.5	36.2	34.7	55.9 ²	n.a.	n.a.
Index of employee satisfaction (%)	62.3	59.9	68.3	n.a. ³	n.a.	n.a.
Change in employee satisfaction index from the previous period	2.4	-8.4	-2.5	n.a.	1 ⁴	4 ⁴
Number of internal communication events	344	341	3	129	108	161
Number of focus groups	87	34	54	0	1	2
Participants in focus groups	649	275	611	0	29	37

Labour/management relations

The company and trade unions continued their ongoing dialogue which began after the merger in 2007, to standardise regulations⁵ on issues of great interest to employees: part-time

work, the Employee Safety Representatives, mobility, working hours, economic measures on behalf of employees (scholarships for children, contributions for workers with dependent children or spouse suffering from disability, etc.). Of key importance was the framework agreement of 29 January 2009 which ensured

⁵ The industry CCNL covers all Group employees in Italy.

uniformity of treatment to all employees of the branches, irrespective of their company of origin or of destination, safeguarding continuity of career paths for workers in cases of transfers in roles, structures or even Group companies.

The reorganisation of the Bank sales networks also continued with joint solutions being sought, which were combined into the agreement dated 10 December 2009 to safeguard the treatment of staff involved in transfers, inside and outside of the Group, with an undertaking by the Company to make use of consensual labour transfers without jeopardising the treatment of the persons concerned.

Even in a context of adverse economic trend in Italy, the agreement of 30 September 2009

highlighted the importance of the Group's positive results by establishing a single company bonus for the Group.

Dialogue with the trade unions also focused on strategic issues which, after a critical confrontation, were combined in the agreement signed on 2 February 2010, which provides for actions in support of employment and in areas of the country hardest hit by the crisis and the stabilisation of non-permanent contracts for those who have completed a period of work of at least nine months before the end of 2009.

In short, information, debate and negotiations with the trade unions accompanied the organisational and decision-making developments with some 90 union agreements in Italy and 102 at Group level.

UNION LEAVE	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Percentage of employees belonging to a union	79.3	77.0	75.4	28.4	36.3	28.7
Days absent due to union activities (all leave granted to union organisers)	99,461	85,713	111,867	606	606	529
Days absent due to meetings/strikes (even if not organisers)	15,498	22,218	22,017	30	91	76
Days absent due to strikes	5,990	7,241	5,930	0	0	0
Days absent due to meetings	9,505	14,977	16,087	100	91	76

Abroad, dialogue with the trade unions also played an important role: in particular, at CIB (Hungary) debate with the company Works Council was crucial in the wide-ranging company restructuring.

No actions to support the right to exercise freedom of association and collective bargaining were undertaken.

In Italy, in cases of significant company restructuring, collective bargaining provides for timely information and prior consultation with employee representatives under a procedure lasting a total of 45 days, and for restructuring at a Group level, the period is extended to 50 days.

Litigation

While showing an increase as regards both

the number of litigations and disciplinary measures as a result of more effective control mechanisms, the data show that, in 2009, disciplinary measures remained at a structurally limited level with regard to the total number of Group employees. An exception to this are the international subsidiaries where there was an increase in disciplinary actions which, in more serious cases, led to some layoffs, particularly at the subsidiary Pravex Bank, where, following checks and inspections regarding the internal situation, as a precursor to its integration into the Group, organisational, legal and behavioural issues had to be completely re-established.

No penalties were issued for non-compliance with labour laws.

Court cases involving currently employed staff	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Termination of employment	28	33	36	123	148	70
Establishment and development of work relations	84	74	85	18	2	19
Duties and qualifications	68	79	111	45	55	70
Welfare and assistance	108	16	18	1	1	2
Economic treatment	134	47	54	41	47	69
Anti-union behaviour	10	10	3	0	0	1
Active (undertaken by the Bank against employees)	8	8	4	90	18	16
Miscellaneous	46	6	7	58	48	103
TOTAL	486	273	318	376	319	350
Requests sent to the Provincial Employment Office	221	413	335	–	–	–

Number of disciplinary actions	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Written censure and verbal or written reprimand	151	174	137	1,312	191	65
Reduction in remuneration (up to four hours)	0	0	7	92	10	15
Suspension from work with subtraction of remuneration (from one to ten days)	349	230	207	5	10	12
Justified dismissal	50	39	34	199	58	112
TOTAL	550	443	385	1.608	269	204
Number of disciplinary sanctions towards employees for corruption	0	0	0	0	2	0
Number of dismissals for corruption	0	0	0	0	0	2

Quality of life

Work–life balance initiatives

In 2009 the Bank broached the issue of work-life balance with broader attention towards its staff. A key sign in recognising individual needs led to considering the problems related to prolonged absences from work.

PERMANO Absence from work (for maternity leave, illness or accident, extended leave) is equal to a discontinuity in the relationship between the company and employees. In the case of maternity – the most common reason for being absent from work – this can also represent a “halt” in professional growth, as was revealed in the survey conducted by *Project Gemma*.

The Project *PERmano* (By the hand) was born on the basis of these considerations to try and prevent the perception that maternity leave or any prolonged absence from work should be lived as a break from working life, and to give greater support during periods of absence through exchanges and interactions that bring the Company closer to people having to be absent from the work place for significant periods of time.

Those who are to be absent from work for

more than five months and who express an interest in making use of the opportunities offered by the project can stay in touch with the Company and be informed about what is happening, structural and organisational changes and progress on key ongoing projects.

They can rely on a reference point, a tutor, who is trained to enhance his or her social and listening skills and can therefore provide the person on leave with support during and after the period of absence.

The tutor, in agreement with the human resource manager of reference, also holds a meeting in preparation for the reintegration of the person returning to the workforce and defines methods and courses of action to support his or her return. After four months, there are some 200 members of the project who are mentored by 40 tutors distributed throughout the country.

Crèches

To promote the work-life balance for workers with young children, a corporate crèche has been opened in the centre of Milan managed

“ We have the feeling of being judged by managers and colleagues when we ask to make use of leave permits and concessions that would enable us to better balance our work and private life. ”
Employee

by the Bank in collaboration with Consorzio PAN, which looks after about fifty children of employees aged between 12 and 36 months. Work to open 3 additional company crèches in other cities is continuing. In Florence, where work is already nearing completion, a crèche is expected to be opened in September 2010 which will be able to host 55 children aged between 6 and 36 months, of whom 12 infants (6-12 months old). In Turin, Moncalieri and Naples, the crèches are in advanced stages of design.

In June 2009, to meet the needs found to exist throughout the country, the Group signed an agreement with Consorzio PAN to reserve some positions for children of employees – over 200 in the first phase – in crèches affiliated with the Consortium throughout Italy.

Beyond the obligations of law and sector-specific national labour agreements, forms of support of private and professional life bal-

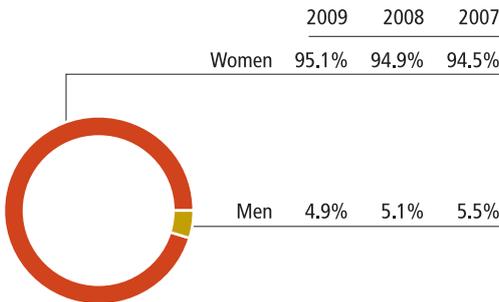
ance – which was also subject of an agreement reached with the trade unions (20/12/2007) – are: paid leave of absence for fathers upon the birth of a child, paid leave of absence for attending childbirth training courses, five days without pay per year – in addition to 5 days granted by law – in case of illness of children aged between 3 and 8, and up to five days without pay per year for personal or family reasons and paid leave in case of transfer.

Group employees who work part-time are 11% in Italy and 0.6% abroad. In Italy more than 95% of part-time workers are women, while abroad the division between the genders is more balanced.

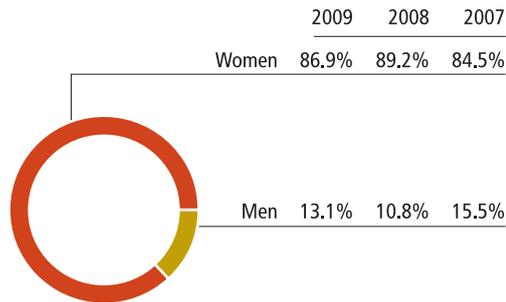
“ People returning from maternity leave or who have been absent for a long time should be given refresher courses and courses assisted by a coach. ”
Employee

“ The Bank should invest in ensuring the same benefits to all employees, establishing agreements with local crèches where building specific crèches is not cost-efficient. ”
Employee

Part-time employees by gender: Italy



Part-time employees by gender: Abroad



Training for part-time employees

To meet the needs of those working part-time, the Training Department has designed and introduced a catalogue offering some morning-only courses.

There are currently 13 behavioural and commercial courses structured according to the needs of part-time employees.

“ Classroom courses should be planned taking into account distances and also providing training that is compatible with part-time schedules. ”
Employee

Mobility Management

To simplify ways of getting about – whether for business purposes or for personal reasons, a Mobility Management unit has been operational within the Human Resources Central Management since July 2009.

In late 2009, the unit published its Home-Work Commuting Plan, the

first study intent on investing, together with local and provincial communities, on more sustainable mobility in areas with a high concentration of employees.

Additionally, Mobility

“ Better allocation of resources based on Brach needs should be planned, and effective and widespread initiatives of mobility management should be created, establishing a database of resources on a territorial basis so that in the choice of transfers, mobility factors are taken into consideration. ”
Employee

COMMUNITY

ENVIRONMENT

Territorial Arbitrators have recently been nominated who, along with the Mobility Manager are in charge of drawing up plans for the different areas involved.

Lastly, the drafting of the second corporate mobility analysis was planned which will guide the course of action for the next three-year plan.

Simplification

In 2009 an important, strategic thrust towards the simplification of structure, processes and tools was directly driven by the CEO who, even in the meeting with top management, made

the issue the key priority for the Bank's future development.

The Banca dei Territori

During the year much has been done to simplify all areas. Firstly, Banca dei Territori was reorganised, which involved the core functions of the Division and the 6,000 branches of the 25 banks that compose it, with the aim of simplifying the decision-making processes by decentralising autonomy to branches, Departments and Regional Departments to achieve more efficient customer service.

CLIENTS

“Ascolto rete” project

The Ascolto Rete project, launched in February 2009, originated as a collaboration initiative for maximising the ideas, skills and experience of colleagues in the network and speeding up the process of improvement and simplification of branch operations. The project goal is to optimise the quality of services provided by central offices by directly gathering suggestions for improving procedures and processes, with the aim of enacting intervention that encompass the objectives of simplifying daily operations.

Recent integrations and the resulting major changes, as well as the belief that the views of those directly involved can provide valuable insights, encouraged the creation of a web portal where our colleagues in the network have 20 theme forums spread over 5 macro-areas (Front and Back Office, Abroad and Financing, Savings and Retirement,

CLIENTS

Supporting Tools and Banking services), through which they can post new suggestions and participate in discussions already underway, suggest new topics for discussion, express their opinions on suggested ideas, receive prompt and timely feedback on each proposal put forward and know the contents and timing of release of all the proposals that have made it to the implementation stage.

The Ascolto team constantly monitors over the forum, promotes free dialogue and looks into proposals and, once it identifies areas that can be simplified, promotes those that have been selected including them in a Plan that is available to everyone for consultation.

In 2009, 120 intervention, mainly IT in nature, though also training related, were carried out to improve, where necessary, understanding of procedures and processes, for a total financial commitment of over 1.1 million euro.

The new Intranet

Even the Company's Intranet, a major tool for supporting daily work, underwent a total re-vamping to make it simpler and centred on the needs of our staff.

The project, the release of which is currently in the planning stage, started from a detailed analysis of needs and its objectives are to provide a common environment in its content structure and navigation to sections of the corporate intranet, a layout consistent with the Bank's internet site and an integrated search engine to allow customisation by the user.

Access to information and regulations

In 2009, with the participation of Branch Managers, the KM 2.0 project (Knowledge Management 2.0) was launched to develop a new advanced search engine to facilitate research and consultation of legislation, integrating additional sources to create a single access point for all information. The new search engine, developed after intensive field tests that actively engaged



“ We want communication to be more in tune with our needs, there should be greater coherence between the different sources of information. The language used should be simpler and less technical (...) It would be nice if the Bank were to create new, more interactive communication tools to allow us to express our views. ”

Employee

many colleagues from the network, is characterised by ease of use and high research accuracy and uses web 2.0 browser logic, such as use of suggestions, document preview, etc. To help users, the option of asking for assistance from a help desk – a feature that is particularly appreciated – has been added to the search page.

At the same time, the main governing documents of interest to staff working in Branches were improved and simplified, in particular the "Operating Guidelines" were reviewed making them available in a new format complete with a summary listing the activities that have to be carried out to complete an operation. To consult documentation in an even easier way, in addition to the hard-copy version, an interactive guide will soon be available making

it possible to search and browse documents directly from the computer.

Assistance, welfare, benefits

The corporate welfare system is an important element of corporate identity and internal cohesion, and it is essential that people perceive its value. Accordingly, during 2009 an information campaign entitled "Nuovo Welfare" (New Welfare) was launched and advertised across all the corporate organs, so that the rich and extensive system of services available could be known and appreciated.

In 2009 the simplification and expansion of initiatives for supplementary pension and health care plans, including new options in terms of investment flexibility and personal insurance coverage, continued.

Contributions for workers	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Insurance and accident policies (€/000)	9,560	11,059	8,353	1,839	1,758	1,512
Loyalty bonus (€/000)	13,362	19,346	16,383	156	194	45
Contributions for children/students (€/000)	4,708	4,750	3,226	183	124	359
Cultural and recreational activities (€/000)	3,390	3,777	3,496	3,167	1,034	1,162
Grants for disabled children (€/000)	1,665	1,597	1,382	10	0	5
TOTAL (€/000)	32,685	42,023	32,840	5,355	3,110	3,083
Health insurance policies (€/000)	66,402	66,509	63,916	16,796	3,808	4,270
Medical benefits: number of beneficiaries	70,986	75,780	71,016	18,833	18,595	15,522
Supplementary pension (€/000)	130,540	135,113	149,356	6,098	5,246	7,280
Supplementary pension: number of beneficiaries	75,778	74,012	70,760	7,113	7,094	6,805

Credit facilities for employees ¹	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
number of MORTGAGES	3,463	2,663	3,416	1,760	2,474	4,126
Total cost of mortgages granted (€/000)	471,850	319,981	343,294	26,971	54,576	115,544
number of LOANS	14,945	5,970	6,980	6,743	10,521	7,355
Total amount loaned (€/000)	254,845	69,180	63,260	62,548	27,725	31,034

Health and safety

Innovation in risk assessment

In 2009, the new approach to risk assessment was consolidated; such an approach 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 "Risk Assessment Document" report includes, in addition to the traditional approach of assessing the risks connected with objective conditions (assessment of workplaces, equipment, plants), a method for assessment of the risks connected with subjective aspects. These consider differ-

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

ences in gender, age and origin from other countries.

Based on this approach the risk assessment for the entire Group in Italy was completed. Upon conclusion of the assessment, activities aimed at reducing and, where possible, eliminating any risk situations were started, starting from those considered most significant.

The regulatory alignment to ensure compliance with the innovations introduced by the Consolidated law on health and safety at work continued and the upgrade of business processes that define rules and their operating procedures related to the management of health and safety risks for employees was completed. Of note is the issuance of "Regole in materia di salute e sicurezza nei luoghi di lavoro" (Rules regarding health and safety in the work place) at the Italian Group's companies.

To increasingly safeguard health in the workplace over 1,420 specific site inspections were effected, for fire hazards and for the presence of asbestos and radon gas in buildings, while specific analyses on the quality of indoor air environments were also carried out.

In 2009, no relevant sanctions regarding non-compliance with the regulations on health and safety in the workplace were issued.

Applying an updated and uniform health protocol for all companies, qualified physicians belonging to the Group healthcare network carried out over 3,500 visits as part of the healthcare for staff working at video terminals or exposed to other specific risks (moving loads, night work, etc.).

With a structured and timely information campaign throughout the Group, the trend of the "swine flu" H1N1 epidemic was carefully tracked, and guidance was offered about information channels which carried the main rules for prevention, the importance of vaccinations, with special attention given to the personnel at risk, such as employees who make frequent trips abroad. In the Ukraine and Egypt, where the epidemic became an emergency, the Group banks active in those countries implemented specific initiatives for informing and granting special permits to their employees.

A study was launched to evaluate the feasibility of installing semi-automatic external defibrillators (SAED), devices that are useful to provide immediate aid in cases of sudden cardiac death (SCD) in the central headquarters of the Banche dei Territori, starting from 2010. Ventricular fibrillation is the most common cause (about 90%) of sudden cardiac death. Early de-

fibrillation offers a real chance of survival and its percentage of effectiveness is reduced by 10% for every minute that passes following the event. These devices, operated by a properly trained operator following an assessment of ventricular fibrillation or ventricular tachycardia (cause of 90% of SCDs), administer the electric shock needed. These devices will be available to employees, customers and the areas where they are installed.

The Quality Management System implemented by the Group Prevention and Protection Department was also verified in 2009 by a third party and found to comply with the requirements of European Standard EN ISO 9001 ISO 9001/UNI – Ed. 2000

The activities of the Commission for Monitoring Safety and Sustainable Development, which is composed of Company and workers representatives and which keeps the operational model adopted for physical safety and the information on major planning activities on health and safety up to date, continued.



Promote health through nutrition education:

***Gusti Giusti* (right tastes)**

In 2009 two major initiatives arising from experimentation carried out in the food and canteen sectors were undertaken, which were also presented at the "Salone del Gusto" in Turin in late 2008, in collaboration with the Slow Food Association and the CTO Hospital Maria Adelaide in Turin.

The experimental project revolves around a main objective: spreading a culture of proper nutrition as a factor in promoting health among all employees. In June, a first step was taken to raise awareness about eating habits and promote a new culture of wellbeing that also depends on what we eat: the publication "Gusta la salute" was distributed to all employees as a supplement to the House Organ "Mosaico", with the aim of illustrating the scope of the project and provide some brief information for the assessment of one's nutrition style.

Concurrently, to stimulate further insights on the subject and provide more specific information from a medical-scientific point of view, "Piccola guida per una sana alimentazione" (A brief guide to healthy eating), prepared with the support of doctors and dieticians from the CTO of Turin, was published on the Company Intranet.

In October the experimentation got underway at the Milano Lorenteggio canteen, which

services over 650 people. The collaboration with the Slow Food Association and the physicians enabled the menus to be revised to make them healthier and more balanced, but still tasty, characterised by attention to seasonal foods and local products, a wider choice of vegetarian dishes and the presence of fresh vegetables, whole grains and spices to limit the use of salt.

Employees were also able to experience a personalised online education programme on nutrition to assess the caloric and nutritional qualities of their favourite food based

on the meals ordered at the canteen. At the start of 2009, the experiment was extended to the Torino Moncalieri canteen – 530 users – by enriching the supply chain with some locally grown products. When the experimental stage is completed, scheduled for June 2010, the results will be evaluated along with the possibility of extending the model to the other Group canteens.

“Welfare and health are closely related to stress issues, which is particularly felt in the branch and is in part due to a shortage of personnel.”
Employee

Managers' training for wellbeing

12 editions of this course on “Beating stress” were held and attended by over 140 managers. Conducted by a physician and a psychologist, the course aimed to provide managers with the tools needed to understand signals emitted by the body and mind and help safeguard health and relationships over time.

It was an experience for managers and an opportunity to think about the impact that a balanced management

of these issues by the supervisors can have on themselves and on the environment they create with their employees. Other on-going courses for manager focus on strengthening the ability to manage people and feelings, creating a climate of motivation and with positive emotional dynamics (Selfleadership, Motivating employees, Coaching and motivation, Building a team and the dynamics of emotions).

Listening to increasingly strengthen physical and anti-robbery security

Listening is a key element in the control of physical hazards, meaning risks of people illegally accessing the Bank's buildings and branches in order to steal goods and values stored inside. Direct contact with the branch colleagues was maintained constantly as an important means of verifying risks, identifying corrective actions, broadening security measures, and increasing people's awareness and involvement. Meetings with the Aree Territoriali of the Banca dei Territori intensified (68 meetings in 2009), with valuable information being collected for the simplification of the rules on safety, to further facilitate the adoption of safe behaviour by colleagues. Also based on such listening, the physical safety regulations that meet the need to simplify and standardise conduct by all employees, and good use of all safety devices was unified for the entire Group.

The department that oversees the Group's physical safety is involved in on-going dialogues with trade unions on these issues: in

2009 51 meetings between the Bank and the trade union representatives were held to highlight the trend of criminal events and present the main strategies put in place to counteract them. During the year, territorial controls for this type of risks were intensified, with over 3,500 branch inspections (2,900 inspections in 2008).

Investments in safety

The Group's investment in high technology solutions to increase the level of safety, simplify and reduce device operating activities by the colleagues at branches, remained unaltered, with over 1,400 actions undertaken to strengthen defences at Group branches.

A substantial commitment enabled the implementation at the first 50 subsidiaries of the “Global Security System”, an innovative protection system that combines traditional security devices with remote monitoring. Furthermore, the new service “Steward di Controllo Ingressi in Filiale” (Branch Entrance Control Steward), based on the use of unarmed operators specialised in security, was tested.

Anti-robbery security and support to staff who have been robbed

To combat robberies, cooperation with the Police and collaboration with Prefectures continued with the signing of a Memoranda of Understanding for the prevention of bank crimes.

In 2009, the Group signed 17 Memoranda at 17 Uffici Territoriali di Governo, taking part in various operational territorial Round Tables with local Police and leading bank representatives.

In 2009, post-robbery support was also on-going. A total of 366 bank robberies were committed in Italy (at a rate of 6.7 per 100 branches

following which, during the year, 154 first level response actions took place (counselling by qualified physicians) and 121 on demand follow-up actions, which involved over 1,000 people from the Banca dei Territori Division.

Support counselling to employees involved in robbery attempts was so effective that only in a few cases was it necessary to follow-up and provide further support with a specialist visit.

“ For those of us working in branches, anti-robbery security is an issue we feel strongly about: on such a sensitive issue, the Bank’s actions do not seem to be sufficient yet, especially given the removal of security guards in most branches. ”
Employee

Robberies

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Robberies	366	403	443	25	11	3
N. of robberies per 100 branches	6.7	7.3	8.1	1.3	1.1	0.5

Safety training

In 2009, the new Training Plan *Salute, sicurezza e antirapina* (Health, Safety and anti-robbery) was launched with the aim of safeguarding the health and safety of employees and all other persons present in the different business offices, by providing on-going training at all levels and using the most suitable methods and channels for each type of intervention. The Plan aims to flank the compulsory training course to further develop the employees’ level of awareness and knowledge about risks and preventive behaviours regarding health and safety in the workplace.

On-going training on robbery risks was implemented and intensified through courses not only for Managers, but also for all employees working in branches. The training materials – classrooms, e-learning and Web TV courses – are available to all Group employees on a dedicated page of the Bank intranet. Specific training sessions for the “safety operators’ rep-

resentatives” as well as for the “operators in charge of safety” were held. Training days for the Group numbered almost 9,500 (just under 8,500 in Italy and over 1,000 abroad) at an overall cost of 530,000 euro (507,000 euro in Italy and 23,000 euro abroad).

To extend and re-think training on these issues, the Training Department organised a “Brainshop” (a special creative module which also proactively offers operational solutions), directly involving the trade unions that are part of the Joint Training Committee. In this area, potential intervention in addition to those already called for by legislation on the issue were identified. One suggestion was to provide different courses in relation to the role and seniority of the employees and to use additional channels beside classroom courses, such as tailor-made courses (tutor) and on-demand courses (Web TV).

These courses have begun and will continue throughout 2010.

Absence rate according to reason (% on theoretical working days)

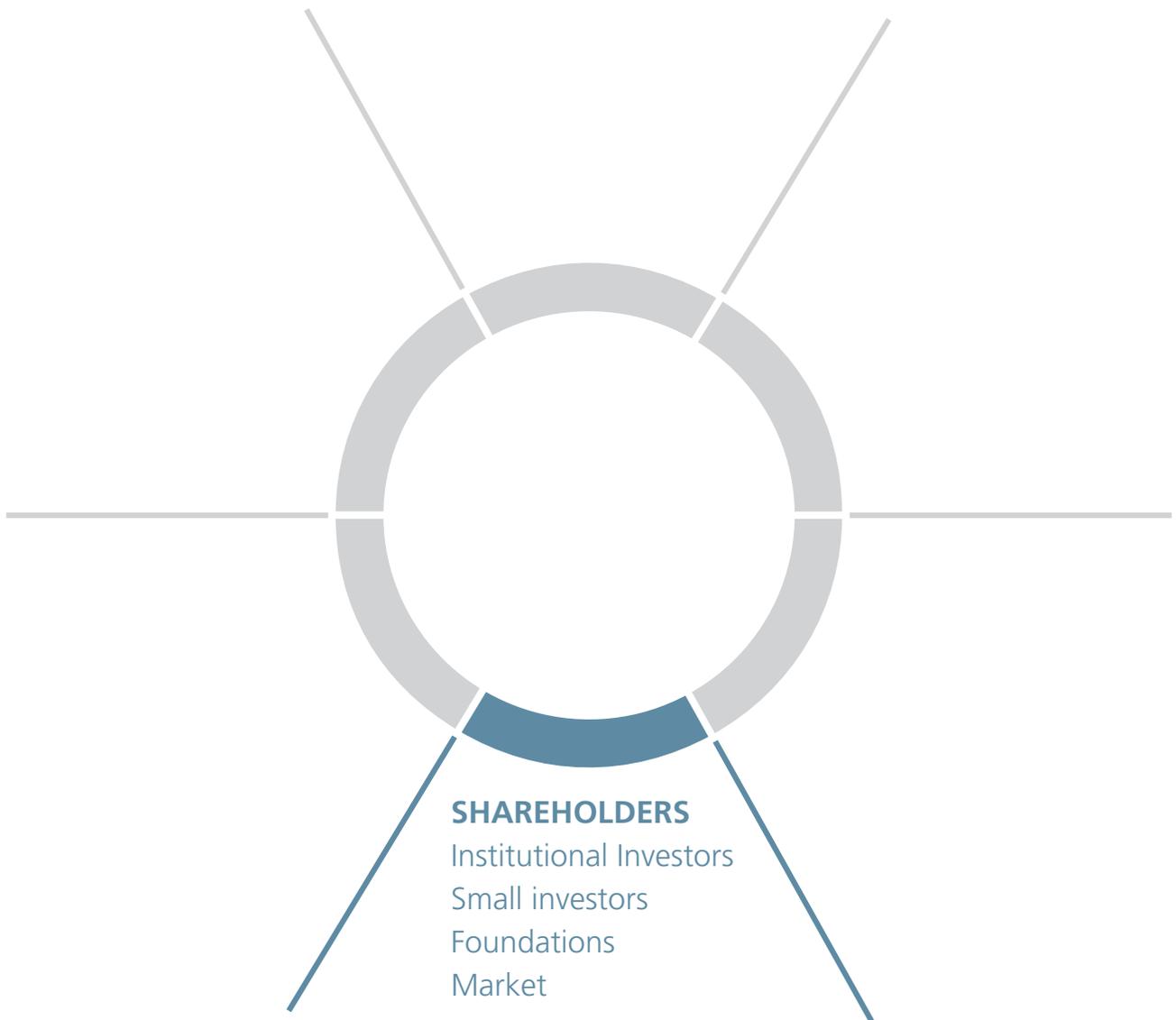
	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
% of total theoretical working days	8.30	6.87	10.33	11.42	9.05	9.37
Illness	3.89	3.31	4.27	2.29	2.93	2.13
Accident	0.13	0.04	0.12	0.07	0.08	0.07
Child care	2.32	1.45	2.31	5.23	5.43	2.94
Personal and family reasons	0.63	1.23	0.78	3.46	0.22	0.65
Leave for public duties	0.09	0.08	0.07	0.01	0.01	0.01
Leave for blood donation	0.05	0.23	0.05	0.00	0.00	0.01
Disability (Law 104/92)	0.53	0.41	0.44	0.02	0.03	0.03
Other	0.66	0.12	2.28	0.34	0.35	3.53

Accidents throughout the year

	ITALY			ABROAD		
	2009	2008	2007 ¹	2009	2008	2007
Accidents inside the Company	283	280	222	91	28	43
Accidents outside the Company	714	643	530	290	74	131
Total accidents throughout the year	997	923	752	381	102	174
% accidents out of the total number of employees	1.4	1.3	0.9	1.2	0.4	0.7

¹ 2007 Italian figures estimated

Shareholders



Strategies

In the three-year period 2007-2009 our activities concentrated on maintaining the Business Plan commitments for the same timeframe. The sustainable growth objective formed the core of our strategy, despite association with a rapidly deteriorating scenario (the financial markets crisis beginning in the second half of 2007 spreading to the real economy in 2009), and we have held firm to our commitment

to maintain and develop a relationship of trust with all our stakeholders. In particular, given the market conditions and business forecast, 2009 was characterised by a strong focus on solidity, liquidity and risk profile factors.

The integration plan proceeded as expected, with completion of the ICT system integration and continued rationalisation of the Group and its presence in Italy.

Commitments for 2007-2009 and our achievements

WE SAID:

Focus on growing return for our shareholders.

Guarantee of the maximum level of transparency and promptness in communications to the market.

Commitment to continuous improvement of the content and user-friendliness of the corporate website.

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

Over the period 2007-2009 net income for the year totalling around 12.6 billion euro was recorded, against which dividends were approved for a total of 5.9 billion euro. For 2008 it was decided to strengthen the Group's financial resources rather than allocate net income for the year, except for allocation to the savings shares as envisaged in the Articles of Association. 2009 recorded a dividend yield of 3.1% on ordinary shares and 4.7% on savings shares (in 2007 6.8% and 7.4%, respectively).

Communications with the financial community in the three-year period 2007-2009 concentrated on sustainable profitability. In the three-year period almost 200 institutional presentations were made by the Group, almost 450 financial disclosures were published, around 70 roadshows were held and approximately 750 meetings with investors and analysts. Around 36 thousand queries from shareholders were answered.

The Group's website has been renewed and continuously upgraded with new content, based on clarity and simplicity.

Shareholders' Meeting¹

Meeting convened in 2009	<ul style="list-style-type: none"> ● Agenda In 2009 the Ordinary and Extraordinary Shareholders' Meetings were held on 30 April. The Ordinary Shareholders' Meeting agenda included approval of the proposed allocation of 2008 net income, dividend distribution and the proposed integration of fees payable to the independent auditors. The Extraordinary Shareholders' Meeting resolved upon amendments to the Articles of Association, amongst other things in relation to the "Supervisory Instructions on the organisation and corporate governance of banks" issued by the Bank of Italy on 4 March 2008. ● Participation The April 2009 Shareholders' Meeting represented 50.5% of ordinary share capital.
Meeting convened in 2010	<ul style="list-style-type: none"> ● Agenda In the first half of 2010 the Ordinary Shareholders' Meeting was held on 30 April: 1) Proposal for allocation of net income for financial year ended 31 December 2009 and for dividend distribution; 2) Determination of the number of Supervisory Board members for financial years 2010/2011/2012; 3) Appointment of Supervisory Board members for financial years 2010/2011/2012; 4) Election of the Chairman and Deputy Chairmen of the Supervisory Board for financial years 2010/2011/2012; 5) Determination of remuneration due to Supervisory Board members; 6) Policies on remuneration due to Management Board members; 7) Share-based long term incentive plans. ● Participation The April 2010 Shareholders' Meeting represented 60.0% of ordinary share capital.

¹ As far as the main competences for resolving and voting at the Shareholders' Meeting are concerned, as well as the Shareholders' profile, see the chapter on "Identity and Governance", page 31-32.

Intesa Sanpaolo share performance

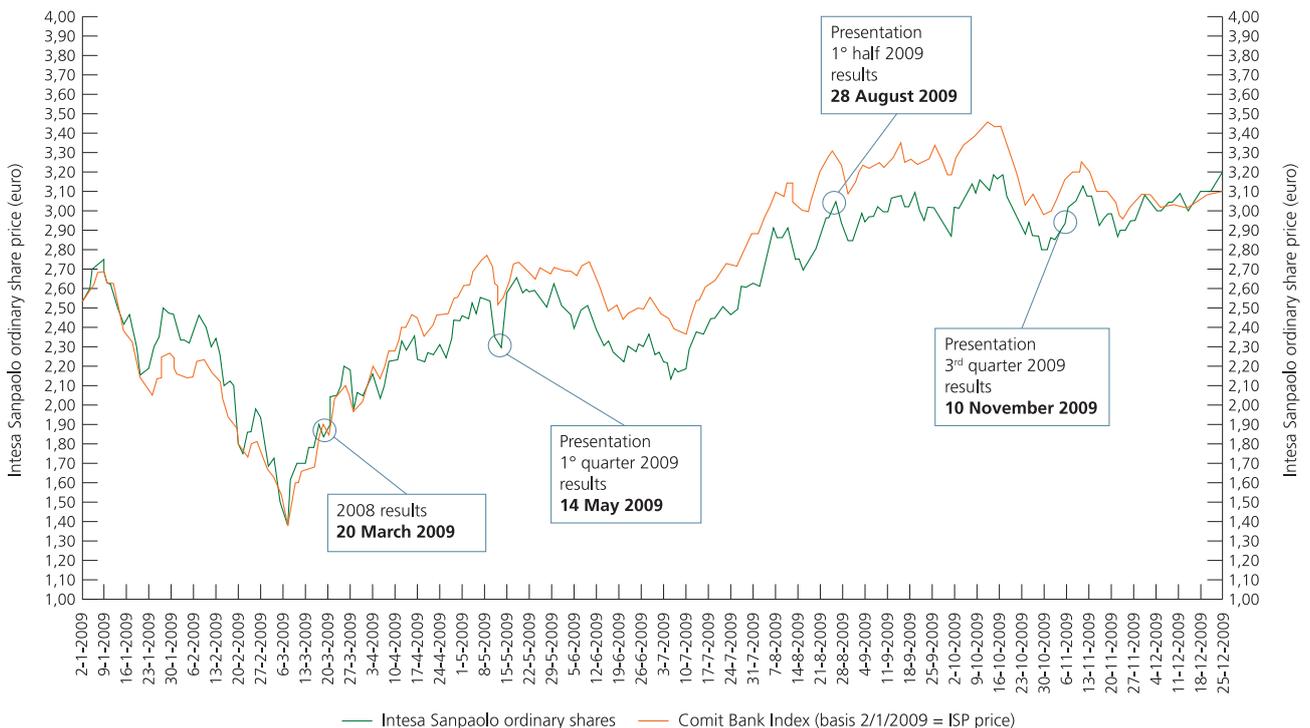
Ordinary Share price

The Intesa Sanpaolo share price recorded a gradual decrease in the first two months of 2009, in a scenario characterised by an overall drop in banking sector indexes, recovering significantly over the next two months – in line with the recovery seen in sector indexes – and with a cyclic performance in May and June, followed by an upward trend in the second half of the year, closing 2009 with a 24.4% growth compared to the start of the year.

At the end of 2009 the Intesa Sanpaolo savings share recorded a 26.1% increase compared to the start of the year. The discount on the ordinary share was slightly reduced, from 27% at the beginning of the year to 26%.

At the end of 2009 the total capitalisation of Intesa Sanpaolo amounted to 39.7 billion euro, compared to 31.9 billion euro at the beginning of the year.

Intesa Sanpaolo ordinary share price vs Comit Bank index (from 2 January 2009 to 30 December 2009)



Dividends

On 30 April 2010 the Intesa Sanpaolo Ordinary Shareholders' Meeting resolved to allocate a dividend of 0.080 euro per ordinary share and 0.091 euro per savings share from the 2009 net income, with total dividends paid amounting to 1.033 billion euro.

This corresponds to a dividend yield (which measures the percentage share yield, calculated on the market price for the year, as a proportion of the proposed dividend) of 3.11% on ordinary shares and 4.75% on savings shares, respectively.

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.

During the extremely difficult economic scenario of 2009, relations with the financial community – analysts, institutional investors and rating agencies – continued to concentrate on sustainable profitability. This concept summarises the Bank's capacity to generate constant growth in profitability, determined not only from revenues and costs, but also from high-level liquidity, low leverage, the sound capital base and low risk profile.

In particular, based on the aforementioned indicators the Intesa Sanpaolo Group proved that it represents a solid reference for its investors and a reliable partner for businesses, among the sector leaders at international level.

In 2009, to guarantee equal access to information for all shareholders and all stakeholders, information was made available and useable promptly, easily and simply 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. The Investor Relations of the website was integrated with new, well-defined content to ensure that stakeholder access to information is more extensive and systematic.

Communication with the financial community

In order to contribute to the creation of long-term sustainable value, regular and frequent meetings were held with the financial community that consolidated lasting relationships based on mutual trust. In more detail, com-

munications figures for 2009 are illustrated in the following table:

Communications	2009
Institutional presentations	58
Financial disclosures published	130
Number of roadshows	26
– Europe	24
– United States	2
Meetings with investors and analysts	314
Requests received and resolved by the shareholders' help desk	12,000

Credit Rating

In 2009 all ratings assigned to Intesa Sanpaolo were confirmed, reflecting good profitability, adequate asset quality, a sound capital ratio and good liquidity profile.

Moody's	
Medium to long-term debt	Aa2
Short-term debt	P-1
Financial strength	B-
Outlook	Stable¹

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	Negative

¹ Stable outlook on debt, negative outlook on financial strength

Recommendations by analysts

In 2009 the stock was monitored and covered by 38 analysts, up from 36 in 2008.

Their opinions were clearly influenced by the severe financial crisis, which reduced prospective outlook for the banking industry.

In this context the resulting caution is reflected in the recommendations, which recorded a slight downgrade, nevertheless confirming the prevalence of positive opinions.

Recommendations	January 2009	December 2009
Buy	72%	55%
Hold	20%	32%
Sell	8%	13%

Inclusion in ethical indexes

Ethical indexes are characterised by the criteria applied in selecting the stocks they include. In addition to financial performance, companies' social responsibility performance (environmental sustainability, rights of company, supplier chain and distributor employees, respect for human rights, relations with stakeholders and anti-corruption policies) is also assessed. Intesa Sanpaolo has been listed in the FTSE4Good and ASPI Eurozone indexes and in the Ethibel Investment Register since 2007. In 2009, Oekom Research awarded Intesa Sanpaolo a "Prime" company status for its commitment to social and environmental aspects higher than the industry average.

“ As current or potential investors in the bank, we wish to congratulate Intesa Sanpaolo for having been selected by the Global Compact agency for its presentation of a report on activities worthy of note. ”
Group of institutional investors

Research and relations with the world of finance

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 trends of the reference markets, identifying their growth potential and contributing to finding direction for the Group's activities.

Moreover, in a financial and economic crisis such as that suffered since 2007 and the consequent profound changes which the world economic system is undergoing, the need to understand the underlying phenomena, causes, current trends and trends forecast for the future has increased. In times of crisis, the external demand for information and analysis also becomes more widespread, but at the same time more specific.

Our central research structure, the Research Department, acting independently and autonomously from other business units, helps provide a response to the growing demand for analysis through its research into investments, the extensive output of economic studies and participation in economic and financial debate. The Group's studies and research reports are made available to the public and to the fi-

ancial community through distribution segmented according to the contents of each publication and to the needs of the end users: corporate and institutional customers, retail customers, the Bank and Group units and the general public. The publications are disseminated through a variety of channels: electronic and traditional mail, targeted mailing lists, the Group's website, in which a selection of its vast production of Research Service studies is available. Institutional customers may also access Group companies' websites.

In addition to its own activities, the Group supports and promotes external analysis and research initiatives both through direct cooperation and through economic support, fully aware that relations established with industry associations, other associations, research centres and universities represent fundamental opportunities for exchange and discussion.

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.

In 2009 the Research Service once again made a scientific contribution to the organisation of a number of major conferences. Specifically, it was once again present – now for over twenty years – in debate on the Italian banking industry, presenting industrial sector analyst reports prepared from our research and through cooperation with Prometeia. The traditional annual meeting with the fashion sector was once again organised, with debate on competition strategies to adopt once the markets crisis is over, as well as the customary autumn conference dedicated to debate on infrastructures for relaunch in the country, the latest edition

focusing on tourism as a growth driver. The cooperation begun with the magazine “Economia e Politica Industriale” saw the joint input of Intesa Sanpaolo and the magazine in the organisation of a conference on SME policies. Lastly, with the aim of improving awareness of current banking and financial system phenomena, also through support provided to academic research, together with Carefin – the applied finance research centre of Bocconi University – the Group organised an international scientific conference on *Business Models in Banking*. Held in September 2009, this conference was the first of three annual events planned in partnership with the Bocconi research centre.

Main Intesa Sanpaolo conferences organised in 2009 with the scientific contribution of the Research Service

Nuove politiche per le Piccole e Medie Imprese per rafforzare la competitività.

Convegno organizzato insieme alla rivista "Economia e politica industriale".

(New policies for small and medium enterprises to strengthen competitiveness.

Conference organised jointly with the magazine "Economia e politica industriale")

Milan, 18 February 2009

75° Rapporto analisi dei settori industriali. Un'industria diversa in un mondo diverso: il manifatturiero italiano al 2013.

(75th Report analysing industrial sectors.

A different industry in a different world: Italian manufacture by 2013)

Milan, 13 May 2009

Federalismo e infrastrutture per il rilancio del Sistema Italia.

Il turismo tra i motori della crescita.

(Federalism and infrastructures for relaunching the Italian economy. Tourism as a growth engine)

Rome, 20 October 2009

76° Rapporto analisi dei settori industriali Il peggio alle spalle?

L'industria italiana e la sfida della ripresa

(76th Report analysing industrial sectors

Is the worst behind us? Italian industry and the challenge of recovery)

Milan, 22 October 2009

La moda oltre la crisi. Quali strategie per competere nel nuovo scenario di mercato.

Convegno organizzato insieme a Pambianco – Strategie di Impresa

(Fashion beyond the crisis. Which strategies to adopt in the new market scenario.

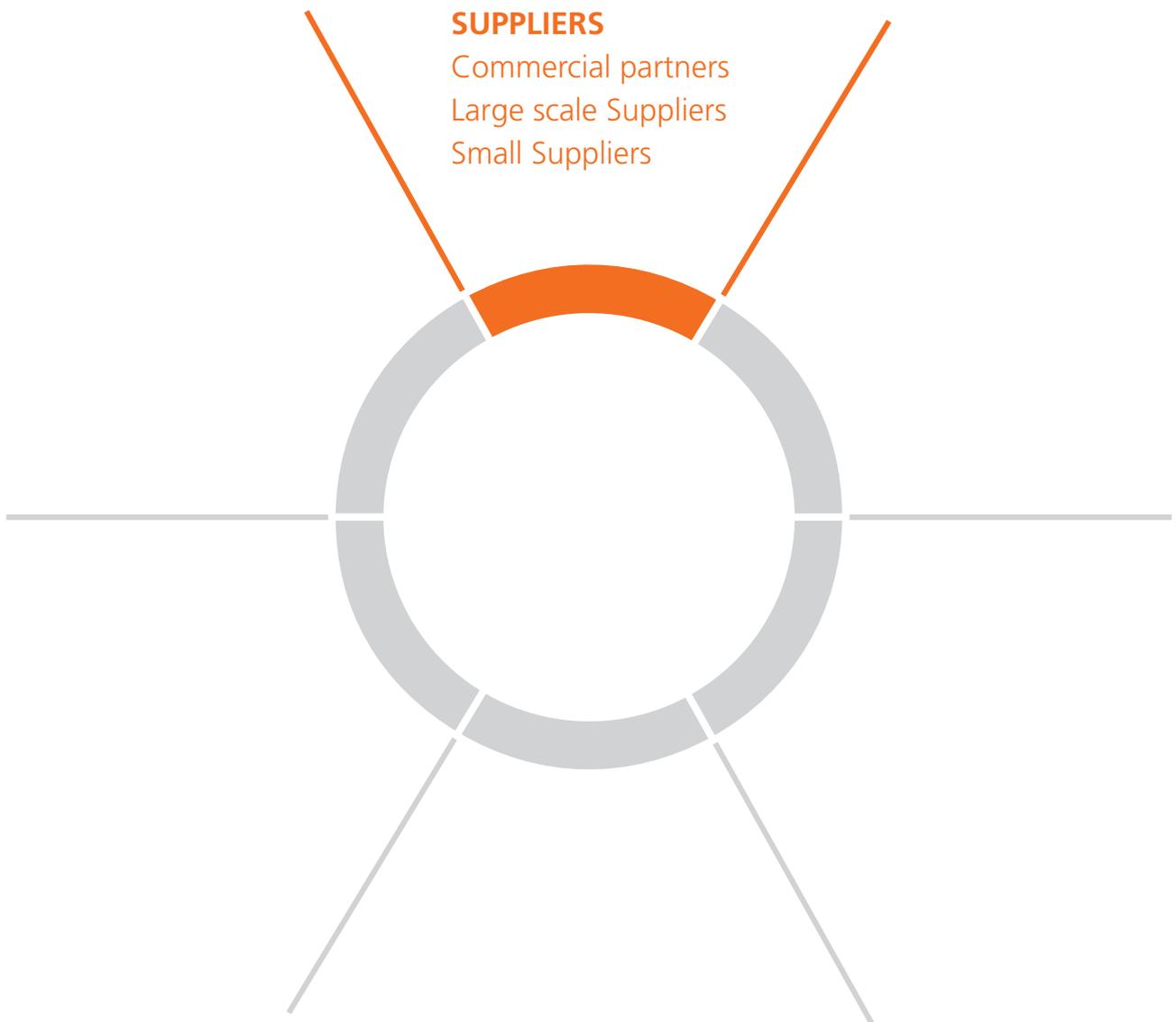
Conference organised jointly with Pambianco – Strategie di Impresa)

Milan, 3 November 2009

Stock market indexes

The Group calculates and publishes daily a series of long-standing stock market indexes – the best-known, 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 enhanced to respond to the changing market scenario and operator requirements. Currently 39 stock market indexes are calculated across different market segments (e.g. small cap) and based on different performance measurement methods (e.g. with or without dividends) and circulated by the main info providers.

Suppliers



Strategies

The management of purchases generates a substantial part of a large financial institution's footprint on the environment and society.

For this reason, Intesa Sanpaolo, being aware that the influence it has on its goods and services suppliers can benefit all players involved, favours an approach based on fostering and disseminating social and environmental responsibility best practices.

These commitments, together with a focus on eliminating waste and conservative buying decisions, have represented the backbone of the Group's procurement policy.

In practice, the principles of transparency and fairness have been applied to our procurement activities, as stated in our Code of Ethics, both during the process of selecting suppliers and in the purchasing procedures.

Even at the Group International Subsidiary Banks, a supply management strategy, developed centrally by the International Subsidiary Banks Division, is gradually being implemented, which will create a template, guidelines and a set of indicators to allow each bank to include criteria of quality and of social and environmental responsibility in their procurement processes.

Commitments for 2007-2009 and our achievements

WE SAID:

Certainty that the process of supplier selection is transparent and fair and setting up of a cooperative relationship based on dialogue and mutual trust.

Promotion of the environmental sustainability among suppliers to reduce the negative impact along the supply chain.

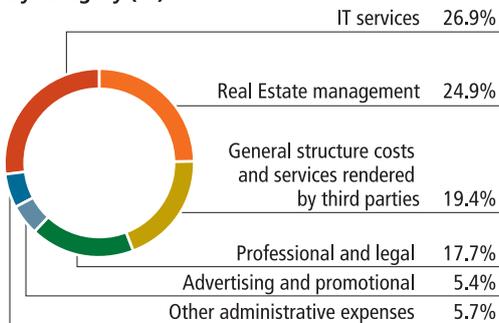
WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

We have extended the e-sourcing portal to a larger number of product categories and consolidated the relationship with our suppliers through the development of a "suppliers rating system" which is currently underway.

We have introduced eco-compatibility criteria in supply contracts for the purchase of technological products and required 1,700 suppliers, who registered on our portal, to fill in a questionnaire on social and environmental responsibility practices.

In 2009, the overall expenses incurred by Intesa Sanpaolo for purchases totalled 3.16 billion euro, divided as follows:

Breakdown of administrative expenses by category (%)



Breakdown of administrative expenses by category (%)

	2009	2008	2007
IT services	26.9	28.9	28.9
Real Estate management	24.9	21.9	22.2
General structure costs and services rendered by third parties	19.4	19.0	18.9
Professional and legal	17.7	18.3	17.2
Advertising and promotional	5.4	6.5	6.7
Other administrative expenses	5.7	5.4	6.1

Transparency in procurement processes and the selection of suppliers

Following the merger, the process of integration has been nearly completed with regard to procurement and renegotiation and unification of supply contracts. During the implementation of this process, the closeness of local outsourcers as a criterion for choosing suppliers was also considered. Our relationship with our suppliers was further consolidated and the activity was carried out in compliance with the principles of transparency and fairness.

During 2009, on-line activities saw the participation of some 1,700 suppliers for the Group's Italian companies.

Compared to 2008, the Parent Company's e-sourcing portal was extended to a larger number of product categories and Group companies. Individuals and companies wishing to apply to be our suppliers and participate in the negotiation process must register on the portal. Thanks to this system of on-line trading, we have ensured transparency in the relationships we had with our suppliers. Furthermore, the negotiation process is tracked and managed in all its phases: 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.

A pilot project was started in 2009, the aim of which is to complete the e-sourcing portal with a Supplier List, which, among other things, will see the introduction of a suppliers rating system based on criteria of quality and sustainability.

The development of this project provides for the classification of regular suppliers on the basis of economic, financial and technical parameters as well as on environmental and social responsibility.

A new management process of invoices from suppliers in support of the administrative management of expenses, implemented in 2009 and launched early this year, will enhance the process in terms of monitoring activities, wider visibility of the documents received from our suppliers, greater traceability of documents, regular monitoring of the various stages of processing and simplification of the activities, which will lead to the improvement of contractual payment times.

Lastly, the information stored on IT media will allow for the elimination of the paper

archives, resulting in a lower impact on the environment.

Promoting social and environmental sustainability

An electronic procurement policy, or e-procurement, has been in effect at Intesa Sanpaolo for some years, which ensures savings in several areas, allowing costs and materials to be optimised through a careful management of supplies.

This procedure is a model of sustainable consumption, as it makes it possible to eliminate warehouses and inventories.

In selecting our suppliers, we favour those who incorporate sustainability criteria in their daily practices.

The suppliers invited to a tender and who are eligible for the selection are given keys that enable them to access the e-sourcing portal where they can submit their bids. During the registration process, potential suppliers are required to state their acceptance of the Bank's general conditions of procurement, declare their compliance with the principles laid down in the Code of Ethics and acknowledge the Organisation, Management and Control Model (Legislative Decree 231/2001) and the Group's Internal Code of Conduct; actions or behaviour contrary to these principles may result in termination of the contract.

The requirement of compliance with the principles set out in our Code of Ethics and Environmental Policy is also part of our consolidated practice in our International Subsidiary Banks' relationships with their suppliers.

When suppliers register on the e-sourcing portal as candidates, they not only have to read the corporate documents but also complete the "Suppliers Social Responsibility Policies Questionnaire", which makes it possible to define the potential supplier's "sustainability profile". The information provided in the questionnaires will help to establish a "Social responsibility" rating which is an integral part of the broader project of the "suppliers rating system" mentioned above.

The responses received from suppliers who registered on the e-sourcing portal, about 1,700 in 2009, allowed us to group the following sustainability good practices which, in many cases, concern transversally the same company: 677 companies implemented a Quality Management System, 215 an Environmental Management System, 831 implemented a Health and Safety Management System and 343 satisfy the social responsibility requirements set out for SA 8000 certification.

The purchasing agreements signed by our suppliers include provisions that are inspired by the principles set out in the Intesa Sanpaolo Environmental Policy. Additionally, a commitment to support the protection and safeguarding of human rights is an integral part of the selection and contracting process.

With regard to the purchase of certain categories of products, such as technological material (e.g. desktop PCs, servers and LCD monitors), eco-compatible criteria have been included in supply contracts among the other criteria to be met. The technical specifications, complete with these parameters, were used for a larger number of products in 2009 and attached to supply contracts.

Good social and environmental responsibility practices in relationships with suppliers are gradually spreading among the Group's International Subsidiary Banks. VUB Banka maintains long-term relationships with its suppliers, many of whom have ISO 14001 certifica-

ENVIRONMENT



tions, who adopt a responsible approach in their products and processes, using recycled materials in their production processes, saving energy through energy efficiency initiatives and reducing negative impacts on the environment.

Banca Intesa Beograd also favours suppliers who have ISO 14001 certification in their purchases of toner, paper and other products and CIB Bank includes the use of recycled material among its criteria for selecting suppliers. CIB Bank also adopts eco-compatibility criteria in the purchase of technological material.

With regard to internal training and awareness on the issue, in 2009, participation in high-profile courses and conferences on the integration of social and environmental responsibility in relationship with suppliers by the Bank's personnel in charge of direct relationship with suppliers was also ensured.

In 2009, the "Gusti Giusti" ("Right Tastes") Programme, a food and canteen experiment

in collaboration with the Slow Food Association and the CTO Hospital Maria Adelaide in Turin (and discussed in detail in the section on Employees), was fully implemented.

As the project, which revolves mainly around people health and wellbeing, progressed, the focus on the introduction of criteria for environmental protection through the procurement of products

on the short supply chains, allowing a reduction of the number of interim stages versus the traditional supply chain, was maintained. All of this, accompanied by the qualitative and quantitative choice of the food produced and a more respectful attitude towards the earth and the environment.

EMPLOYEES



“ An environment emergency to be monitored is that of the short supply chain, which provides a more direct relationship between producers and consumers, reducing the environmental impact from freight transport. ”
University

The International Subsidiary Banks Division's Procurement Policy

A very important step in the dissemination of good practices at the Group's International Subsidiary Banks is the procurement management strategy which was centrally developed by the International Subsidiary Banks Division. The "Procurement" project, which involved Praxex Bank in 2009 and will progressively be extended to the other Group subsidiaries in 2010, aims to create a template, guidelines and a set of indicators to include criteria of quality and social and environmental responsibility in procurement processes.

In particular, the aim of the project is to:

- ensure the use of good professional practices in all procurement processes
- ensure the regularity of procurement processes, management of tender procedures and contracts, and granting and monitoring signatory powers by nature and amount

- manage purchases by supervising the following processes: demand analysis, market research and analysis, selection of suppliers and contracting, planning, reporting and control of purchases.

In this context, the Procurement Departments of the subsidiaries are in charge of purchasing goods and services required for operational activities on the reference markets, managing the selection of suppliers and signing contracts in compliance with the criteria of economy and reliability of suppliers. The Code of Ethics and the Group Code of Conduct, acknowledged and implemented by all companies, in turn, ensure that the conduct principles to adhere to in the relationships with suppliers comply with the Group's values of social and environmental responsibility.

Environment and climate change



Strategies

The fight against climate change which has been underway for some time now is universally recognised as one of the greatest challenges that the world and the world economy is being called on to face.

Intesa Sanpaolo, aware of the importance that climate change represents, based its strategic guidelines on actions and initiatives that will reduce the impacts on the environment, by reducing its ecological footprint and by contributing to limiting that of its customers and suppliers.

Direct impacts on the environment are kept in check primarily by the Environmental Management System, which enables us to monitor and, where possible, cut back on energy consumption and pollutants emission, waste, consumption of paper and harmful substances. An equally important aspect is that of the mobility of people, which is geared towards greater sustainability.

Our commitment to reducing the indirect impacts on the environment was kept in mind when selecting our suppliers and in the development of eco-compatible customer services and products. Furthermore, the Group contributed to the diffusion of new environmentally-friendly technologies also through collaboration with institutions and universities. With regard to the assessment of social and environmental risks in granting loans to our customers, operational Guidelines were issued for project financings that define the processes for compliance with the Equator Principles. Awareness of the problems and a culture of environmental sustainability are equally important strategic areas that were activated both through training initiatives and partnerships with national and international organisations (e.g. UNEP FI) that are involved in defining an action framework to combat climate change.

Commitments for 2007-2009 and our achievements

WE SAID:

Promotion of responsible use of environmental resources by making efficient use of energy, optimising the use of paper and managing waste correctly

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

We further increased the supply of hydroelectric energy to reach a total of 92% in Italy, reducing the use of traditionally sourced electric energy by some 70%.

We avoided about 690,000 tonnes of CO₂ emissions in Italy preventing 72% of what we would have produced; per employee we dropped from 1,548 kg of CO₂ to 985.

We increased the number of sites included in the Environmental Management System from 82 to 161.

We reduced our electricity consumption in Italy by about 1%, thereby saving approximately 4,800 toe, notwithstanding an increase in CED's consumption of some 6,100 toe.

We implemented a monitoring service for CO₂ emissions related to people mobility.

WE SAID:

Consideration of environmental risk when assessing credit-worthiness.

Promotion of environmental sustainability through the offer of specific products and services and participation in environment sustainability initiatives.

Increase in employee training and information on environmental issues to raise awareness

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

We defined the implementation process of the Equator Principles and recently integrated it in the Group's regulations.

We granted financing for a total of 900 million euro to individuals, SMEs and large plants in the field of renewable sources of energy and energy efficiency.

We made available to staff on the company's Intranet periodic newsletters on environmental matters and educational and informative reports drawn up by authoritative associations and organisations in the field. We held training courses for 297 employees of the Environmental Management System, as well as the first specialist course for people involved in the implementation process of the Equator Principles.

Collaboration***UNEP Finance Initiative***

We continue to actively support our membership of the UNEP Finance Initiative (www.unepfi.org) , the United Nations Environmental Programme launched in 1992 to promote sustainable development and responsible practices for safeguarding the environment in the financial services sector.

Our commitment to the Working Groups on Climate Change, Human Rights and Asset Management allows us to be involved in on-going dialogue with other financial institutions and partners on environmental and cli-

mate change issues. 2009 saw the launch of a prestigious publication by UNEP FI "The materiality of Climate Change. How finance copes with the ticking clock" in which Intesa Sanpaolo played a leading role as project coordinator. The publication is the first study to present an impact assessment of climate change on the value of financial assets. Participation in UNEP FI has resulted in a series of publications shared with the world financial community and promoted through international conferences and events.

“Sustenergy – Sustainable Energy for Europe 2005-2011”



We are involved in the campaign launched by the European Commission “Sustenergy – Sustainable Energy for Europe 2005-2011”, the aim of which is to achieve the objectives laid out in the EU’s Business Plan for energy efficiency by 2020: to reduce CO₂ emissions by 20%, increase energy efficiency by 20% and bring the quota of renewable sources for energy consumption to 20%.

The campaign falls under the “Intelligent Energy Europe (IEE)” programme and 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, with whom the Bank signed a voluntary agreement of collaboration in July 2007 to strengthen cooperation between the two entities regarding energy savings and the promotion of renewable energies, Intesa Sanpaolo was the first bank in Europe to achieve recognition from the European Commission as “Partner”.

GreenLight Programme



Intesa Sanpaolo confirmed its voluntary association with GreenLight, the European Programme open to public and private organisations committed to improving the quality and performance of their lighting systems (a significant source of energy consumption in the tertiary sector) adopting energy efficiency measures in new installations. In addition to the use of high-efficiency lighting, the fitting-out of branches calls for installing equipment with electronic sensors offering increased energy efficiency

(at least 15%) compared to high quality equipment with traditional sensors.

With a constant eye on technological innovations and energy saving, new experimental branches fitted with LED lighting and signage systems were set up, increasing visual comfort thanks to the automatic lighting control systems that react and adjust to the natural light.

Intesa Sanpaolo has a network of 327 operating points that are part of the programme.

ABI Energia

We are an active member of the ABI Energia consortium, a banking system reference point related to improving energy efficiency and optimisation. The consortium was set up with the aim of offering and disseminating its knowledge regarding energy, consumption and the consequent impact on the environment and the competitive advantages and operational risks. It also encourages dialogue

between institutions, universities and research centres to identify best practices in the area of energy management. Lastly, the consortium enters into agreements with free market energy providers (especially energy produced from renewable sources) and develops analyses to foster technological innovation and environmental and energy best practices in banks.

Direct environmental impact

Intesa Sanpaolo is strongly committed to reducing its environmental impact deriving from consumption of resources, the resulting emission of pollutants, waste management, the maintenance of buildings and facilities and the governance of the mobility of people.

In 2009 direct impacts were supervised by the Environmental Sustainability Office, which was set up in 2007 and is coordinated by the Group Energy Manager. Among other activities, the office focused on coordinating the implementation of the Environmental Management System by promoting its progressive extension to a corporate level.

Aspects of mobility are assigned to a Mobility Manager whose role is to simplify travel for both business and personal reasons, while maintaining a constant focus on streamlining costs and consumption.

The Environmental Management System

An ISO 14001 certified Environmental Man-

agement System is in force for the management of the most significant environmental aspects: 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 correct implementation of the Environmental Management System, which also aims to reach pre-set improvement goals, is ensured not only by regular internal and external audits, but also by on-going training and initiatives to raise awareness among all personnel involved both directly and indirectly (for example by holding periodic meetings with suppliers and contractors).

The System is certified at 161 sites – up 29 compared to the previous year (based on certifications at the start of 2010).



“Intesa Sanpaolo has enacted initiatives which have led to an increased reduction of impacts on the environment. We must continue along this path, where possible improving the results achieved in order to become a leading example for the sector.”

Scientific Research Institute

Innovazione Amica dell'Ambiente 2009

Intesa Sanpaolo won the Innovazione Amica dell'Ambiente (Innovation Friend of the Environment) 2009 award “Green Economy: percorsi e soluzioni per un nuovo sviluppo” (Green Economy: Paths and solutions for a new development).

180 projects were submitted to take part in the competition, promoted by the Lombardy Region and managed by the Fondazione Legambiente Innovazione with sponsorship by, among others, by the Italian Ministry of the Environment.

Our Bank received an award in the area “Green Technologies: products, services and systems for energy efficiency” for our project: “Innovation in bank branches: energy efficiency for environmental sustainability” based on three innovative achievements.

The Bank submitted the same project to represent Italy in the “Clean Tech Open Competition” held in the U.S.A. (a video with detailed explanations of the project’s three points), where it was ranked among the seven finalists in the contest international section.

Energy

The Group Energy Manager oversees energy consumption, draws up the company's energy report, identifies and promotes initiatives to rationalise consumption and improve energy efficiency, thereby reducing emissions.

Such initiatives, based on a continuous consumption monitoring, range from an overall improvement of all systems – also as a result

of management decisions extended to maintenance operators and employees – to the reduction of final energy consumption (e.g. lighting, computers, etc.) to the training and awareness of employees; from the promotion of enhanced energy performing equipment and low environmental impact and people-impact products to the examination of new technology solutions and the gradual increase in supply of energy from renewable sources.

Energy consumption

Energy consumption by energy source¹

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Electricity: total consumption (million kWhe)	520.1	549.8	567.8	119.0	113.0	97.2	639.1	662.8	665.0
of which from renewable source (million kWhe) ²	479.2	473.4	425.1	0.4	0.1	0.1	479.6	473.5	425.2
Heat energy: total consumption (million kWht)	273.2 ³	233.2 ³	194.9 ³	63.4	67.6	77.1	336.7	300.8	272.0
Total energy (kWh)	793.3	783.1	762.8	182.4	180.6	174.2	975.7	963.7	937.0
Renewable energy incidence on total	60.4%	60.5%	55.7%	0.2%	0.1%	0.0%	49.1%	49.1%	45.4%

The figures show that in 2009 the Group's electricity consumption was down 3.6% (in Italy -5.4%) from 2008 thanks to the adoption of energy efficiency initiatives. Such a drop is even more significant in view of the fact that, in addition to increased electricity consumption by the Data Processing Centres (CED) – a result of developments in Group IT activities (about 15 million kWhe, equal to about 3% of the Italian boundary), the reporting scope was expanded by about 2% following the inclusion of foreign subsidiary Pravex Bank.

To assess the Group's environmental performance, it must also be remembered that:

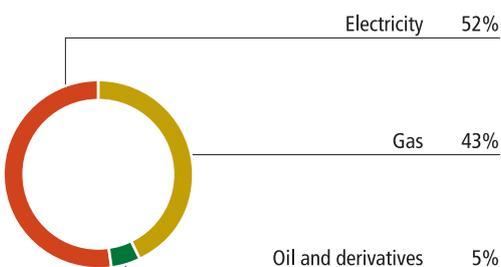
- Knowing that its energy consumption in Italy has an incidence of approximately 20% in the field of credit and insurance, the Bank has chosen to procure almost all of its consumption from renewable, emission-free power sources.
- The widespread use in the Bank's Italian branches of electric heat pumps, powered by renewable sources and therefore with zero emissions, enables us to provide an additional benefit to towns, avoiding the use of heating fuels which have a heavier impact on the environment.

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.

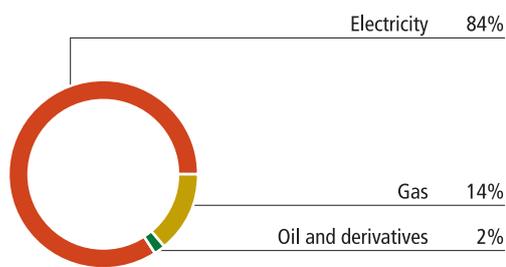
² Excluding co-generation energy

³ For Intesa Sanpaolo and the Network Banks, figures include the estimated joint quota.

Tertiary sector energy consumption in Italy (toe)⁴



Intesa Sanpaolo energy consumption in Italy (toe)⁴



⁴ Power consumption in the tertiary sector, calculated in toe, is equivalent to almost 30% of domestic consumption. Source: Processed by Intesa Sanpaolo – National Energy Data Report 2008 and Gestore Servizi Energetici.

Total energy consumption (ktoe)

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Electricity	124.8	132.0	136.3	28.6	27.1	23.3	153.4	159.1	159.6
Heat energy	23.5	20.1	16.8	5.4	5.9	6.6	28.9	26.0	23.4
Total energy	148.3	152.1	153.1	34.0	33.0	29.9	182.3	185.1	183.0

Against a progressive and significant containment of power consumption in heat energy, an increase of 17% was registered in Italy, attributable to weather conditions, especially towards the end of the year, and more accu-

rate post-integration monitoring of the Group Bank's management systems. Changes in consumption were registered abroad, due mainly to the improvement in monitoring methods and their full implementation.

Detailed overview**Changes in total energy consumption in Italy (ktoe)**

	Three-year change	Italy 2009	2009/2008 change	Italy 2008	2008/2007 change	Italy 2007
Electricity	- 11.5	124.8	- 7.2	132.0	- 4.3	136.3
Heat energy	6.7	23.5	3.4	20.1	3.3	16.8
Total energy	- 4.8	148.3	- 3.8	152.1	- 1.0	153.1

It should be noted that, excluding the increase in consumption of the Data Processing Centre (equal to 3.5 ktoe), the total energy savings in 2009 compared to 2008 reached 7.3 ktoe. The main interventions that have helped to achieve

such savings are detailed in the chapter "Energy Efficiency Improvement Initiatives". Similarly in the three-year period, net of the increase in CED's consumption equal to 6.1 ktoe, the total decrease is of 10.9 ktoe.

Energy consumption per employee

		ITALY			ABROAD		
		2009	2008	2007	2009	2008	2007
Electricity consumption per employee (kWh/employee)	Including CED	7,206	7,398	7,855	3,649	4,257	3,855
Heat energy consumption per employee (kWh/employee)		3,786	3,139	2,697	1,946	2,545	3,058
Total energy consumption per employee (toe/employee)		2.06	2.05	2.12	1.04	1.24	1.19
Electricity consumption per employee (kWh/employee)	Not including CED	6,147	6,545	7,186	3,649	4,257	3,855
Heat energy consumption per employee (kWh/employee)		3,386	2,762	2,807	1,946	2,545	3,058
Total energy consumption per employee (toe/employee)		1.77	1.81	1.97	0.89	1.08	1.19

The overall primary energy data shows a reduction despite a high incidence of consumption by the Data Processing Centres.

On the other hand, an analysis of consumption per employee, without taking CED activity into consideration, shows a general reduction

in consumption per capita, which is even more positive if one takes downsizing into consideration. It should be noted that for the credit industry, the average electricity consumption per employee is 7,662 kWh (source GRTN and ISTAT 2008).

Energy consumption per surface area

	ITALY			ABROAD		
	2009	2008	2007	2009	2008	2007
Electricity consumption (kWh/m ²)	157.48	166.06	176.19	138.90	146.45	124.18
Heat energy: from methane gas (m ³ /m ²)	7.71	6.21	5.56	7.19	7.10	9.29
Heat energy: from oil and other liquid fuels (litres/m ²)	0.88	1.09	0.72	0.51	1.96	0.94

The reductions in consumption per unit of electricity (the predominant energy type) are proof of the Group's progressive containment of this consumption.

Energy from renewable sources and from cogeneration
Electricity consumption from renewable sources and from cogeneration (million kWh)

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
From photovoltaic	0.73	0.00	–	0.09	0.12	0.07	0.82	0.12	0.07
From hydroelectric power	449.95	473.40	425.12	0.09	–	–	450.04	473.40	425.12
Other source	28.48	0.00	–	0.20	–	–	28.68	0.00	–
From co-generation	11.73	9.86	7.13	–	–	–	11.73	9.86	7.13

In 2009, the Group increased the use of electricity from renewable sources in Italy, reaching 92.1% of total consumptions, avoiding some 240,000 tonnes of CO₂ emissions.

Consorzio Idroenergia

Intesa Sanpaolo purchases renewable electricity for its supply in Italy by continuing its agreement with Consorzio Idroenergia, a company that only provides hydroelectric power (approx. 2,850 million kWh/year in Italy in 2008), with "Eaux de la vallée – Energia pura" certifi-

cation, through the Compagnia Valdostana delle Acque production plants. With its share of consumption, Intesa Sanpaolo, under its commitment to gradually reduce its dependence on fossil fuels, uses about 1.1%¹ of available hydroelectric power in Italy.



Energia pura

¹ Source: data processed by Intesa Sanpaolo from 2008 data published by Gestore Servizi Energetici.

Ratio between consumption from renewable sources and traditional sources/% of total electricity consumption

	2009	2008	2007
Italy			
Consumption from renewable sources	92.1%	86.1%	74.9%
Consumption from traditional sources	7.9%	13.9%	25.1%
Abroad			
Consumption from renewable sources	0.3%	0.1%	0.1%
Consumption from traditional sources	99.7%	99.9%	99.9%

Reduction of atmospheric emissions

The Group's commitment to developing initiatives to curb CO₂ emissions is reflected in a trend that is gradually on the decline. In 2009 the Group's total CO₂ emissions dropped by 6.5% compared to 2008.

The drop was mainly due to:

- increased use of energy from renewable sources in Italy as detailed in the section regarding consumptions;
- the reduction in energy consumption also arising from management interventions which enabled a progressive improvement in energy efficiency;
- the contribution by the Corporate Mobility Management (project launched in 2008).

Total CO ₂ emissions (t/p.a.)	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Direct emissions (Scope 1)	58.761	49.055	32.387	14.875	16.571	18.206	73.636	65.626	50.594
Indirect emissions (Scope 2)	18.156	39.873	79.529	68.085	64.873	55.785	86.241	104.746	135.314
Other indirect emissions (Scope 3)	16.267	17.974	n/a	n/a	n/a	n/a	16.267	17.974	n/a
Total emissions	93.184	106.902	111.916	82.960	81.444	73.991	176.144	188.346	185.908

Key
 Scope 1: generated by autonomous heating plants, co-generation heating plants and Corporate fleet vehicles
 Scope 2: generated by the use of electric and heat energy produced by third parties
 Scope 3: generated by the use of trains, planes and vehicles by employees for work purposes

Total CO₂ emissions from energy sources (kton/p.a.)¹

	Total			From electricity			From methane gas			From oil		
	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Commonwealth of Independent States	6.2	8.6	6.6	6.1	6.1	4.8	0.0	0.1	0.0	0.0	2.4	1.8
Central eastern Europe	39.1	32.0	31.7	28.9	24.1	21.7	9.7	7.3	10.0	0.6	0.6	0.0
South eastern Europe	29.7	35.3	29.5	25.7	30.1	25.1	3.8	4.5	4.0	0.3	0.7	0.4
Southern Mediterranean and Asia	6.6	4.5	5.2	6.2	3.7	3.4	0.0	0.0	1.8	0.4	0.8	0.0
Central Europe	1.3	1.1	1.0	1.2	0.9	0.8	0.1	0.2	0.2	0.0	0.0	0.0
Total Abroad	83.0	81.5	74.0	68.1	64.9	55.8	13.6	12.0	16.0	1.3	4.5	2.2
Total Italy	71.0	82.2	111.9	14.6	33.3	71.5	48.9	39.5	34.4	7.5	9.4	6.0
Overall Total	154.0	163.7	185.9	82.7	98.2	127.3	62.5	51.5	50.4	8.8	13.9	8.2

¹ Quantified CO₂ emissions are those generated by the systems in Group buildings (fuel for the heating systems, 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 co-generation 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

The comparison with the potential emissions better illustrates our environmental performance.

Total CO ₂ emissions (t/p.a.)	Actual			Potential			Avoided		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Italy	71,057	82,236	111,917	311,121	319,410	324,904	240,064	237,174	212,987
Abroad	82,960	81,444	73,992	83,153	81,511	74,028	193	66	37
Total	154,017	163,680	185,908	394,274	400,921	398,932	240,257	237,241	213,024

Emissions per employee from energy sources (kg/employee)

	Total			From electricity			From methane gas and oil		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Italy	985	1,106	1,548	203	448	989	782	658	559
Abroad	2,545	3,067	2,935	2,088	2,443	2,213	456	624	722

The growing incidence in Italy in the use of electricity from hydroelectric sources led to a progressive reduction of CO₂ emissions. According to ISTAT (source 2005) per-capita

CO₂ emissions in Italy are 9,500 kg per annum, about 10 times the emissions per employee generated by Intesa Sanpaolo.

Emissions from energy sources per surface area (kg/m²)

	Total			From electricity			From methane gas and oil		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Italy	21	25	35	4	10	22	17	15	13
Abroad	97	106	94	80	84	71	17	22	23

Among the emissions to be limited, only carbon dioxide (CO₂) and hydrofluorocarbon (HFC) are found in significant quantities and are therefore of potential interest for a company like Intesa Sanpaolo. For some years HFCs (for example R407C, R410A and R134A) are in use in the new cooling plants in Intesa Sanpaolo. These, in addition to the remaining plants with HCFCs, are subject to periodic inspection to check for leaks in the cooling circuit of the air conditioning plant, according to the guidelines and procedures set by Presidential Decree 147/2006 and (EC) Regulation No. 842/2006, followed by any corrective action that is needed. However, this is not significant issue, as evidenced by the rare cases in which leaks were detected.

We have also contributed to reducing the impact on the environment through the behaviour of our customers. In fact, by initiating our online Reporting (see "Customers" section), we have done away with the waste of paper and its relevant impact generated by printing and mail transportation, as well as consequently reducing carbon dioxide emissions by over 500 tonnes.



Mobility Management

The development initiatives which were undertaken by the Mobility Management in 2009 were directed at three major projects.

The first is the Piani di Spostamento Casa-Lavoro (Home-Work Commuting Plans – PSCL) study for the areas with the highest concentration of employees, aimed at investments in sustainable mobility together with public administrations.

The project, called "Mettete dei fiori nei vostri motori" ("Put flowers in your engines") has seen the voluntary involvement of some ten thousand Group em-



ployees who have actively participated through questionnaires and focus groups. Processing the over 5,500 questionnaires received and the work done with the 140 Focus Groups participants allowed us to map out a detailed profile of current home/work movements and set proposed developments for the various plans.

In December, the PSCL were published on the company's Intranet and subsequently handed over for discussion to the Public Administrations involved in the project. Our commitment will continue by implementing the proposals in the various Plans and simultaneously developing an annual report detailing the measures taken and results achieved. Furthermore, in the course of 2010, the initiative will be extended to other cities.

The second project, in line with a greater focus on the territory, is the appointment of 5 Mobility delegates in Bologna, Florence, Naples, Padua and Rome (Turin and Milan are already being monitored). These delegates, coordinated by the Group's Mobility Manager, are our internal listening points and foster the culture and initiatives being proposed by the Group regarding sustainable mobility.

Lastly, we updated the corporate mobility analysis, a study that explores the mobility methods used by the company and the primary use made of the main means of transport. This analysis will drive our course of actions in the next three-year plan.

In 2009 support and service for projects that were begun over the past few years continued: company bike sharing, experimental testing on the inclusion of electric vehicles in the

“ A better allocation of resources according to the needs of branch initiatives should be planned and effective and widespread mobility management initiatives created, building a database of resources on a territorial basis, to take the aspect of mobility into consideration in the decisions of transferring personnel. ”
Employee

company fleet and joining the 10x10 Project in collaboration with Quattroruote magazine for

the reduction of CO₂ emissions deriving from the company car fleet.

Mileage (km)	2009	2008
Air travel	35,900,000	43,680,000
Rail travel, vehicles, corporate fleet	85,800,000	85,610,000

CO ₂ emissions from company mobility in Italy (t/year) ¹	2009	2008
Total emissions	22,127	24,666
Rail travel	1,539	1,562
Air travel	6,097	8,735
Corporate fleet	5,860	6,692
Personal car used on company business	8,631	7,677
Emissions per employee	0.31	0.34

¹ Figures for 2007 are not available because monitoring of these emissions in Italy began in 2008.

As for other emissions from combustion (NO_x, SO_x and other significant emissions) those related to mobility are under control and, starting in 2010, will be monitored on a quarterly basis. Intesa Sanpaolo's car fleet is completely rented (for 36/48 months) which allows the fleet to be turned over quickly and enables continuous use of more advanced technologies with reduced carbon monoxide and nitrogen oxides emissions.²

The International Subsidiary Banks have also taken action on the issue of mobility. In the spring of 2009, the Hungarian CIB Bank launched its "Bike to Work" campaign to promote cycling as a means of daily transport: employees who adhered to the campaign cycled 3,846 km – a saving of 715 kg of CO₂ emissions. To assist those who commute to work by bike, the necessary infrastructures were set up (bicycle racks, showers and lockers) which, to date, are available to 2,300 employees at the Bank's headquarters. Progressively the project will involve a further 40 branches in Budapest and other cities.

The Bank's commitment to more sustainable mobility can also be seen in its collaboration with a local NGO (Studio Metropolitana) and the Hungarian Cyclists' Club to develop an ef-

ficient transport plan for the Hungarian capital: through a survey carried out on a sample of employees, daily mobility habits will be evaluated and each employee will receive an individual 'plan' to encourage the use of public transport and improve the coordination of transfers. The initiative is funded by the European programme "Intelligent Energy for Europe".

A similar awareness campaign for employees to use public transport or bicycles was carried out by VUB Banka in Slovakia during "Mobility Week" in the autumn of 2009.

Energy efficiency improvement initiatives

The initiatives that Intesa Sanpaolo adopted were also inspired by European Directives, national laws and the directives of the Authorities that watch over energy efficiency in the tertiary sector (Ministry of the Environment, ENEA, FIRE, etc.).³

Totally, over a one year period, these measures will bring about a reduction of around 7,300 toe of energy consumption (excluding the increase due to CED), corresponding to over 14,000 tonnes of CO₂.

Briefly, here is a summary of the more significant initiatives:

Initiatives in line with the National Plan for Energy Efficiency

- Electric consumption of technological plants: consumption reduction of 4,600 toe, corresponding to a cut of 9,607 tonnes of CO₂.

For new fitting-out or remodelling, the pool of autonomous air conditioning systems became more effi-

² Other emissions of this type, originating from the combustion of the heating systems, are not significant and are kept under control by maintenance works on the heating plants and analysis on the thermal efficiency of the heat generators.

³ "In the tertiary sector savings are mainly due to improvement in air-conditioning (...) and to improved efficiency in lighting systems. The most relevant effect in terms of reduced consumptions and greenhouse emissions is due to the use of specific technologies to improve end user efficiency" (ENEA).



cient with the installation of 139 refrigeration units with a high EER (Energy Efficiency Ratio), a ratio in the energy conversion efficiency; the lamp pool was improved in 148 branches and new signs were installed in a further 1,437 branches (a total saving of 282 toe). It should be pointed out that some of these investments also contribute to reducing consumptions for heating.

Lastly, in some buildings and offices, electricity consumption was reduced through optimisation measures (a total saving of 4,320 toe).

Other initiatives

In Italy

- **Electricity consumption of office equipment: consumption reduction of 2,349 toe, equal to a cut of 4,904 tonnes of CO₂.**

96% of PC monitors (19,800 in 2009) were replaced by LCD monitors and we introduced more technologically advanced equipment with low power consumption (1,248 laser printers and 15,000 PCs and servers) for a total saving of 969 toe. The centralised shutdown of PCs in branches during the night-time and holidays is an ongoing initiative which reached 75% of the total for a saving of 1,380 toe.

139 high COP (Coefficient Of Performance, thermal performance index) heat pumps and 28 condensing boilers were installed, and the performance of the gas trigeneration plant at the Parma CED, which produces electricity by recovering the heat from flue gas, for winter heating and summer cooling, was improved.

Abroad

The commitment to reduce consumption and energy efficiency measures also led our International Subsidiary Banks to implement various initiatives. The actions undertaken, including using low consumption lamps and equipment as much as possible, led to a better management of lighting systems (for example Intesa Sanpaolo Bank Romania's initiative, which introduced timers to reduce the use of illuminated signs at night), and heating and cooling systems. As a result of the measures adopted, VUB Banka saw a reduction of 1.6% in electricity consumption over the previous year and about 12% in gas..

Systems and equipment monitoring and management

In addition to scheduled maintenance of installations, regular and increasingly fine-tuned power consumption monitoring has been ongoing, supported hourly and daily by Datalogger analysis in the larger buildings and some branches. It provided updates on the related benchmarking (the site's surface area and climatic conditions), and identified those branches requiring improvement.

On a sample of 24 branches the electricity unit consumption benchmarks for each user type were also updated, which are also useful for further scientific research by polytechnics and researchers evaluating innovative solutions.

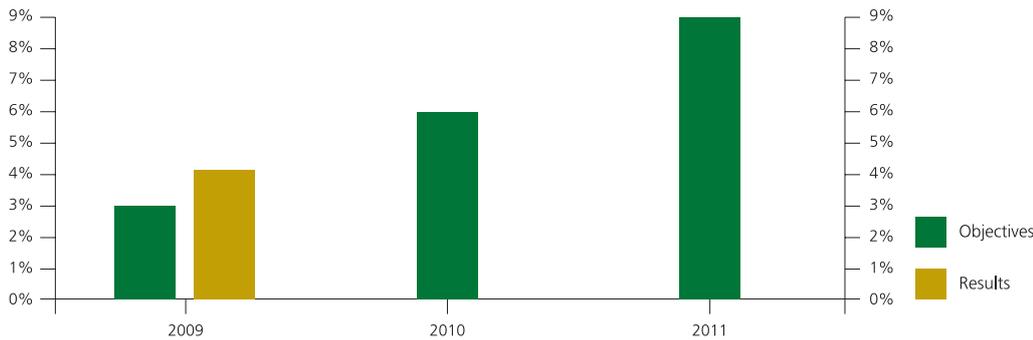
The three-year project "Energy Saving" was launched on the basis of comparison with such targets.

Three-year electricity consumption energy saving project

Under the supervision of the Energy Manager, a three-year project was launched involving the Parent Company and the main Italian banks that chose the energy free-market (reference consumption 462 GWh in 2008 - or approximately 84% of the total consumption in Italy), supported by extensive monitoring procedures with the intent of eliminating - or at least reducing - over-target consumption in the branches and the main build-

ings. Accordingly, specific targets have been set (within the same boundary size) for an annual 3% savings in the 2009-2011 period compared to 2008 consolidated data, equal to around 14 million kWh/p.a. In 2009, savings equalled 4%. For 2010-2011, these savings will be calculated excluding further increases in consumption by CED, depending on any future development of the Group's IT systems.

Three-year electricity consumption Energy Saving project: progressive saving versus 2008 consumption



Sustainable building projects

Major restructuring took place at the complex housing the Centro Contabile of Moncalieri involving some 28,000 m² out of a total of 46,000 m². Works began in 2009 and are expected to be completed in 2011. The designs focused on reducing energy consumption in compliance with applicable regulations by adopting solutions with low environmental impact.

Of particular note are the highly insulating sun-blocking façade, high yield lighting fixtures automatically adjustable according to timing and natural light, variable power circuits with high energy efficiency, and the integrated production of hot water through the use of solar panels.

The new headquarters of the Banca CR Firenze in Novoli, made up of six separate buildings (about 56,000 m²), meets the requirements of environmental sustainability. A high degree of thermal-sound insulation is provided through special ventilated façades and insulated openings. A centralised management and control system provides optimised management under special conditions of stable internal humidity and an adequate level of natural and artificial lighting.

The solutions adopted are traditional, but strongly geared towards the reduction of energy consumption: the production of heat comes from four condensing boilers, while cooling is provided by two refrigeration units

and a heat pump for continuous operation during the winter. Some of the main machinery is highly energy efficient with low noise emissions and hot water is generated also by solar panels.

Lastly, the criteria incorporated in the plans for the skyscraper which is to be Intesa Sanpaolo's new headquarters in Turin were also based on high environmental sustainability that have allowed us to obtain an excellent rating (Best Practice) from SBC Italy (Sustainable Building Council), which handled the building's certification. The Protocol makes it possible to assess all stages of a building's life cycle: design, testing, operation.

On a scale of 3 to 5 (where 3 is the best available building practice and 5 is excellence), the design of the new building has been awarded a rating of 3.5.

Water

Water use in the Bank's branches is primarily for hygiene purposes. "Technological" consumption of water only refers to special cases, such as for air-conditioning cooling in older installations. The 2007 corporate standard guidelines for the building and fitting-out of new branches call for 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.

Total use of water per source

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Consumption (m ³)	3,071,432	2,891,158	3,115,097	621,271	1,031,745	1,112,671	3,692,703	3,922,903	4,227,768
Consumption per employee (m ³ /employee)	42.6	38.9	43.1	19.1	38.9	44.1	35.2	38.9	43.4

Water consumption is fairly stable in Italy, while gradual improvements are being registered abroad which can be attributed to greater improvements and implementation in monitoring methods and the raising of awareness as well as the gradual adoption of technological solutions that make use of air-cooling systems.

Of note is the fact that according to ISTAT

(2007) data the average quantity of water billed per inhabitant in Italy is 69.9 m³.

Furthermore, water dispensers have been installed in offices and branches of several International Subsidiary Banks (Intesa Sanpaolo Banka Bosna i Hercegovina, Intesa Sanpaolo Bank Albania, Pravex and Intesa Sanpaolo Bank Romania).

Waste treatment

Waste by type (t)

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Special waste	4,085	4,350	6,427	541	993	807	4,625	5,343	7,235
Hazardous waste	455	150	202	2	11	36	456	161	238
Total production	4,539	4,501	6,630	542	1,004	843	5,082	5,504	7,473

Detailed Overview

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Recycled waste as % of total	62%	54%	85%	88%	90%	74%	65%	61%	83%
Waste production per employee (kg/employee)	62.90	60.56	91.71	16.63	37.80	33.46	48.50	54.57	76.65

Special waste details (kg)

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Paper and cardboard	2,314,111	1,914,553	4,091,887	456,027	871,809	611,513	2,770,137	2,786,362	4,703,400
Packaging	495,127	535,552	1,513,200	20,897	31,986	12,314	516,024	567,538	1,525,514
Cartridges, tapes and film	76,051	85,000	55,373	12,376	18,996	22,989	88,427	103,996	78,362
Office equipment	976,660 ¹	1,696,121	629,458	35,792	43,807	67,278	1,012,452	1,739,928	696,735
Other non-hazardous waste	222,761	119,094	137,482	15,453	25,912	93,203	238,214	145,005	230,685

¹ Containment due to the halt in disposing of PCs to meet the obligations resulting from the payment investigations on behalf of or for persons sanctioned or embargoed by the U.S. Government.

Hazardous waste details (kg)

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Spent batteries from IT centres and/or UPS	2,002	9,184	1,773	818	523	2,038	2,820	9,707	3,811
Office equipment and/or components containing cathode tubes	452,435	141,038	198,909	25	8,383	32,803	452,460	149,421	231,712
Equipment and/or components containing ozone-depleting substances	260	113	1,659	731	2,128	1,140	991	2,241	2,799

The production of waste is basically stable, which however, in large part sees the use of municipal waste collection services for different types of waste (paper, glass, tin cans).

In Italy, due to the halt in disposing of PCs to meet the obligations resulting from the payment investigations on behalf of or for persons sanctioned or embargoed by the U.S. Govern-

ment, the disposal of office machines has obviously been reduced. On the other hand, the quota of hazardous waste disposal from office equipment increased, due both to the systematic renewal of corporate equipment, as well as activities related to the World Environment Day (as described later in this section).

Abroad, the containment can be attributed to greater improvements and awareness regarding monitoring methods as well as specific activities for handling waste better.

In particular, initiatives for the disposal of elec-

tronic waste were implemented, including the agreement signed between CIB Bank and the Hungarian Maltese Charity Service, which will combine the environmental objective with the possibility of creating jobs and opportunities in a disadvantaged area of the country. Finally, we should like to point out Privredna Banka Zagreb's initiative which, in its Regulations for Health at Work, adopted in July 2009, included instructions on the treatment of waste such as paper, hazardous waste and technological materials.

Consumables: paper

Raw materials used (t)

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Paper consumed	7,737	7,684	8,182	2,640	1,787	2,559	10,377	9,471	10,741
Paper consumption per employee (kg/employee)	107.21	103.38	113.18	80.98	67.31	101.53	99.05	93.89	110.17

Consumption of paper remains essentially stable in Italy, while it increased abroad, which was also influenced by the expansion of the

scope of reporting following the addition of the foreign subsidiary Pravex Bank.

Recycled material used (t)

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Recycled paper ¹	0	9	196	240	129	110	240	138	306
Recycled paper as a % of the total	0.0%	0.1%	2.4%	9.1%	7.2%	4.3%	2.3%	1.5%	2.8%
Ecological paper (FSC)	3,186	2,305	–	447	–	–	3,633	2,305	–
(FSC) ecological paper as a % of the total	41%	30%	–	17%	–	–	35%	24%	–
Ecological paper (TCF)	–	–	–	903	–	–	903	–	–
(TCF) ecological paper as a % of the total	–	–	–	34%	–	–	9%	–	–

¹ Intesa Sanpaolo uses ecological paper.

In calculating the ecological footprint, paper consumption plays a key role. To make even further reductions, Intesa Sanpaolo increased the supply of ecological paper for office use, specifically of certified Ecolabel and FSC (Forest Stewardship Council) paper. It should be remembered that the progressive increase of information regarding banking services does not permit the scope of reference to be 'frozen'. In 2009, several initiatives were launched, the effects of which will be visible from next years, including the installation of duplex laser printers.

CLIENTS
EMPLOYEES

Other initiatives were further consolidated such as online Reporting, designed to encourage customers and employees to request documents relating to their banking activities electronically. In this regard, the reduction in printed paper and envelopes made it possible to save 216,000 kg of paper as well as preventing CO₂ emissions; added to this were 103,340 kg thanks to the initiative launched in 2009, on the dematerialisation in the production of collection orders and F24 documents.

The virtual Mediofactoring Board

A particularly noteworthy initiative for saving paper is that planned by Mediofactoring for the Board of Directors and the Executive Committee.

The solution, implemented in 2009, envisages the use of supporting technology that will enable the directors to navigate documents using a special pen or a fingertip. The underlying organisational and IT process is such that, while preparing for a meeting of the Board, the des-

ignated employees prepare and validate the documents electronically, saving them in a centralised database called "Board Acts" ordered according to the scheduled meeting agenda.

Among other benefits, which obviously also had an impact on costs, was the considerable reduction of the impact on the environment. The printing of 300,000 A4 pages was avoided – equal to 3.6 tonnes of CO₂.

Internal policies and tools have been set up at all the International Subsidiary Banks to reduce paper consumption, from the mandatory installation of duplex printers (obligatory in Privredna Banka Zagreb and Banka Koper), to the setting up of printing stations where multifunctional devices are installed to control better how they are used (Banca Intesa Beograd). Recycled paper is widely used both for internal communications and for communications to customers, such as in the case of VUB Banka where about 80% of the statement envelopes sent in 2009 were recycled. In the same Bank the purchase of office paper is restricted to paper that is "total chlorine-free" (TCF). The use of electronic tools, for storing docu-

ments and banking communications (e-mail and electronic banking) rounds up the efforts in this area, at the same time contributing to reducing the need for energy. Among other initiatives, the launch of the "CIB Leasing e-bill" (electronic billing system) which, by not sending out paper, avoids unnecessarily damaging to the environment (the savings were estimated at 5 tons of trees, 800 m³ of water and 1,900 kWh of energy).

Another area in which all banks implemented specific initiatives is the recycling of paper, both through municipally-managed separate waste collection and through collaborations with institutions that are authorised in treating waste.

Environment-related expense and investments

Environmental protection expense (thousand euro)

	ITALY			ABROAD			TOTAL		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Management of special waste	1,905	1,999	1,892	258	433	58	2,163	2,432	1,950
Current expenditure for plants management and employee training and awareness	46,604	41,216	37,541	6,623	9,051	6,214	53,227	50,268	43,755
Total	48,509	43,215	39,433	6,881	9,484	6,272	55,390	52,700	45,705

In its overall activities, the expense and investments by the Bank in safeguarding the environment represent the further strengthening of its commitment towards environmental sustainability.

In 2009, approximately 55 million euro were spent on environment protection. This figure includes costs for special waste management,

systems maintenance (current only, excluding extraordinary maintenance), Environmental Management System and costs relating to energy saving certification, training and raising employee awareness about the subject.

In 2009, the Group received no significant penalties for non-compliance with environmental standards.

Indirect environmental impact

The battle against climate change must be fought on different fronts. While Intesa Sanpaolo works towards ensuring that its ecological footprint becomes ever more “light”, it also believes that it can influence impacts on the environment attributable to initiatives which the Bank does not directly control or manage.

These activities include the offer of products and services to our customers and, more generally, lending, the development of sources of renewable energy, economic commitment towards the emission markets and, by no means a marginal activity, the spread of an environmentally sensitive culture and awareness in the communities in which we are active so that protecting the planet becomes a concern that forms an integral part of people’s lives.

In 2009, of the total allocated funds, 0.3% were for financing the sectors of renewable energy, agriculture and, more generally, environmental protection. The amount comes to approximately 1.1 billion euro.

Products for Energy Efficiency and Renewable Energy

The Intesa Sanpaolo Group offers a wide range of financing products for investments in renewable sources and energy efficiency.

The product range is addressed to private customers, SME’s, and the direct financing of large plants, with the aim of responding to the needs of those wishing to invest in energy saving and renewable resources: plants, new technologies, process improvement, feasibility studies.

Since the introduction of the Conto Energia incentive system, the Bank has been paying particular attention to the photovoltaic sector. All funding for the use of this resource may be covered by the guarantee deriving from loan sales owned by the Gestore dei Servizi Energetici (GSE) with regard to Conto Energia.

Almost a fifth of all photovoltaic systems that became operational in Italy in 2009 were financed by the Group.

The volumes of loans for renewable energy investments have recorded a constant increase: for SME’s and professionals, in 2009 the Bank provided nearly 250 million euro to (mainly) fund 350 photovoltaic installations, biomass plants and hydroelectric plants, and for energy saving interventions.

Leasint, the Group’s company dedicated to lease transactions, has further refined the product which, since 2007, has been concerned with renewable energy, becoming a point of reference for the whole leasing sector. In 2009 Leasint signed nearly 100 contracts for plants to produce solar, wind, hydroelectric and biomass energy for a total funding of nearly 300 million euro.

As for private loans, we granted about 450 personal loans amounting to almost 7 million euro to finance the installation of solar thermal and photovoltaic panels, as well as windows and frames to reduce heat loss, for purchasing energy efficient boilers and appliances, and Euro 4 or Euro 5 hybrid and electric powered cars and ecological motorcycles. The volume of financing for this customer segment dropped compared to 2008, going against the overall trend in green funding. For this reason, the Bank decided to renew its offer to individual customers by improving the product’s technical characteristics to make it more responsive to customers’ needs.

Intesa Sanpaolo also supports its customers through partnership agreements with technically competent entities that are present throughout the territory. The two main active partners currently are Enel.Si and Schüco International Italia. Enel.Si has a network comprising over 450 affiliates throughout Italy, active in the production of photovoltaic and thermal installations. Schüco, thanks to 50 premium installers, is able to offer its customers a complete and complimentary energy check-up and installation of photovoltaic and thermal plants.

The Bank is expanding its scope of activities to direct financing not only to the end-users, but also to include interventions by the ESCOs (Energy Service Company) that build and maintain the plants.

“ We would like the Bank to finance intervention both for the use of renewable energy and for the rationalisation of energy consumptions, for example by supporting ESCOs (Energy Service Company). ”
Energy Efficiency Research Institute

The Mediocredito Italiano Energy Desk

Since 2008, the branch network has been supported by the Energy Desk, a specialised department dedicated exclusively to the renewable energy sector, within Mediocredito Italiano, the Group's bank that serves SMEs for medium/long term financing. Energy Desk assesses energy projects in technological and economic terms, as well as in terms of financial sustainability: a task ranging from credit consulting to new technological guidelines that now adopt new energies from renewable sources.

In 2009, the Energy Desk assessed projects in the photovoltaic, biomass, wind energy, hydroelectric and district heating cogeneration sectors, for a total value of 900 million euro, which resulted in a total requested value of approximately 720 million euro and triggered allocations of over 350 million euro.

A tool was devised to support Mediocredito Italiano's photovoltaic specialists, a simplified version of which was made available to Intesa Sanpaolo's entire network. The tool helps to create estimated income statements and associated flows to finance the requested debt based on the structural and operational indicators for the investment.

Moreover, following the photovoltaic guidelines issued in 2008, biomass guidelines were developed to be used both by Mediocredito Italiano and the branch network. Dialogue and confrontation with institutional stakeholders (Ministry of Economic Development, Autorità Energia e Gas, GSE – Gestore dei Servizi Energetici) continued, which, as a guarantee of financing, allowed assignment of credit arising from the comprehensive incentive set for investments in biomass plants below 1 MWh (the standard size of plants financed by Mediocredito Italiano). This activity saw us as lead players in persuading the GSE to improve the operational mechanisms that make financing such projects possible, thus benefiting the whole industry.

“ The Bank could consider setting up an “information desk”, for example to help citizens who are facing very complicated bureaucracy when they decide to invest in renewable energy. ”
Environmental Association

Some of the Group's International Subsidiary Banks also continued to offer services to promote environmental protection. In 2009 Banca Intesa Beograd signed an agreement with the European Bank for Reconstruction and Development (EBRD) to make use of EBRD's first credit line in Serbia to finance projects of small private businesses to increase energy efficiency and generate energy from renewable sources. Two loans totalling nearly 2.5 million euro were disbursed in 2009. Banka Koper signed a cooperation agreement with the Slovenian Environmental Public Fund under which the Bank finances environmental investments (households and companies) on behalf of the fund. Lastly, Intesa Sanpaolo Romania offers green loans both to retail customers and to small businesses, particularly in

the renewable energy sector, but also in other environmental fields, such as waste management.

Support for agriculture

The Group is committed to supporting the value of the land, of its products, of farms and traditions, which is why in 2009 it created *Agriventure*, the Group's company dedicated to consultancy services for the food farming, agro-industrial and agro-energy industries. *Agriventure* supports strategic sector investments and promotes innovative entrepreneurial projects paying particular attention to their being sustainable and to the specific vocations of the different territories. *Agriventure* also undertakes research and analysis of food chains

and coordinated relations with trade institutions and associations. For farms, the Bank offers specific products and, in this sector, in 2009, it granted 1,682 loans totalling some 182 million euro, of which 84% to small farms. With regard to our subsidiaries, specific products for the agricultural sector have been developed (e.g. in 2009 Privredna Banka Zagreb launched an Agro Card that can be used to make payments in shops specialising in agricultural products). In 2009, Banca Intesa Beograd provided 2,743 loans to farms totalling 15 million euro. The Bank of Albania supports a development programme in the agriculture sector financed by the European Union and managed by the Ministry of Agriculture, financially supporting farmers, investors, small businesses and associations in the agricultural sector with a particular focus on female farm-

ers. In selecting funded projects, the main criteria taken into consideration are environmental protection and preservation of natural resources.

Project financing and adoption of the Equator Principles

In 2009, Banca IMI's Project & Industry Specialized Lending team, a group of specialists with excellent experience on both an industrial and regional level operating internationally through its offices in Milan, London and Hong Kong, included in its selection from among the various business opportunities those in support of renewable energy sources, which garnered important recognitions.

Solar thermal power plants

Financing a project sponsored by the Spanish Acciona Termosolar, which entails the construction of three solar thermal power plants in Spain with total installed capacity of 149.7 MW.

Acciona Termosolar is controlled entirely by Acciona En-

ergia SA, the largest developer and manufacturer of wind turbines in the world, universally regarded as a model in the field.

The operation was awarded the 2009 "Renewables Deal of the Year" by Euromoney Project Finance.

Desalination plant

Another success story, this time by our Hong Kong Branch, is the financing of Aquasure, a desalination plant in the State of Victoria, Australia. In 2009 the project was awarded the Public Private Partnership Deal of the Year (Asia Pacific) by the Project Finance International Awards (PFI).

The plant avails itself of the most advanced technology currently available in this field, with a high level of reli-

ability, environmental care and energy efficiency. Once completed, the plant will counterbalance the shortage of water due to drought conditions that periodically hit the region, providing the capital Melbourne with up to 150 billion litres of water per year (approximately one third of its annual supply) until the end of 2011. The energy required to operate the plant will be produced by a wind-energy plant associated with Aquasure.

Implementing the Equator Principles at Intesa Sanpaolo

What the Principles are

The Equator Principles are a set of voluntarily adopted guidelines based on the standards of the World Bank's International Finance Corporation (IFC) to determine, assess and manage the social and environmental risk from project financing. Officially launched in 2003 and adopted by ten banks, the Principles were revised in 2006, after a long period of consultation with different groups of stakeholders, and adopted, at the end of 2009, by nearly seventy financial institutions.

The Principles include Guidelines on sustainable development; the use of renewable natural resources; protection of health and human rights; cultural and biodiversity properties, etc..

Applicable to financing projects worth over US\$ 10 million, the Principles provide a common methodology for dividing projects according to risk categories (high, medium or low) and manage them according to the related methods. www.equator-principles.com. [i]

Intesa Sanpaolo adopted the Equator Principles in 2007, ratifying the commitments previously made by Banca Intesa and Sanpaolo IMI. After the release of an initial training course on the assessment of social and environmental risks in project financing for employees working in different departments of the Bank, which ended in 2008, an inter-department working group was set up to implement the Principles and integrate them in the Bank's procedures.

The working group, coordinated by the Corporate Social Responsibility Unit and supported by a consulting firm chosen from among those accredited by the World Bank, was expanded, gradually integrating representatives of departments that are, in some way, affected by the

process. The work done, both in plenary session and in small groups as needed, led to the issuance of an internal Policy for implementing the Principles in the Bank's activities.

The Policy outlines a structured process that was recently approved and incorporated into the Group's rules.

We are committed to better meet the requirements of future stakeholders in terms of transparency in this field. In particular to illustrate the process that we have recently put in place and how it translates into our funding decisions.



“ An international bank such as Intesa Sanpaolo should adopt strict policies on project financings to manage the impacts on the environment and society of funded projects. ”
Environmental Association

Classification of projects

Projects by category and sector

Sector	Oil&Gas	Chemicals	Power	Renewable energy (wind)	Renewable energy (solar)	Hydroelectric energy	Infrastructure	Other	Total
Category A	1	1	–	–	–	–	–	–	2
Category B	3	–	3	–	1	1	2	2	12
Category C	–	–	–	6	5	1	6	2	20
Total	4	1	3	6	6	2	8	4	34 ¹

Projects by category and country

Country	Australia	South Korea	Italy	Papua New Guinea	Spain	United States	Hungary	Egypt	United Kingdom	Abu Dhabi	Total
Category A	–	–	–	1	–	–	–	1	–	–	2
Category B	1	1	4	–	2	1	1	–	1	1	12
Category C	–	–	16	–	–	–	–	3	–	1	20
Total	1	1	20	1	2	1	1	4	1	2	34 ¹

¹ Of which 24 completed and 10 in progress (completed: approved projects whose financing has been disbursed – require monitoring in the development stages; in progress: projects that are being examined and whose financing has not been yet approved).

Development of renewable energies and the emission market

Another form of intervention in the fight against climate change is the activity carried out by Equiter, the Group's company that invests its capital in companies and projects aimed at developing the country, operating in four strategic areas: utilities, infrastructures, public real estate and the environment. Its activities in the latter area, made possible by a specialised Desk, include working alongside industry operators in developing projects for the production of renewable energy, particularly from photovoltaic plants, and reducing climate-altering emissions.

In 2009, Equiter managed and developed those companies in which it has a minority interest: Enerpoint and GICA (Green Initiative Carbon Assets) since 2007 and Enerpoint Energy since February 2008.

Specifically, through Enerpoint, operations in the photovoltaic sector were particularly dynamic: small, medium and large size plants were sold for a total of over 22 MWp. The electricity generated so far from the plants realised by the company and its network of installers has prevented the emission of over 75,000 tonnes of CO₂ in the atmosphere.

Equiter has been active in the carbon dioxide market since 2007 when, in partnerships with some of the most important dealers in the Italian energy sector, it set up GICA to create and trade emission rights in compliance with the European ETS (European Trading Scheme) regulations. In 2009, the company expanded its CDM (Clean Development Mechanism, one of the flexible mechanisms under the Kyoto Protocol) projects portfolio in different parts of

the world, and traded over three million tons of CO₂.

Lastly, Equiter has kept up its membership in 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.

Intesa Sanpaolo keeps its investors and all stakeholders informed in a transparent manner on the issue of carbon dioxide emissions, through the support of the Carbon Disclosure Project and the completion of the Annual Questionnaire. www.cdproject.net. 

Controversial sectors

Intesa Sanpaolo broached the issue of funding for the completion of the Mochovce nuclear

plant very carefully, in adherence to the principles of environmental sustainability and listening to the requests forwarded by our customers and stakeholders – principles that are also expressed in our Code of Ethics. After a thorough analysis of the project documentation, the consortium of banks recognised the need to address the critical issues that were raised and asked the company, while still retaining the funding granted, to use the funds for purposes other than

works for the completion of the plant.

Meanwhile, Slovenske Elektrarne (a company owned by Enel) continued works at the plant improving the facilities and issuing a new environmental report in August 2009, which is currently being reviewed by the Bank.

Intesa Sanpaolo is maintaining close ties with its subsidiary, VUB Banka, which is one of the largest

 (...) Intesa Sanpaolo belongs to a consortium of nine banks, which have granted a credit line of 800 million euro to Slovenske Elektrarne (a subsidiary of ENEL), 85% of which will be used for the completion of reactors 3 and 4 of the Mochovce nuclear power plant in Slovakia (...). The project does not come close to meeting the European safety standards required by new developments. The Mochovce 3 and 4 reactors were designed in the '70s and construction was started in the '80s (...). The limits imposed by the structure makes it impossible to separate the safety systems. Mochovce does not have a containment shell, only an insulation system to limit the pressure resulting from rupture of large pipes (...). Neither the reactors or the insulation system are safe against external events, such as a collision caused by an aircraft or a missile (...). Public participation and the Assessment of the environmental impact are in line with the standards in force in 1986, the time that the construction authorisation was issued, but not with European regulations in 2008 (...). »
A coalition of 110 NGOs



banks in Slovakia, to ensure that it maintains an approach of maximum prudence and transparency in its dealing with suppliers of Slovenske Elektrarne.

Promoting environmental culture

Among all the concrete initiatives that a large company can adopt for the protection of the environment and the fight against climate change, the spread of an environmental culture and awareness among the communities where it operates certainly represents an important tool to further activities in promoting this purpose.

Intesa Sanpaolo continued ever more manifestly through many initiatives, both internally and externally, to disseminate the importance of protecting the environment.

Through the company's intranet, a tool widely used to increase sensitivity towards more general issues of social and environmental responsibility, Intesa Sanpaolo also disseminates the best practices related to virtuous conduct in the use of environmental resources. That is why we regularly publish newsletters and educational and information reports on this theme written by authoritative bodies and associations in the field. In this regard, in 2009, the CSR section was enriched by several information brochures on the topics of energy efficiency in both public and private buildings and related Energy Certification and individual behaviours aimed at a more sober, and therefore sustainable, lifestyle.



“ The Bank must continue to raise its employees' awareness on energy saving to initiate virtuous behaviour within the company. ”

Environmental Association

National campaigns

On 5 June 2009, for the UN sponsored World Environment Day, Intesa Sanpaolo, in collaboration with the Ministry of the Environment, produced a video entitled “La giornata mondiale dell'Ambiente”, which is available on the Bank's intranet site.

The event was used to organise a collection of the unused assets from our various branches. Over 1,900 branches adhered to the initiative and about 21,800 different

items were collected (phones, PCs, monitors, printers, cheque readers, calculators, typewriters, photocopying machines, etc.).

During another national campaign, “M'illumino di meno”, the Environmental Sustainability Office, through the corporate intranet, called on all branches to ensure that all lights and electrical appliances that are not essential be turned off after 6 pm.

In 2009, as already mentioned in the “Employees” section, a wider and integrated e-learning initiative, called “Ambientiamo”, concerning responsible behaviour and energy savings was planned. The project, which includes a multimedia training course, will be ready within the year.

The Mobility Management initiative, through the marked involvement of employees, also has a positive influence on our staff regarding mobility that is more environmentally sustainable and, at the same time, healthier.

In 2009, the UNEP FI initiative, to which Intesa Sanpaolo adheres, made an online course available on the risks and opportunities for the financial sector deriving from climate change. A number of employees attended the course, completing the programme within the preset period of about a month.

Lastly, the training dedicated to Environmental Management System’s operators continued. Information campaigns were also carried out at our International Subsidiary Banks through their intranet sites and magazines.

CIB Bank, among other initiatives, produced a brochure in collaboration with a local NGO (Energy Club), containing tips for energy saving measures for households, which was distributed in electronic form to all staff. The Hungarian bank, very innovatively, called on everybody’s sense of responsibility by attaching some thousands of stickers with the slogan “Turn me off if you’re not using me!” onto electrical equipment (PCs, printers, coffee vending machines, etc.). A similar initiative was adopted by the Parent Company’s Training Department.

Lastly, VUB Banka implemented an e-learning course “How to help our Earth” focusing on responsible use of resources in the workplace: the course was accompanied by a contest which saw the participation of over 400 colleagues.

We foster the spread of environmental awareness even outside our company.

Through Intesa Sanpaolo Eurodesk, we adhered to the “Energy Efficient Buildings European Initiative”. E2B EI is a large association consisting of public and private entities launched by the European Commission to promote the development of new technologies in the energy efficiency of buildings. Among the founding members are Acciona, EDF, Philips, Saint Gobain and the Fraunhofer Institute.

Through this membership, we will be able to

get in touch with the main stakeholders in the field and contribute to the definition of research priorities that the European Commission will support in the medium-long term.

Intesa Sanpaolo Eurodesk also joined the cooperation project between the European Union and China as an associate partner, aimed at creating and managing the Euro-China Centre dedicated to clean energy. The overall project objective is to foster greater use of sustainable energy in China and help implement a coherent regulatory framework, also through increasing awareness on the issue on the part of the authorities and civil society.

The project is coordinated by the Politecnico di Torino and involves, among others, the Euro-Mediterranean Centre for Climate Change (CMCC), the University of Calabria (UNICAL), Chalmers University of Technology in Gothenburg, the French Commissariat for Atomic Energy, Tsinghua University (China) and the Chinese Academy of Sciences.

In 2009, as part of the consolidated agreement between Intesa Sanpaolo and the Ministry of the Environment, numerous events were organised and several initiatives were promoted which saw the involvement and participation, whether directly or indirectly, of the Ministry.

At the beginning of the year, during the European Energy Week 2009, the conference “Impresa e finanza insieme per le energie sostenibili” organised by the Bank was used for the public presentation of the guide “Fare energia con l’impresa”. The guide is a useful tool for companies to find their way around the sustainable energy markets in Italy and in the Mediterranean countries. Distributed at all conferences in which Intesa Sanpaolo participated, the guide was a huge success over the Internet, where it was requested by many customers. It is available on the website of the Sustainable Energy Europe for Italy campaign site. We took part in the fifth International Energy Saving Day campaign “M’illumino di meno” sponsored by the European Parliament and hosted by the Radio2 Caterpillar radio programme. The goal of the campaign is to reduce energy over-consumption and raise public awareness on making better use of energy. Among the initiatives aimed at promoting the event, a message inviting customers to reduce their use of lighting at home was displayed on the monitors of ATM machines.

Intesa Sanpaolo took part in regional, national and international events dealing with sustainable energy both economically, supporting

EMPLOYEES

CLIENTS

them and by actively participating in the dissemination of information on the "Sustainable Energy Europe (SEE)" campaign and through its voluntary Agreement with the Ministry of the Environment. Intesa Sanpaolo's contacts for energy products participated as speakers at conferences organised with local and national institutions, trade associations and private entities.

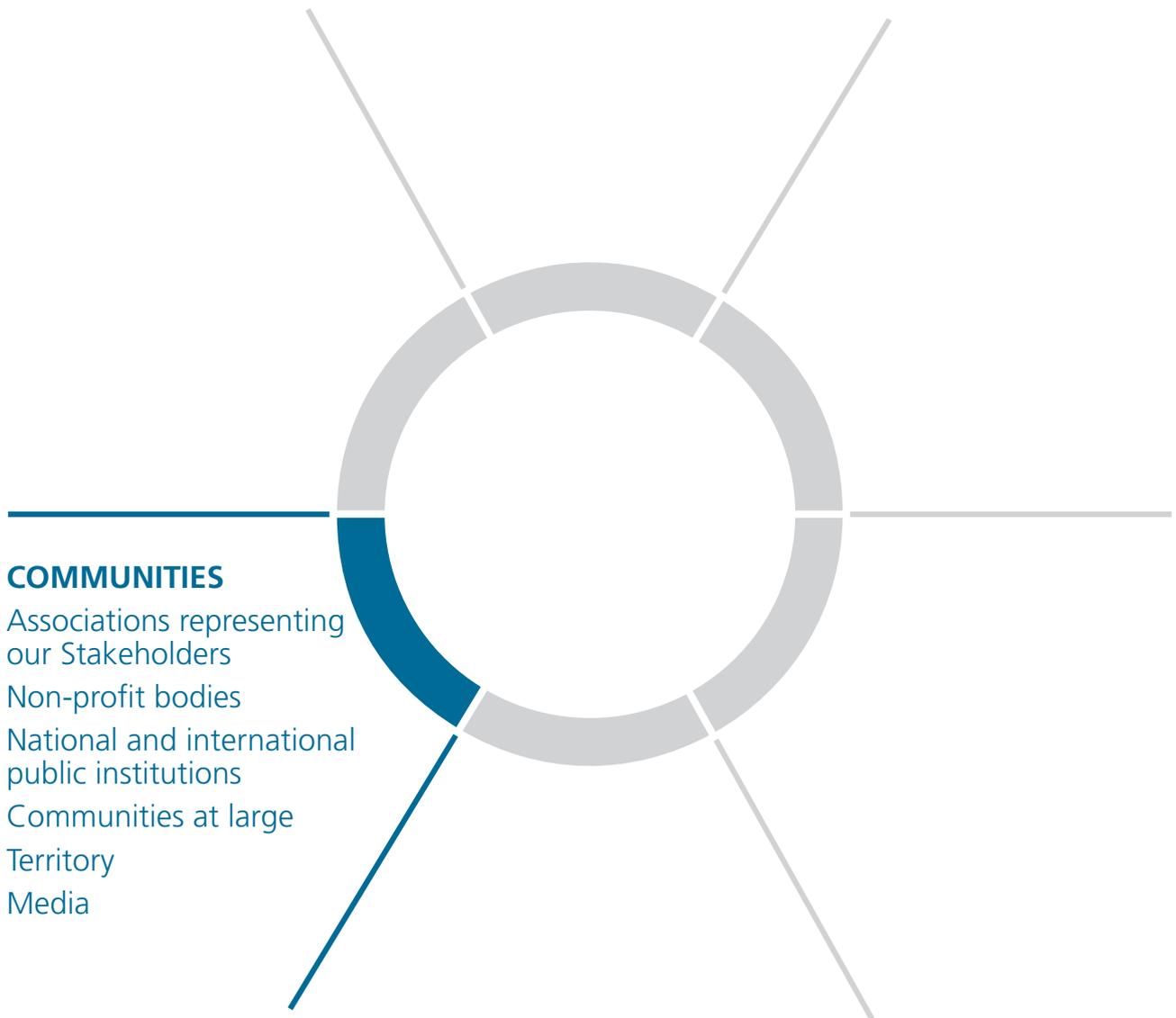
Mediocredito's Energy Desk partnered with the Politecnico di Milano to initiate quarterly dialogue Round Tables, focus groups and joint reports on energy issues. The partnership also implemented the research published in the second edition of the Solar Energy Report 2009, which illustrates the situation of the solar industry in Italy and offers a range of responses and insights on technology, regulations, market and supply chain issues that drive the public debate on the real potential of photovoltaic systems in Italy.

As for its international subsidiaries, CIB Bank took part in the first Hungarian CSR Market-Place as a member of the KÖVET Association for Sustainable Economies (CSR Europe partner), which organised the event.

The initiative, which was an opportunity to exchange good practices in corporate social and environmental responsibility, gave the Bank a chance to present two of its environmental initiatives: one regarding the use of solar panels at their headquarters in Budapest, the other about the promotion of cycling.

In 2009 Banca Intesa Russia, together with the Intercultural Foundation, supported an interesting initiative called "I care!" (Ci tengo!) aimed at raising awareness among youngsters about environmental preservation. The best projects that the students – from different parts of Russia – came up with, which included photos and text, were rewarded with a holiday at a natural reserve camp.

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 are 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 in support of micro-finance projects and usury prevention initiatives, for which we have co-

operated with foundations and local non-profit organisations (NPO's).

With regard to donations and sponsorships, the main inspiring principle was to actively participate in local community life, offering support to the more important initiatives in terms of social, cultural and sports solidarity. We also gave our support to international cooperation projects of important humanitarian significance. 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

WE SAID:

Support the third sector and the financial inclusion of the weaker segments of the population.

Support national and international solidarity initiatives.

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

Banca Prossima was established in 2007 with the mission of serving third sector private enterprises and religious orders through a series of targeted initiatives. Its operations were extended by a number of projects and dedicated products, and at the end of 2009 it had approximately 7,000 customers.

New micro-finance and usury prevention initiatives were launched, and existing initiatives continued, by the Group banks in cooperation with shareholders' foundations and local non-profit organisations. In the three-year period 2007-2009 2.3 million euro.

In the three-year period 2007-2009 approximately 43 million euro was distributed to charities, around 12 million euro of which through national and international solidarity initiatives.

Regulations governing the Fund for charitable, social and cultural contributions have been defined and implemented. Implementation processes for a Distribution Plan and for centralised distribution were also defined by means of special operating guidelines.

During 2009 a policy applying to all the Group's international companies was issued, which forbids donations to political parties, trade unions, and public administration organisations and agents.

WE SAID:

Support initiatives in the fields of culture, music, sports and the protection of the artistic heritage.

WHAT WE HAVE ACHIEVED IN THE THREE-YEAR PERIOD

In the three-year period the Group has granted over 119 million euro in sponsorships, 31% of which cultural and 37% sport-related.

During 2009 a policy applying to all the Group's international companies was issued, which forbids the sponsorship of political parties, trade unions, and public administration organisations and agents.

The cataloguing, monitoring and restoration, where necessary, of the Bank's artistic heritage were launched and have continued during the three-year period.

The activities of the two museums in Vicenza and Naples (the latter opened to the public in 2007) have continued, as has support for initiatives in favour of public use of the heritage.

Work on the *Restituzioni* project continued, a restoration programme which in the twenty years since its launch has been party to the restoration of over 600 works of art.

Financial inclusion**Micro-finance projects**

Micro-finance is one of the strongly consolidated means for encouraging financial inclusion and for creating employment and business opportunities for persons who would otherwise find access to bank loans difficult as a result of inadequacy or lack of real guarantees. 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.

In cooperation with shareholders' foundations and local non-profit organisations, several of the Group's banks have launched micro-finance initiatives appropriate for such an advanced economy as that of Italy, where nevertheless there are people who – for social or economic reasons – find access to loans difficult.

In 2009 in Italy loans totalling approximately 1.8 million euro were granted.

The first *Microcredito Sociale* project agreement signed with *Compagnia di San Paolo* dates back to 2003 and involves both Intesa Sanpaolo and Banco di Napoli. This project, the organisational model for which has since

been adopted 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.

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 project aims to offer personal and socio-economic growth opportunities to persons 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 advan-

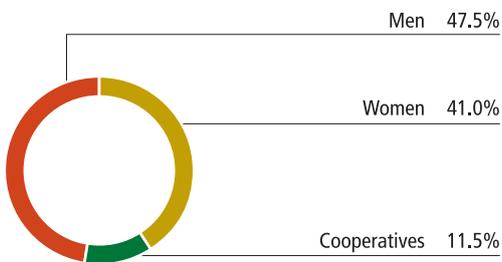


“ Micro-finance should be considered a process offering empowerment to the weaker segments of the population, rather than a mere loan, mostly for a limited amount. ”
Ethical finance organisation

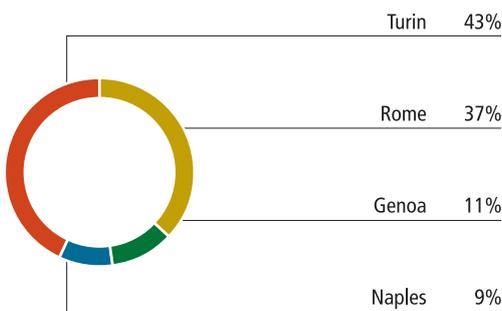
tageous rates – provide the required loan, assuming a part of the credit risk.

The minimum amount of funding available to set up and develop economic activities is 2,000 euro, and 500 euro for projects concerning employment opportunities. The maximum amount of funding is 20,000 euro for individuals and 35,000 euro for companies, social co-operatives and small-scale social cooperatives. 40 loans were granted during the year, most of which were for business activities, for a total of 573,000 euro. The average sum granted is 14,000 euro. From the start of the project until the end of 2009 a total of around 3 million euro has been granted.

Microcredito sociale: breakdown by recipient type



Microcredito sociale: breakdown by geographical area (amount)



Cassa di Risparmio di Venezia has launched two projects since 2006:

- in cooperation with *Fondazione di Venezia* – the initiative sponsor – and the *Terre in Valigia* association, the *Terre in Valigia* project aims to provide business startup support for non-European women. In 2009 a total of 2 loans were granted for a total of approximately 25,000 euro.
- a micro-finance initiative known as *Microcredito Sociale San Matteo* implemented in

collaboration with *Caritas* in the diocese of Venice. The programme has two aims: to promote employment opportunities or business development or to provide support for personal and family needs in terms of housing, health costs and school fees. The amount granted is between 1,000 and 3,000 euro, with a maximum duration of up to 36 months. In 2009 31 loans were granted for a total of 80,000 euro; the guarantee fund set up by *Caritas* was increased from 30,000 to 80,000 euro, also as a result of the economic crisis which led to stronger demand.

In 2006 *Cassa di Risparmio del Veneto* launched an initiative in collaboration with *Fondazione Cassa di Risparmio di Padova e Rovigo* and the three *Caritas* of Padua, Adria-Rovigo and Chioggia. This region was also hit by the economic crisis, in 2009 leading to an increase in the number of loans requested and granted (90 compared to 36 in 2008). The total amount distributed was almost 300,000 euro, 55% of which to non-Italians. As in past years, most of the applications for loans are for personal needs (rent, bills, medical care, etc.).

Work also continued on the project launched jointly by the *Fondazione Cassa di Risparmio di Padova e Rovigo*, *La Casa Onlus* association and *Cassa di Risparmio del Veneto* to facilitate first home purchases for persons with housing difficulties.

In 2008 *Cassa di Risparmio del Friuli Venezia Giulia* formed a partnership with the *Caritas* of Gorizia and *Fondazione Cassa di Risparmio di Gorizia*. 31 loans were granted in 2009 for a total of 65,000 euro.

Three new micro-finance projects were launched in 2009 by:

- *Cassa di Risparmio di Pistoia e Pescia* in collaboration with *Fondazione Cassa di Risparmio Pistoia e Pescia*, the *Fondazione Unraggioluce Onlus* association and the *Arciconfraternita della Misericordia* of Pistoia. The loans target individuals, social co-operatives and women’s small enterprises. The project



involves assumption of 50% of the total risk, divided among the three project members. As at the end of the year, 27 loans had been granted for a total of 119,000 euro.

- Banca CR Firenze in collaboration with the *Fondazione Toscana* for usury prevention. Individuals and small enterprises have access to these loans. The project involves assumption of 50% of the risk by the foundation, backed by a special guarantee fund. As at the end of the year, 6 loans had been granted for a total of 36,000 euro.
- Cassa di Risparmio di La Spezia in collaboration with La Spezia Provincial Government. This initiative, targeting individuals and small enterprises, involves the assumption of 100% of the risk by the Provincial Government on the entire sum granted, backed by a special guarantee fund. Since the launch of the project, two loans have been granted for a total of 5,000 euro.

The Group participates in *Prestito della Speranza*, an innovative nationwide micro-finance programme launched in 2009 by the Italian Episcopal Conference (CEI) in support of large families or households hit by sickness or disability that have lost all sources of income due to temporary or permanent job loss, but are willing to formulate an employment re-introduction plan or start their own business.

With the ABI acting as coordinator, the participating banks – representing around 70% of branches in Italy – grant loans for 6,000 euro (renewable once) at a subsidised rate. These loans are backed by a 30 million euro guarantee fund set up by the CEI to cover up to 50% of losses on the loans in question. The initial assessment of applications from households is performed through a network of 189 Diocese Offices (most of which run by *Caritas*). The Group has offered greater availability of credit by using a higher multiplier than that required by the CEI project. In particular, the Group has decided to set aside to the special guarantee fund only one-tenth of the amount granted (compared to one-sixth applied by the other banks involved). In addition, Banca Prossima acts as Guarantee Fund manager for the initiative.

Lastly, Banca Intesa Beograd distributes micro-financing in cooperation with the independent provincial government of Vojvodina, which has made a guarantee fund available. This programme offers business start-up loans to women who are unemployed or who have started up a business in the last three years.

Since the launch of the programme, 134 loans have been granted for a total of over 1,650,000 euro. Each loan amounts to around 20,000 euro. 30 loans were granted in 2009 for a total of more than 565,000 euro.

Anti-Usury Projects

The various Group banks have implemented a whole range of initiatives to combat usury.

Many of these were launched in collaboration with foundations specialised in the fight against usury, granting a total of 359 loans amounting to over 3.7 million euro in 2009.

Two other anti-usury projects involving the Group banks are:

- The *Fondazione Lombarda Antiusura Onlus* project. Set up in 1997 at the initiative of Cariplo S.p.A. in collaboration with *Fondazione Cariplo* and *Caritas Ambrosiana*, the foundation defends individuals and small businesses from 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, who 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. From the start of the project until the end of 2009 a total of 392 loans amounting to around 6.6 million euro overall has been granted. The Foundation is also the Bank's partner in two other projects: *Anticipazione Sociale* and *PR.IM.I. (Progetto imprenditori immigrati)* (see page 66).

- The Banco di Napoli initiative in partnership with *FINETICA Onlus*, which set up a guarantee fund to the 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. Of the 10 loan applications received in 2009, 6 were granted (almost all to households) for a total of 72,000 euro.

Voluntary work for financial inclusion

In July 2009 VO.B.I.S. – *Volontari Bancari per le iniziative nel sociale* was set up as a national non-profit association formed from former bank employees (the first to sign up being former employees of the Intesa Sanpaolo Group). VO.B.I.S. voluntary workers are a pool of top quality skills and experience available to households and non-profit organisations that find it difficult to gain access to credit. Under the umbrella of *Prestito della Speranza* (see

page 160) they act as family tutors and perform the initial assessment of their applications to the Group banks.

Support for social enterprise

Action in support of social enterprise continued, for example, through participation in non-profit organisations (PAN – *Progetto Asili Nido*, AL.FA *un'ALtra FAMiglia dopo di noi* and *Fondazione Talenti*) and the development of forms of supplementary welfare (Welfare Lecco).

PAN – Progetto Asili Nido – Crèche Project

In 2004 we set up PAN – *Progetto Asili Nido* as a joint project with the leading Italian social enterprise networks CGM *Consorzio Nazionale della Cooperazione Sociale Gino Mattarelli* (the National Consortium for Social Cooperation), FIS *Federazione dell'Impresa Sociale di Compagnia delle Opere* and DROM – *Legacoop*.

PAN is a non-profit consortium that simplifies the setup of new crèches and nursery facilities, accompanying the organisers through all the startup phases. Under its own trademark PAN also guarantees high quality, economically sustainable standards (approved by a technical and scientific committee).

Banca Prossima provides loans for the restructuring and retrofit of the premises (up to 100,000 euro) and to purchase and upgrade furnishings (up to 50,000 euro), without the need for real or personal guarantees. 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.

As at the end of 2009, 370 crèches were PAN affiliates, caring for 10,000 children and providing around 2,100 jobs. From the start of the project until the end of 2009 approximately 5.3 million euro in loans has been granted for business startup and for furnishing purchases.

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 under-used religious orders, and in collaboration with the organisations involved provides a variety of welfare services.

The Bank provides funding as initiative development support.

From its startup until the end of 2009 approximately 400 initiatives have been assessed, of which 53 completed and approximately 250 have reached implementation stage (crèches, university students, facilities for the disabled, sports, group and rehabilitation facilities).

AL.FA. – un'ALtra FAMiglia dopo di noi

AL.FA. – *un'ALtra FAMiglia dopo di noi* is a 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*.

AL.FA. has developed a quality manual defining the quality standards for services provided to guests of residential homes.

For families worried about the future of a disabled relative, an insurance product has been designed which, with particularly favourable terms, builds a reserve of funds for the disabled relative in the “after us” phase.

To date 15 social enterprises have joined AL.FA., adopting the quality standards in management of the facilities.

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. Since the launch of the project around 40 million euro has been granted. 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 existing services.

Banca Prossima

Banca Prossima's mission within the Intesa Sanpaolo banking group is to serve third sector private enterprises and religious orders, creating value through a specific service model (with a rating model especially for non-profit enterprises), consultancy and dedicated products, personnel that meet specific criteria, also given their close contact with the non-profit sector.

As at the end of 2009 Banca Prossima served over 7,000 customers, with 204 million euro in commitments and total deposits of 647 million euro.

Banca Prossima has actively operated through the Fondo per lo Sviluppo e l'Impresa Sociale, a special risk fund that allows action to be taken for types of entities and projects that would otherwise have no access to credit. Set up in February 2008 through an extraordinary Intesa Sanpaolo transaction of 10 million euro, the Fund received a further injection of 14 million euro in 2009.

As at 31 December 2009, 430 positions were hedged by the Fund for an agreed total of 34.3 million euro. 7.6 million euro, i.e. 31.5%, of the Fund has been used. The percentage of medium and long-term credit facilities guaranteed by the Fund is close to 40%. The main users are social cooperatives (almost 30% utilisation of the Fund) and associations (22%). From a sector point of view, 25% of the Fund guarantees commitments to entities in the social services sector, whilst the geographical breakdown shows the strongest use in the regions of Lazio, Sardinia and Sicily (around 6% of Fund utilisation).

During 2009, in collaboration with Lombardy region voluntary associations, Banca Prossima presented the In.Volo – Iniziativa per il Volontariato project to facilitate access to credit and support the growth of Voluntary Organisations through the set up of regional guarantee funds by the key players in the local voluntary work field (Co.Ge. and Coordinamento CSV). In 2009 loans were granted for around 500 thousand euro.

In the second half of 2009 the mix of services for organisations making use of the "5 per mille" (five per thousand) income tax allocations was enhanced. In addition to the option of requesting an advance on contributions, it is possible to obtain a loan even if only the number of preferences received from contributors through their income tax returns is known.

From the start of the initiative in 2008, advances on contributions have been distributed for over 7 million euro, more than 3 million of which in 2009.



In December 2009 the new modular FRI programme (Fund Raising Innovation) was presented in favour of fund raising organisations.

The first module presented was "FRI Lab", which, with support from the Bocconi Business School, offers qualified advisory services in assessing a fund-raising scheme. If the analysis is positive, the organisation receives the FRI Pass, allowing them advantageous credit terms and a simplified procedure for funding the initiative.

In addition, for the first time a pool financing agreement was signed in favour of a non-profit customer (namely the Fondazione Opera Immacolata Concezione Onlus from Padova), using methodologies and practices typical of structured financing provided in favour of non-profit organisations. This experience provides a reference model extendable to new non-profit customers so as to disseminate an enterprise culture capable of standardising efficiency, effectiveness, subsidiarity and solidarity.

Lastly, Banca Prossima is active in the Prestito della Speranza initiative (see page 160) as guarantee fund manager, as such centralising access to the fund's guarantees for loans granted by the entire banking system, providing support to participating banks, informing and advising the CEI on loan status and developments and providing the IT system on which participating banks exchange loan-related data.



“ Banca Prossima's social enterprise project is a unique initiative, fundamental to the real development of the third sector which calls for customised advice and is geared towards stronger organisational efficiency. ”

Consumers' Association



“ Intesa Sanpaolo chose to invest and specialise in the Third Sector by creating a Bank dedicated to generating social value, associated with economic value through a series of dedicated products. The feature we appreciate most is that of not having focused on support activities but of having taken a stand as a real bank that offers services and advice with dedicated skills and professionalism. ”

Non-profit organisation

Donations

The distribution process

2009 saw the full application of the Bank's organisational and management model for donations, defined a year earlier with the aim of providing an increasingly efficient response to the demands and needs of the community in which Intesa Sanpaolo operates, consistent with the principles of the Group's Code of Ethics and with related regulations envisaged in the Articles of Association.

Efforts concentrated on implementation of the Regulation governing the Fund for charitable, social and cultural contributions, and definition of a distribution plan and distribution processes at both central and local level through the preparation of special operating guidelines.

In particular, the first operating guidelines governed the Fund's planning through definition of the distribution plan. In fact, for the first time, in 2009 the Supervisory Board defined and approved an itemised distribution plan with guidelines on management of the demand for contributions during the year.

The Plan is based on a preliminary analysis that takes into account the consolidated features of the Bank's donations activities to identify the specific footprint, and the specific role that Intesa Sanpaolo intends to play, through the Fund, in the complex scenario of community support activities at national and international level. In this respect, the plan offers guidance of a qualitative and quantitative nature.

In qualitative terms, the Plan is based on the key roles of the individual and solidarity, giving preference to projects with a specific social impact and strongly orientated towards being a complete gift, in such a way that the Bank's charity donation does not call for any form of return in terms of either image or commercial aspects. In order to focus on the more important social problems, initiatives considered incompatible with the principle of solidarity or the extent of available resources are excluded.

At the same time, the focus has been on projects in support of the weaker members of the community (infancy, the elderly, persons in difficulty, the sick and disabled) with a specific accent on initiatives in favour of education, training, scientific research, health care and services, according to life and individual enhancement criteria.

In quantitative terms, the resources for allocation to donations were defined and divided between national and international projects and between the traditional social-environmental, religious-charity and cultural areas.

The second operating guidelines concern centralised donations management, outlining the approval process for each donation. This process allows internal improvement of the selection procedures and externally steers applicants towards transparency, project planning and the organisation of a more responsible approach to a request for donations.

The third operating guidelines govern Fund monitoring. This translates into a well-defined reporting system for verification of the consistency between management and the distribution plan objectives. For distributions of a significant amount, the benefits produced from any support provided are also assessed.

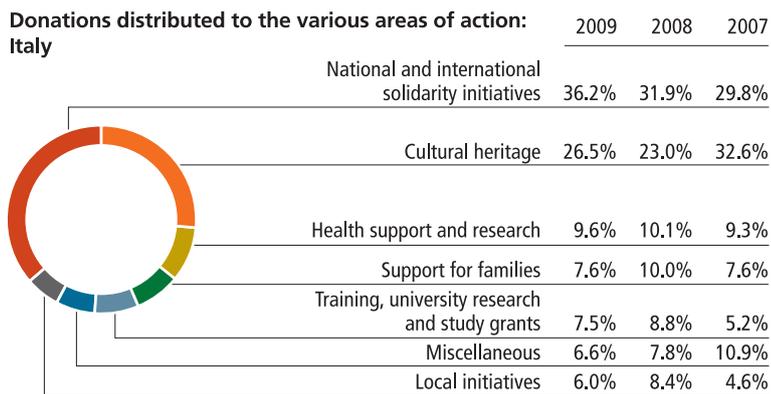
In addition to Intesa Sanpaolo donations, several other Group banks have an independent charity fund and already donate to various social and cultural initiatives. An operating model that establishes shared Group guidelines in this sector will be completed in 2010.

During 2009 a policy applying to all the Group's international companies was issued, which forbids donations to political parties, trade unions and public administration organisations and agents (implementing regulations already applied in Italy in compliance with Legislative Decree 231/2001).

Amounts distributed

Approximately 16 million euro was distributed in 2009, 10.8 million of which by Group companies in Italy and 5.2 million euro by companies operating in other countries.

Donations: amounts in millions of euro	2009	2008	2007
Italy	10.8	11.4	8.2
Abroad	5.2	4.2	3.1
Total	16.0	15.6	11.3



International solidarity

In the international solidarity field in particular, support for Project Malawi continued with direct donations to the individual organisations involved, different according to the progress status of the plan of action.

In addition, a significant contribution was made to the purchase of surgical laser equipment for the paediatrics department of one of the leading eye hospitals in Moscow.

Lastly, among the action taken in this field was the humanitarian project launched by our Croatian bank PBZ in November 2009 with the Pontifical Mission Societies. "Perform a miracle and save a child's life" is an initiative to help children in the Congo Democratic Republic, particularly the malnutrition centre for children at the Ifendula Luhwinya General Hospital and Caritas centres in the archdiocese of Bukavu. After the Bank's initial donation, fund raising continued through the branch network and other companies in the PBZ Group.

More limited support action for poor countries addressed the fields of university youth education and other education activities (crèches and school equipment), agricultural develop-

ment for family support (water supplies, well construction, startup of intensive local farming) and health (paediatric support, antiviral care for eye diseases, supply of hospital and medical instruments) to a variety of organisations active in missionary work and cooperation.

National solidarity

In the solidarity field at national level, support continued for the Milan City Council in tenders for financing projects in support of co-development and the protection of biodiversity.

Preference was also given to initiatives to help worthy and needy students (*Fondazione Comunità Domenico Tardini* in Villa Nazareth, Rome), to ensure introduction to school education for children from both Italian and immigrant families in need (*Istituto Marcelline* in Milan) and numerous small projects for emergency educational needs (support for families with adolescents in difficulty – *Cooperativa Sociale Minotauro* in Milan, tutoring of minors in juvenile detention in socially useful work – *Associazione Volontari Canile*, Porta Portese, Rome).

A further area for significant donations focused on combating social isolation, confirming the contribution to the *Fondazione Banco Alimentare* to guarantee the collection, transport and storage of foodstuffs to be sent to support organisations for people in difficulty, support for the *Fondazione Opera Caritas San Martino Onlus* – Brescia for the *Ottavo Giorno* project to ensure efficient collection of basic needs goods for poor families; and a significant contribution to the *Opera San Francesco per i Poveri* – Capuchin Order of Milan for the *Ferite invisibili* project for the psychological and physical care of immigrant members of the community that have suffered torture.

Equally significant were the guaranteed contributions for a series of local projects, for example funds devolved by Banca di Credito Sardo for minors resident in the sheltered communities; devolution by the Cassa di Risparmio in Bologna to Christmas gift funds for charity customers involved in the social and health support sectors; and Cassa di Risparmio del Veneto support for the *Kit del neonato* initiative of the Municipality of Padua for households and consisting in facilitating the purchase of post-natal goods and services.

In 2009 Cassa di Risparmio del Veneto also continued its collaboration with *Cooperativa Giotto*, the social cooperative for introduction to employment for people in difficulty, particularly disabled persons and prisoners.

Social inclusion

In the field of social inclusion, CIB Bank contributed through the CIB Foundation (a foundation set up specifically for donations) to a rural development project for a particularly deteriorated and emarginated Rom village in North-East Hungary. The long-term programme envisages a series of actions linked to social and economic development of the village, particularly its conversion into a tourist centre to disseminate awareness of the Rom art and culture.

Health research and support

In Italy, support for health research and support was particularly significant. In fact, the yearly contribution was made to the New Research Units for the Young set up by the Italian Cancer Research Association (AIRC), a 5-year commitment for the period 2006-2010). A considerable contribution went to the *Fondazione Don Gnocchi* in Milan for the construction of a

children's cardiology unit; support was again provided to the *Fondazione Opera Immacolata Concezione* in Padua for assistance to the elderly and disabled; and a significant contribution was made to the *Adozione di Stanza* project for the treatment of terminal patients at the *Casa Vidas Hospice* in Milan.

Still in terms of health care, in 2009 the Hungarian bank, CIB Bank, continued its partnership with the foundation *Camp of Courage* which offers therapeutic and recreational programmes to children suffering from serious chronic illness. These programmes have also seen the involvement of Bank employees as volunteers.

Cassa di Risparmio in Bologna's special partnership with BOLOGNAIL continued in 2009, resulting in various initiatives including the "adoption" of a leukaemic stem cell researcher.

In the research field, Banca di Trento e Bolzano supports the Eurobs project involving three universities (Trento, Bolzano and Innsbruck) and finances the activities of researchers called upon to study cross-border topics.

Cassa di Risparmio di Forlì e della Romagna supported activities of the IRST, the new Romagna area scientific research institute for the study and treatment of tumours, particularly in connection with purchase of the Biorad equipment for early diagnosis and the study of certain types of tumour.

Various Group banks support activities and make contributions to research doctorates and study grants. For example, the Cassa di Risparmio di Viterbo contribution to the University of Tuscia.

Religious field

In the religious field, significant donations were made to the *Vicariato per la Promozione della Cultura e Istituzioni Culturali* of the *Curia Diocesana* in Brescia to complete renovation works on the Diocese Historic Archives, to the Collegio Oblati Missionari in Rho (MI) for restructuring works on the house of worship and guest quarters, to the *Fondazione Benedetto XVI pro matrimonio et familia* in Rome (a study grant for private and religious training on family relations), to the *Santuario Arcivescovile San Giuseppe* in Milan, organisational costs for the papal visit of Pope Benedict XVI to Brescia and Concesio as a tribute to Pope Paul VI, study grants to worthy and needy students of the Theology Department for Northern Italy in Milan, for the annual international ecumenical council on orthodox

spiritualism at the Monastery in Bose (BI), and for renovation of the recreation centre in the Parish of *Sacro Cuore di Gesù* in Lissone (MB). Numerous other contributions were made by several Group banks to local *Caritas Diocesane* charity organisations.

Cultural field

In the cultural field, worthy of mention is the three-year support for the project *Fare gli Italiani* proposed by the Italia 150 Committee in Turin to celebrate the Unification of Italy by tracing the development of the "Italian identity".

Again in cultural terms, significant consolidated commitments concerned the promotion and improvement of Palazzo Strozzi in Florence (*Fondazione Palazzo Strozzi* and *Associazione Partners di Palazzo Strozzi*), social initiatives of the "F. Faruffini" School of Art in Sesto San Giovanni, support for the *Arturo Benedetti Michelangeli Festival* in Brescia and Bergamo, contribution to the cultural programme of the *Accademia Olimpica* in Vicenza, support for humanitarian initiatives of the *Fondazione Lorenzo Valla* in Rome and implementation of the *Cooperativa cattolico-democratico di cultura's* programme in Brescia.

Banca dell'Adriatico continued its support for the *Rossini Opera Festival*, a music festival with a long tradition and of international importance, for which the Bank is co-founder.

Banca di Trento e Bolzano promotes the dissemination of music culture by supporting, for example, the Orchestra J. Futura, composed of young Italian instrumentalists, and the *Fondazione Concorso Pianistico Internazionale Ferruccio Busoni* which organises a competi-

tion every two years for young musical talent from all over the world.

Cassa di Risparmio del Friuli Venezia Giulia provided support for activities of the *Associazione Regionale fra le Pro Loco*, with particular reference to the promotion of regional wine and food culture and the *Sapori Pro Loco* event. It also provided support in the musical sphere to the *Fondazione Teatro Lirico Giuseppe Verdi* in Trieste, to the *Associazione Chamber Music* of Trieste and a number of choirs in the region (*Coro Polifonico di Roda*, *Coro del Friuli Venezia Giulia*).

Cassa di Risparmio del Veneto continued its support for a number of important cultural events in the Municipality of Padua, such as: *Prospettiva Danza Teatro*, the *Giornata dell'ascolto* dedicated to various musical expressions, *Notturmi d'Arte* the summer event targeting the rediscovery of monuments and buildings in the city of Padua and, for the theatre, the *Teatro Ragazzi* and *Arti Inferiori* initiatives.

Various Group banks have provided support to local amateur sports associations.

Satisfactory once again in 2009 was the rotation index for donations made by Intesa Sanpaolo, equal to one third of total distributions in terms of the amounts granted. 29% of the total distributed in 2009, in fact, was to organisations that had not received contributions in the last 5 years (37% if the number of beneficiaries is considered). The percentage of beneficiaries that have received a donation in the last five years, in amount terms, is approximately 71% of the total distributed (around 63% of total donations).



Project Malawi

Project Malawi is an international cooperation initiative launched by Intesa Sanpaolo and Fondazione Cariplo, whose input aims to contribute to the overall development of Malawi, one of the 15 poorest countries in the world, through a well-defined series of actions to improve the general living conditions of the people in that country. Initiatives launched as part of the main action in terms of health target the battle against the spread of HIV/AIDS and have seen the synergic commitment of the project partners: Comunità di Sant'Egidio, Save the Children, CISP (Comitato Internazionale per lo Sviluppo dei Popoli) and the local scout organisations MAGGA and SAM, which organised action in the fields of health, education, prevention, orphan support and micro-finance.

Work continued in 2009 on initiatives envisaged for the second three-year period of the project plan, due to end in October 2011. Among these are extension of the geographical areas of action to two new districts (Balaka and Lilongwe) and the launch of new nutrition initiatives assigned to a new project partner, the Nutrition and HIV/AIDS Department of the Malawi Government, with which a formal agreement has been signed. Specifically, from 2009 the Department became responsible for the dissemination of correct dietary education among the population and awareness of alternative crops in the rural villages involved in the project.

An overview of the results achieved by Project Malawi as at the end of December 2009 is provided below.

- *In the health field, the third molecular biology laboratory was started up in the north of the country; the network of 10 health centres built in the first three years of the project continued to distribute antiretroviral drugs (treating around 13,000 patients) and the prevention of mother-to-child HIV transmission (2,222 children born healthy out of a total of 3,011 HIV-positive mothers in care), completing just under 240,000 medicals. Also important is the DREAM protocol user training for health care workers, which has now risen to over 400.*

- *With regard to infant care, voluntary educators trained in psycho-social support have cared for around 3,400 orphaned and vulnerable children in the 59 day centres for children from 3 to 6 years, managed by selected members of the local communities, suitably trained and grouped into management committees.*

There were a great many training activities involving members of the local communities (training courses on home support care and effective parenting skills, psycho-social support, community mobility and HIV/AIDS information and sensitisation.

- *In relation to local economic development, the number*

of users of the 3 Business Information and Services Centres has risen to 400 per month. Among these initiatives are numerous training courses on Income Generating Activities, with refresher courses and training for SME business owners (around 700 participants). 64 income generating activities were launched, involving over 1,000 people and benefiting 2,600 members of the community in difficulty due to illness or particular family situations. The number of Informal Micro-finance groups set up in rural areas (VSLA Village Savings and Loans Associations) has risen to 26, with the direct involvement of 620 beneficiaries.

193 business owners were helped in the preparation and presentation of business plans to the local Micro-finance Institutions, and a total of 152 loans (of which over 70% already repaid) were granted.

- *In the prevention field, 215 Girl Guides and Scout troupes were set up, which have now covered over 180 schools, involving young people in sensitisation to the risks of HIV/AIDS transmission and sex education. Also numerous were the training activities for young teachers, which have now risen to over 11,000 of the same generation. With a view to involving the population in educational activities, over 600 chiefs of religious and political authorities and communities have participated in sensitisation and social mobility seminars. Still on the subject of prevention of HIV/AIDS transmission, almost 1,200 young people have had free access to the VCT Service (Voluntary Counselling and Testing) at the Scout centres in Blantyre and Limbe.*

Also during 2009 the Project Malawi partners perfectly synchronised their collaboration, amongst other things implementing activities as planned at the polyfunctional Kapeni Centre, where the setup of a clinic has also guaranteed continuity in the paediatric medical services entrusted to local doctors.

Remaining in the sphere of neonatal and paediatric care, the agreement with the Italian Neonatology Society (SIN) and the Italian Paediatricians' Society (SIP) has allowed the activities of Italian medical voluntary workers to continue, who exercised their profession on a rota basis at the Maternity Unit of the Comfort Clinic in Balaka and the nearby district hospital, providing clinic services at the DREAM centres and the Kankao orphanage. A series of refresher lectures on the treatment of cardiovascular diseases in children were given at the Paediatrics Department of Queen Elizabeth General Hospital of Malawi University, to students of the Blantyre Medical College, together with other specific education activities for local doctors in Balaka.

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 con-

structive relations with the different entities concerned.

During 2009 a policy applying to all the Group's international companies was issued, which forbids the sponsorship of political parties, trade unions and public administration organisations and agents (implementing regulations already applied in Italy in compliance with Legislative Decree 231/2001).

38.9 million euro was distributed by the Group in sponsorships in 2009, 34 million of which by Group companies in Italy and 4.9 million euro by companies operating in other countries.

Sponsorships: amounts in millions of euro	2009	2008	2007
Italy	34.0	37.3	30.8
Abroad	4.9	6.3	6.0
Total	38.9	43.6	36.8

Sponsorships to the various areas of action: Italy



Sponsorships to the various areas of action: Abroad



Cultural awareness

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, in the form of a coherent, constant and well-defined vision.

The aims of the Bank's action mainly regard the dissemination of information, support for research and the promotion of culture among young people.

The key development in the cultural support field is the support provided continuously and through special projects to large cultural organisations, exhibitions and centres of excellence that produce and disseminate culture:

- **La Scala Opera House:** Intesa Sanpaolo is a Founder Member since 1999, providing support to the opera season as Main Partner since 2005. This partnership 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 Under 30* project launched to attract a younger public to opera.

- **Piccolo Teatro:** the Bank provides support for the *Benvenuti a Teatro* project, active since 2005 and dedicated to the younger public. This is a real journey "behind the scenes" of the theatre, which aims to stimulate children's imagination and arouse their interest in the world of theatre.

- Other Italian theatres: for example Teatro Litta, Teatro Franco Parenti, Teatro Stabile di Catania, the Banco di Napoli-San Carlo Opera House partnership and Cassa di Risparmio in Bologna's involvement with Teatro Testoni in Casalecchio di Reno and the *Compagnia Teatro dell'Argine* in San Lazzaro di Savena.

- A number of the more important and oldest music organisations, such as *Associazione Alessandro Scarlatti* and the *Società del Quartetto* in Milan. In particular, collaboration with the *Associazione Alessandro Scarlatti* in Naples has provided support for a specific educational experiment targeting the very young: *La musica in mano ai criaturi* with active on-stage involvement of children and teenagers alongside the artists.

- The XXIV Christmas Concert in Assisi, supported by Intesa Sanpaolo, Casse del Centro and Banca CR Firenze.

- A series of different exhibitions, including the following.

- **Darwin exhibition:** Intesa Sanpaolo was a

partner in the international exhibition dedicated to the father of the theory of evolution to celebrate the bicentennial of his birth and 150 years of publication of his best known work "On the Origin of Species". Organised in collaboration with the American Museum of Natural History of New York and arranged at three exhibition venues: Rome, Milan and Bari.

- **Corriere dei Piccoli exhibition:** Intesa Sanpaolo was a sponsor and contributor (lending works from the Bank's historic archive) to the exhibition, promoted by *Fondazione Corriere della Sera* and Skira for the centenary celebrations of *Corriere dei Piccoli*. It is planned to involve the schools (infant, elementary and junior high) in the Lombardy region.

- **Decò exhibition:** Intesa Sanpaolo and Cassa di Risparmio del Veneto sponsored the exhibition "Dèco. Arte in Italia 1919-1939". This exhibition, promoted by *Fondazione Cassa di Risparmio di Padova e Rovigo* was organised in collaboration with the *Accademia dei Concordi* and the local and provincial governments of Rovigo, displaying over 120 works from private collections and museums.

- **Art:** "Canova. L'ideale classico tra scultura e pittura" art exhibition. Intesa Sanpaolo sponsored the art exhibition organised by *Fondazione Cassa dei Risparmi di Forlì e della Romagna*.

The second major thread of activities in support of culture involved support for Festivals, sensitising the public on wide-ranging topics through meetings, debates and talks in various spheres: poetry, economics, science and music.

- The *Festival dell'Economia* (Trento), an annual series of events, meetings and projects to sensitise the wider public to economy-related phenomena. The Bank has been a partner since the first edition in 2006, whilst Banca di Trento e Bolzano acts as sponsor. The 2009 edition was entitled "Identità e crisi globale" (Global identity and crisis), visited by over 60,000 people.

- **Biennale Democrazia** (Turin): the Bank was a partner for the first edition in 2009. This event, to be held every two years, forms part of the calendar of initiatives for the 150th anniversary of the Union of Italy and a cultural education and dissemination tool on democracy and democratic practices, involving the city in seminars, meetings and theme events.

- **MITO** – Milano-Torino International Music Festival, for which the Bank has been a partner

since the first edition in 2007. This is a highly important cultural event, its repertoire ranging from symphonic operas to contemporary music, jazz and ethnic music, with the participation of a whole host of musicians and conductors. Over 170,000 people attended the festival performances, produced by over 4,000 performers from 33 countries throughout the world.

- *Accademie Musicali d'Europa* festival (*Conservatorio di Milano*) and Torino Film Festival.
- *Fiera del Levante* in Bari, with support from Banco di Napoli. This fair, designed to meet the internationalisation needs of the Italian economy, and of the south in particular, hosts a series of general and specialised events during the year.
- *Ravello Lab – Colloqui internazionali*, with support from Banco di Napoli. This annual event is a 3-day meeting for international experts and politicians to examine, discuss and propose in-depth study of the relationship between culture and development.
- *Festival dei Due Mondi* in Spoleto, support for the 52nd edition being provided by Casse del Centro and Cassa di Risparmio di Spoleto. This international event hosts classical music performances, prose, ballet, concerts, art exhibitions and films.
- the 46^o *Festival Pianistico Internazionale Arturo Benedetti Michelangeli*. Founded in 1964 this is considered one of the most important piano festivals in the world. The Festival aims to disseminate music culture as much as possible to the wider public, once again expanding its repertoire and offering a standing revue of the piano music heritage. "Rotta a Oriente. Da Bach alla Cina" (Teatro Donizetti, Bergamo, Teatro Grande, Brescia) was the title of the 2009 edition.
- *Festival di Milano Musica*. A journey through a select international repertoire of 20th century music (18th edition in 2009). Numerous events proposed by a variety of theatre, organisations and cultural associations of the city from September to November.

Added to these are other initiatives:

- *FAI - Luoghi del Cuore* (Places of the Heart) After the 2008 promotion of the fourth annual *I Luoghi del Cuore* census dedicated to "places to be healed" that form part of the architectural, artistic and natural heritage of Italy, in 2009 Intesa Sanpaolo and the FAI allowed the reports received to speak for themselves in sensitising the relevant authorities towards greater care for Italians' "places of the heart",

arranging communications activities and salvage operations to restore them to their original beauty.

- *Arte Fiera*. Once again in 2009 Intesa Sanpaolo, Cassa di Risparmio in Bologna and Intesa Sanpaolo Private Banking renewed their consolidated relationship with *Arte Fiera*, reconfirmed as partners for the *Collezionisti* project. *Arte Fiera* is a modern and contemporary art fair and a showcase for international art that aims to stimulate an interest for this art in Italy, in parallel developing a constant commitment to promoting young artists and the most current research topics.
- *Salone Internazionale del Libro*. For the third year running, Intesa Sanpaolo is a partner in the *Salone Internazionale del Libro* (International Book Fair), the long-standing event in Turin designed as an opportunity 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.
- UNESCO Forum. Intesa Sanpaolo was a sponsor for this event (held in Monza), promoted by the Ministry for Cultural Heritage and the Foreign Affairs Ministry in collaboration with and patronage of UNESCO and the Lombardy regional government. The event focused on the productive and market aspects linked to traditional production and its protection.
- Banca CR Firenze was the promoter for *Economia in gioco*, an educational project bringing the history of the economy into primary and secondary schools with a view to attracting young people to this field.
- Banco di Napoli provides support to the *Istituto Italiano di Studi storici*, founded in 1946 by Benedetto Croce and for which it was co-founder, and to the *Istituto I.P.E.*, an educational research institute founded in 1979 by a group of university professors, professionals and businessmen with the idea of contributing to young people's access to education, culture and employment.
- Banco di Napoli also supports the "Start Cup Federico II" award, a competition promoted by Federico II University in Naples among groups of people that develop business ideas based on research. In particular, "Start Cup Federico II" gives awards in cash and in kind, consisting in services for the startup and development of new businesses, to the best ideas expressed in the form of business plans.
- Cassa di Risparmio di Venezia, in collaboration with the *Polo Innovazione Strategica* of Ca' Foscari University, has financed the POLINS

research study grant for analysis of the skills profiles necessary to implement environmentally sustainable solutions in businesses: the "colletti verdi" (green collar workers), new professional figures specialised in environmental protection and eco-compatibility of industrial processes.

- Cassa di Risparmio in Bologna continued its collaboration with the *Centro Culturale Enrico Manfredini*, highly active in Bologna and the province in the organisation of cultural events.

Education and scientific research

Support for research is one of the key commitments of the Business Plan as the core activity for new economic, social and qualification development opportunities in Italy. For the Bank it is also another milestone on the path agreed upon for the dissemination of scientific culture and cultural growth of young people.

- *Intercultura*. To encourage cultural exchange and education among young people, Italian and otherwise, Intesa Sanpaolo provides support in the form of study grants to the most worthy for a year's education in a country other than the country of origin. Since 2003, 80 study grants have been awarded to Italian students and 47 to foreign students in Italy.

- 2003 Group – "La scienza in rete" web journal. In 2009 Intesa Sanpaolo collaborated in defining a project to promote the dissemination of scientific information and culture in Italy, involving the creation of the web journal "Scienza in rete" for researchers, journalists and the public interested in scientific issues. The objective of "Scienza in rete" is to create a direct thread with all potential users in a strict but simple scientific language and to become a leading authority on research and science.

- *Giornata Nazionale Orienta Giovani*, an event that Confindustria dedicates to an encounter between businesses and young people to reflect on their professional future and with the aim of increasing scientific vocations. In more than 5 years, 7,500 students and their teachers from middle and high schools have been involved.

- Banca CR Firenze is a sponsor for *Firenze Scienza* which offers exhibitions and lectures dedicated to the pre-Union of Italy era in which Florence was the intellectual capital of Italy and one of the leading European centres for science.

The Bank cooperates with various study and

research centres, for example *Fondazione Cini* and *Fondazione Rosselli*, and with schools and universities (including Bocconi University, the Catholic University and IULM in Milan; Sant'Anna high school in Pisa; Tor Vergata University in Rome; Ca' Foscari University in Venice) in research projects, support for young researchers and study grants.

Social commitment and solidarity

Intesa Sanpaolo promotes and participates in activities of high social value, confirming its commitment to establish a strong, deep bond with society and the local community. Such activities include the following initiatives:

- *Colletta Alimentare*. Once again in 2009 the Bank collaborated with *Fondazione Banco Alimentare* in the collection of foodstuffs arranged with the major supermarket chains in favour of the needy and people in difficulty. The Bank was directly involved through support from the branches which actively promoted this initiative. Food was collected and distributed to 1.3 million persons in need.

- *Giornata dell'Azalea, AIRC – Associazione Italiana per la Ricerca sul Cancro* (Italian Association for Cancer Research). Since 1997 the Bank has supported the *L'Azalea della Ricerca* project with a contribution and the involvement of branches in Italy. In 2009, through the hard work of 20,000 volunteers in the squares of Italy, 9.2 million euro were raised.

- *Giornata della Vista*. Intesa Sanpaolo and Intesa Sanpaolo Private Banking support the campaign Vision 2020 – The Right to Sight, which aims to eliminate all forms of preventable and curable blindness by 2020, and through this initiative the "World Sight Day".



- The Rimini Meeting. As a sponsor of this event, Intesa Sanpaolo consolidates its long-standing support for the third and non-profit sectors. "La conoscenza è sempre un avvenimento" (Awareness is always an event), was the title of the 2009 edition.
- The ABI CSR Forum. Intesa Sanpaolo is a partner in the CSR Forum, an important annual event in the financial world dedicated to social responsibility, involving strategic officials of banks, businesses, institutions, universities and other Italian and international stakeholders. Its aim is to explore potential future developments in social responsibility and to exchange awareness and experiences.
- UNICEF. Intesa Sanpaolo was involved in the annual Christmas campaign for the sale of UNICEF products to raise funds in favour of children in need throughout the world. In addition to the sale of small articles and Christmas cards, involving approximately 1,600 branches of the Group, Intesa Sanpaolo and UNICEF prepared a website through which Christmas products could be purchased. The proceeds from the sale of products was devolved to UNICEF humanitarian projects.
- 100 piazze della solidarietà, an end-of-the-year event in the OXFAM International campaign against poverty and the elimination of national debt for poor countries.
- The seminar *Regole e attori nel conflitto afgano – Forze Armate, Ong, Industrie: esperienze a confronto* was held at Sacro Cuore University in Brescia, organised by Mine Action Italy and by the War History Museum of

Rovereto.

- Also worthy of note in terms of the Bank's support is the VLP – *Vale La Pena Sound* project, a musical production project at the San Vittore prison with the aim of social re-integration of individuals.

Sport

Action in this field confirms the Bank's commitment to the promotion of

sport as a social value, and in the promotion of Italy at international level.

Intesa Sanpaolo confirmed important partnerships in the sporting world, including *Federazione Italiana Nuoto*, A.C. Milan and the Organising Committee for the World Swimming Championships Roma09. In addition, the Bank is an official sponsor for CONI, the Italian National Olympic Team and *Casa Italia*. In particular, the Bank supported the 2009 Mediterranean Games held in June and July in Pescara – the largest sporting event in the Mediterranean area – and was an official sponsor for the 13th World Swimming Championships held in Rome in July and August 2009.

Furthermore the Bank promotes several sports activities for young people, further confirming its attention to educating the new generations, focusing on sports-related social and educational values. For example, Cassa di Risparmio del Friuli Venezia Giulia sponsors *Atletica Gorizia*, the association that organises various motility activities in infant schools, whilst Cassa di Risparmio del Veneto supports the *Crescere insieme nello sport* project in collaboration with *Società Verde Sport* targeting the young and very young in the province of Treviso.

Several Group companies sponsor professional sports teams, whilst a number have opted to work alongside smaller renowned sports clubs: for example, Cassa di Risparmio in Bologna (Sporting Club Gira Ozzano Emilia, Fatro Team Volley, Bologna United Handball, Cus Ferrara) and Cassa di Risparmio di Rieti (Atletica Studentesca Cassa di Risparmio di Rieti, with around 1,200 young members).

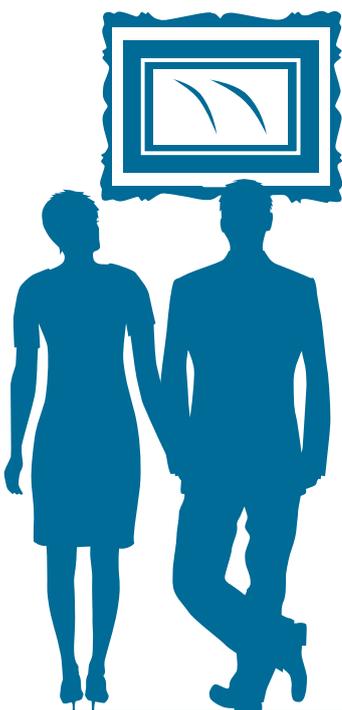
Intesa Sanpaolo has also provided support for the *Sportivamente* project promoted by the *Unione Italiana Sport per Tutti*. This is a project that promotes and launches sports initiatives in favour of people with mental disorders, using sport as a means of combating marginalisation.

Cassa di Risparmio di Venezia's support for the historic Palio Remiero regatta between the Universities is now a tradition. This galleon regatta is inspired by the traditional rivalry between Oxford and Cambridge universities, transferred to the spectacular evocative setting of the Grand Canal.

Cultural heritage

Our cultural heritage

The planning of activities, in support of the protection and promotion of both public and



private historic and artistic heritage, continued in 2009 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. During the year the Bank therefore worked to consolidate its leadership role in this sector, on behalf of institutions responsible for protecting and promoting the Italian cultural heritage, and at the same time – also through its two museums in Vicenza and Napoli – the Bank further enhanced its network of institutional, social and individual relations that form the main fabric of dynamic and active relationships.

The guidelines for activities undertaken in 2009, albeit with an increasingly open approach, follow the traditional guidelines of the Bank, linked on the one hand to historic and critical study, reorganisation, and restoration of the Intesa Sanpaolo art collections to render them accessible to the public, and on the other hand to contributing to the protection and promotion of Italy's cultural heritage. These two guidelines are firmly expressed in three key activities.

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 the Group banks.

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 over 450 antique Russian icons (13th - 19th centuries), considered to be among the most important in the Western world for the quantity of authentic masterpieces, the broad timespan and representation of all the regional schools of Old Russia; the collection of 15th - 18th century paintings and sculptures (475 works) including Caravaggio's last masterpiece, the *Martyrdom of Saint Ursula*; collections of Venetian works from the 18th century (70 works), as well as other collections from the 19th (over 500 works, particularly those of the Lombard and Neapolitan schools) and 20th centuries (2,700 works), which place great masters alongside artists, schools and avantgarde

movements from the latter half of the 20th century.

In this wide-ranging, multifaceted context two key objectives may be identified:

- to guarantee protection of the works, implying preservational and fact-finding aspects, the latter based on the scientific study of the various collections. In this respect, the constant monitoring of the preservation status of the Bank's artistic heritage, and restoration as appropriate, continues. The cataloguing procedure, organised by the archaeological, historic and artistic heritage sector, continues in collaboration with the Scientific Committees formed, for each different sector, from leading Italian and international experts and researchers.

- to increase and consolidate activities promoted in favour of public access to the heritage. Worthy of mention are:

- the publication of printed catalogues including the results of the studies, systematically presenting the individual collections, and the constant updating of the "Art Collections" section of the website: www.intesasanpaolo.com. 
- participation in exhibition initiatives promoted by leading institutions in Italy and abroad. There were numerous requests for loans in 2009, to which a positive response was given in more than fifteen cases.

- direct organisation of exhibitions of Bank-owned works such as *Arte in Banca* (involving exhibition in the display cases of Group branches of small groups of works selected from the contemporary art collection) and two events organised at Palazzo Leoni Montanari, *OrienteOccidente* (icons) and *Il Tempo dell'Antico* (Attic and Magna Graecia ceramics).

- 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 20 historic bank buildings to the public throughout Italy. Almost 18,000 visitors were accompanied on guided visits of both centuries-old and modern buildings, from the late 16th century to Contemporary.

Intesa Sanpaolo museums in Italy

More than ten years on from the inauguration of the first Intesa Sanpaolo museum, the Palazzo Leoni Montanari Galleries in Vicenza, and three years on from the second, the Palazzo Zevallos Gallery in Naples, the response from the critics and frequency of visitors is highly positive.

Palazzo Leoni Montanari Galleries

The Galleries display collections of Russian icons (around 130 tablets from the 13th to 19th centuries) and 18th century Venetian art works owned by the Bank. Alongside the main activity, over the years a series of exhibition, cultural, music and educational initiatives has been developed and consolidated, establishing contact with the main local institutions and at the same time bringing a wider public to the Galleries.

- With regard to exhibitions, in 2009 the mini exhibitions of the *OrienteOccidente* project continued. 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. Until 29 March 2009 it housed the exhibition "Un filo rosso tra le dita. L'Annunciazione nell'Oriente cristiano".

- The series of small exhibitions entitled "Il Tempo dell'Antico. Pagine di archeologia e cultura in Palazzo Leoni Montanari" each time involving selection from the entire collection of 522 vases according to themes covering aspects of life in Ancient Greece. This first exhibition in this new series, entitled "Le ore della donna. Storie e immagini nella collezione di ceramiche attiche e magno-greche di Intesa Sanpaolo", opened at the end of 2009, is dedicated to the everyday life of women in Ancient Greece and Magna Graecia.

- With the aim of offering visitors the chance to compare and study topics linked to the art collections housed, the Galleries have also promoted a series of seminars, held at Palazzo Leoni Montanari, in collaboration with leading cultural organisations from the Vicenza area.

As part of activities that aim to attract the younger public, an important role is assigned to the educational workshops for students. Over five thousand junior and high school children in the Veneto region were involved in the Galleries' educational projects in 2009. Musical initiatives also continued, with new projects added.

Palazzo Zevallos Stigliano Gallery

The Palazzo Zevallos Gallery not only offers the chance to admire the late masterpiece by Caravaggio, the *Martyrdom of Saint Ursula*, accompanied by a rich illustration and multimedia study section, but also an important corpus of 18th and 19th centuries landscapes of Napoli and the Campania region, the work of two Dutch artists, Gaspar van Wittel and Anton Sminck Van Pitloo.

Palazzo Zevallos also combines its permanent exhibitions with a series of initiatives to make its treasures known to the wider public and to establish active and lively relationships with the community.

In the museum's activities a key role is played by the educational programmes, involving over 2,000 teenagers from the region's junior and high schools.

The contribution to safeguarding and promoting Italy's cultural heritage

The *Restituzioni* project, the restoration programme that began with Banca Cattolica del Veneto and thence adopted by Intesa Sanpaolo, in twenty years of activity has restored over 600 works of art dating from the 5th century B.C. to the 19th century, including important pieces from the ancient world.

The fifteenth edition of *Restituzioni*, launched in 2009, began work on the restoration of works housed in museums and churches in various regions (Veneto, Lombardy, Piedmont, Tuscany, Lazio, Campania and Puglia), due to end in 2011 with the traditional temporary exhibition displaying to the public the results of restoration.

As part of the monumental "sector" of *Restituzioni*, 2009 saw the completion of restoration works on one of the most important pages of 14th century Italian history: the frescos by Giotto at the Abbey of Chiaravalle Milanese.

Editorial initiatives

The Bank's commitment to two important editorial projects in terms of production and circulation continued in 2009:

- the *Vox Imago* series, a multimedia editorial-music project – in two versions: the box collection with book, DVD and two or more CDs and the DVD-CD digipack, consists in a reading and technological study of an opera selected from the performances during the opera season at La Scala in Milan. Given the combined theme, this project lends itself to becoming a gift from the Bank for all Intesa Sanpaolo organisations in Italy and abroad. In 2009 the sixth work in the 2009 series was *Il viaggio a Reims* by Gioachino Rossini, with theatrical direction by Luca Ronconi and musical direction by Ottavio Dantone.

- the series "Musei e Gallerie di Milano", for scientific and protection purposes, is a systematic exploration of local art heritage that is publicly owned or for public use, which, since its launch in 1973, has published 67 books with contributions from hundreds of specialists.

The latest volume, produced by twenty-seven experts, discusses the Ambrosiana Picture Gallery, in particular the "Raccolte archeologiche. Sculture, tomo V".

The production of these complex projects has led to the definition of a four-year plan which aims to achieve important benefits in quality and economic terms.

Within an historic-economic context, the publication of *L'Istituto Mobiliare Italiano 1931-1998*, edited by Giorgio Lombardo and Vera Zamagni, followed, to complete the series on the history of the IMI, in addition to the Cambridge University Press publication of a digital version of the 1993 Mattioli Lectures.

Constant efforts to make all publications available to everyone has driven Intesa Sanpaolo to review the distribution methods, preferring public reading venues (libraries, universities, all levels and categories of schools) and also envisaging a subsequent inclusion in the commercial bookstore circuit.

Always with a view to safeguarding and making public its document heritage and library, the Bank collaborated with the *Biblioteca Pinacoteca Accademia Ambrosiana, Fondazione Feltrinelli* – to which online publication of the writings of Leo Valiani was permitted – and the Associazione Bancaria Italiana (ABI, the Italian Banking Association).

Patronage, the management of art works and art publications are ways in which the Italian banks can also express their cultural activities. In this context, the catalogue of banks' art publications, promoted by ABI and its member banks – including Intesa Sanpaolo – covers every topic that gives form and content to Italian history and culture, including rare and priceless works that find no place in art publications under normal profit-making rules.

Moreover, collaboration with the ABI also led to promotion of the touring exhibition "I nuovi mecenati", with a selection of art volumes documenting the artistic and cultural value of these publications in Italy and abroad. This event, already organised in 50 exhibition venues worldwide, saw the contribution of 70 books from various Group banks. Another important step was the enhancement of the new Library of Alexandria in Egypt, which aims to collect the entire Mediterranean "knowledge", to which Intesa Sanpaolo has donated a carefully chosen selection of edited books, accepting the invitation of UNESCO and the Institute of Italian Culture in Cairo. The initia-

tive ended in Beirut (Lebanon), the world book capital in 2009.

The Historical Archive

The last decade has seen the rapid and constant growth of the current Intesa Sanpaolo banking group, into which are merged special credit institutions, national, regional and local banks, savings banks, catholic banks and to a lesser extent also cooperative and rural banks. To preserve the memories of the various entities that have formed the Group – from various regions and with a variety of aims (social and profit-making), all with their specific corporate and governance structures – a historic family tree is being prepared at the Historical Archive.

The Historical Archive continues to care directly for the four documentary heritages inherited: Cariplo (which opened in 1823), Banco Ambrosiano Veneto (from 1892), Banca Commerciale Italiana (from 1894) and Istituto Mobiliare Italiano (IMI, from 1931), always coordinated with the historical archive of Compagnia di San Paolo di Torino (1563). At the same time, services are provided for the historical archives dotted throughout the regions (of the network banks or associates), providing advice and coordinating both the historical data and legal-administrative searches.

The frequency of visits from researchers to the consulting room of the Historical Archive has remained steady (135 users, for a total of 579 study visits). Whilst most the surveys are into banking history (52% of the research), there is also a growing use for the preparatory work on biographies of bankers, politicians, businessmen and for essays on historic, cultural and artistic topics (17%).



As from 2009 a quarterly electronic newsletter is published that forms a new channel for exchanging experiences and points of view, targeting a wide public for the circulation of historic news, to document new acquisitions, provide information on meetings, events, publications and study reports involving the Archive and its users.

The Archives project

This year saw publication of the Archives Guide and Manual for the selection and preservation of documentation. The two publications offer indications on how to archive documents, at the same time guaranteeing compliance with legal restrictions, rights protection and promotion of material that is important from a historic and cultural point of view.

Also in 2009, a conspicuous body of documents of historic value regarding Crediop (an institute specialised in loans for public works that joined the Istituto Bancario San Paolo di Torino in the mid 1990s and was then sold to Dexia) was transferred to the Central State Archive and will be available to the public for consultation.

Media relations

The definition and management of Group communications with the community and the media is performed by the Media Relations Service. The main objective is to communicate the Group's initiatives of strategic and operational importance (economic and financial targets and results, product and financial service launches, cultural or social initiatives, values

and commitment to support development of the country) to all stakeholders, guaranteeing maximum transparency.

The information is made available through the special section of the Group website. This section, updated each day, also contains photographs and biographies of top management and press releases.

Individuals or entities can also subscribe to a mailing-list to receive press releases and information about major corporate events directly by e-mail or mobile phone. There is also an option for requesting that documentation be mailed to the user's home address.

Intesa Sanpaolo is a member of the UPA (Advertising Users' Union) and has therefore adopted the "Advertising code of self-discipline" promoted by the IAP (Istituto di Autodisciplina Pubblicitaria – Advertising Self-discipline Institute), which aims to ensure that advertising is always transparent, truthful and accurate. All advertising channels are centrally managed by the Advertising and Web Office of the External Relations Department.

Lastly, in relation to investment product advertising, all scripts are submitted to the Legal Affairs Department and Compliance Department and disclosed to Consob to assess their compliance with regulations and with the principles of accuracy and transparency.

Communication	Number
Press releases	761
Press conferences	184
Product presentations and initiatives	130

The spreading of CSR culture in the countries where Intesa Sanpaolo operates

Communication to stakeholders of the values in which the Intesa Sanpaolo Group believes, and the main initiatives launched to consolidate its commitment, is one of the key aspects of our social responsibility strategy in every country in which the Group operates.

Most of the international subsidiaries have their own dedicated section of the website on sustainability and have published the Group Code of Ethics. Through its website, Bank of Alexandria has published the document illustrating the CSR strategy.

Certain banks disclose their activities through different reporting formats:

in particular, since 2006 CIB and VUB have published their own Social Report, based on the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI 3); Privredna Banka Zagreb, Banca Intesa Beograd, the Russian Banca Intesa, Intesa Sanpaolo Bank

Albania and Banka Koper have included a chapter in their Annual Report on the status of their activities in this field. The English versions of the documents are available on the banks' websites.

As part of the commitment to communicate social responsibility principles, an interesting initiative has been launched by VUB to help SMEs to prepare their Social Reports. In 2009, in fact, a pilot project began by which the bank, after informing a selected group of customers about social responsibility matters backed by a series of data (with information leaflets, specific data-gathering questionnaires and meetings with bank staff), prepared the Social Report for customers based on GRI indicators. A useful tool that responds to a need emerging from the meetings organised, since 2008, by VUB for SMEs in that area, in collaboration with the Business Leaders Forum.

Improvement objectives

The improvement objectives originate from listening to our stakeholders: our commitment for 2010 is articulated on quality of relations, listening, innovation, fight against climate change and economic sustainability.

Improvement objectives

In 2009, the improvement objectives plan that Intesa Sanpaolo had set for the 2007-2009 period was completed.

In each chapter of our social report, we have not only accounted for what was done during the year, but we have also provided a summary of the many projects that best characterised the relationship with our stakeholders and helped us to meet their needs.

The activities which we have already begun in 2010 to enhance improvements will develop along five main lines:

1. Enhance the quality of our customers relations by innovating and simplifying language, procedures and methods of relating with our customers through:

- simpler customer communications and supply of information devices and services to foster informed choices;
- organisation of our facilities increasingly targeted to different customer needs;
- making use of innovation as a driving force for internal processes and services offered.

2. Involving and listening to employees emphasising their skills and ensuring opportunities for growth:

- enhancement of each employee's skills by introducing assessment systems that promote career guidance;
- improvement of the quality of life in the Company;
- listening and involving people to foster a proactive attitude.

3. Further innovate the Bank's commercial offer to strengthen its social role:

- strengthening projects and services that promote access to credit for the most disadvantaged groups;
- support for companies in development, innovation and internationalisation plans;
- taking part in large infrastructure projects.

4. Further develop environmental initiatives to provide a decisive contribution in the fight against climate change:

- re-launching interventions to reduce the ecological footprint and assess criteria for safeguarding biodiversity within the Bank's activities;
- supporting our customers in pursuing the fight against climate change by offering a range of products for adopting renewable energy;
- strengthening processes and services to identify risks and opportunities arising from our customers and suppliers' attention to social and environmental issues.

5. Protect long-term value and preserve profitability by:

- further strengthening the foundations for the Group's sustainable growth;
- combining sound equity and return on capital consistent with a low risk profile of the commercial bank business model that characterises the Group.

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, 2009, 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, 2009, 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, 2009 with respect to which we issued our auditors' report dated March 26, 2010;
- 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;

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Capitale Sociale € 1.402.500,00 i.v.
Società s.r.l. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice Fiscale e numero di iscrizione 04434001004
P.I. 00891230010
Iscritta all'Albo Revisori Contabili al n. 70949 Pubblicità sulla G.U.
Suppl. G.U. - 16 Serie Speciale del 17/12/1998
Iscritta all'Albo Speciale delle società di revisione
Consulato di Professione n. 2 Indirizzo n. 12851 del 10/11/1997

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Compliance Statement



- 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;
- verified the process of the stakeholders' involvement, in terms of the methods used, completeness of the stakeholders and analysis of data findings in comparison with them, 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, for comparative purposes, data of the preceding year, for which reference should be made to our auditors' report dated May 22, 2009. The comparative data related to "Statement of calculation and distribution of Value Added", of the preceding year have been restated in accordance with the guidelines of the Association of Italian Banks, recently updated. We have examined the methods adopted to restate the comparative data, described in the "Economic Report", for the purposes of carrying out the auditor report on the Social Report as of December 31, 2009.

3. Based on the procedures performed, we believe that the Social Report of the Intesa Sanpaolo Group as of December 31, 2009 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, 2009 and the other data and information are consistent 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 "Improvement Objectives" which highlights the activities that the Intesa Sanpaolo Group has planned to carry out.

Turin, July 1, 2010

Reconta Ernst & Young S.p.A.

Signed by: Massimo Testa

(Partner)

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PROFILE DISCLOSURE Description	GRI	Page
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¹ Code of Ethics pag. 12, group.intesasanpaolo.com 

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PERFORMANCE INDICATORS

Description	GRI	Core	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	51-53
Financial implications and other risks and opportunities for the organization's activities due to climate change	EC2	X	34, 133
Coverage of the organization's defined benefit plan obligations ⁵	EC3	X	
Significant financial assistance received from government	EC4	X	103
Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	EC5		99
Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	EC6	X	128
Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	EC7	X	97
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	EC8	X	85-88
Understanding and describing significant indirect economic impacts, including the extent of impacts	EC9		57-58, 60-64, 66, 79-88, 157-158
ENVIRONMENTAL			
Materials used by weight or volume	EN1	X	17, 146-147
Percentage of materials used that are recycled input materials	EN2	X	146
Direct energy consumption by primary energy source	EN3	X	137-139
Indirect energy consumption by primary source	EN4	X	137-139
Energy saved due to conservation and efficiency improvements	EN5		142-144
Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	EN6		139, 141-144
Initiatives to reduce indirect energy consumption and reductions achieved	EN7		142-144
Total water withdrawal by source	EN8	X	17, 144-145
Water sources significantly affected by withdrawal of water ⁶	EN9		
Percentage and total volume of water recycled and reused ⁶	EN10		
Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas ⁶	EN11	X	
Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	EN12	X	151
Habitats protected or restored ⁶	EN13		
Strategies, current actions, and future plans for managing impacts on biodiversity	EN14		151, 179
Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk ⁶	EN15		
Total direct and indirect greenhouse gas emissions by weight	EN16	X	17, 140-141
Other relevant indirect greenhouse gas emissions by weight ⁷	EN17		
Initiatives to reduce greenhouse gas emissions and reductions achieved	EN18		140-142
Emissions of ozone-depleting substances by weight	EN19	X	141-142
NO _x , SO _x and other significant air emissions by type and weight	EN20	X	141-142
Total water discharge by quality and destination ⁶	EN21	X	
Total weight of waste by type and disposal method	EN22	X	145-146
Total number and volume of significant spills ⁶	EN23	X	
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		145

1 Consolidated Financial Statements 2009, group.intesasanpaolo.com 

2 Environmental Policy, group.intesasanpaolo.com 

3 Code of Ethics, group.intesasanpaolo.com 

4 Code of Ethics, Group Governance Report and Information on company ownership, group.intesasanpaolo.com 

5 Consolidated Financial Statements 2009, pagg. 232-238 group.intesasanpaolo.com 

6 Not material for the Bank's activities

7 No other significant green-house gas emissions

PERFORMANCE INDICATORS Description	GRI	Core	Page
ENVIRONMENTAL			
Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the discharges of water and runoff ¹	EN25		
Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	EN26	X	148-155
Percentage of products sold and their packaging materials that are reclaimed by category ¹	EN27	X	
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	EN28	X	147
Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce	EN29		141-142
Total environmental protection expenditures and investments by type	EN30		147
SOCIAL PERFORMANCE: LABOUR PRACTICES & DECENT WORK			
Total workforce by employment type, employment contract, and region	LA1	X	17, 95
Total number and rate of employee turn-over by age group, gender, and region	LA2	X	96-97
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	LA3		113
Percentage of employees covered by collective bargaining agreements	LA4	X	108
Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	LA5	X	109
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	LA6		114
Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	LA7	X	117
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Health and safety topics covered in formal agreements with trade unions	LA9		114
Average hours of training per year per employee by employee category	LA10	X	104
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Percentage of employees receiving regular performance and career development reviews	LA12	X	98
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	24, 28, 94-95, 103
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Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	HR2	X	129
Total number of incidents of discrimination and actions taken	HR4	X	109
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Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	HR6	X	46-47, 129-131
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	46-47, 129-131
Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations ¹	HR8		
Total number of incidents of violations involving rights of indigenous people and actions taken ²	HR9		88

¹ Not material for the Bank's activities

² No incidents to report. For controversial issues see pag. 88

PERFORMANCE INDICATORS

Description	GRI	Core	Page
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	151
Access points in low-populated or economically disadvantaged areas by type	FS13	X	20-21
Initiatives to improve access to financial services for disadvantaged peoples	FS14	X	60-64, 66, 158-162, 167
Percentage and total number of business units analyzed for risks related to corruption	S02	X	35
Percentage of employees trained in organization's anti-corruption policies and procedures	S03	X	105
Actions taken in response to incidents of corruption	S04	X	110
Public policy positions and participation in public policy development and lobbying	S05	X	45
Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country ¹	S06		163
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Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations ²	S08	X	88-89
SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY			
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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	78-79
Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	PR3	X	75-77
Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes ³	PR4		
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Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes ³	PR7		
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	PR8		73
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services ²	PR9	X	74
FINANCIAL SECTOR: PRODUCT AND SERVICE IMPACT			
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Monetary value of product and services designed to deliver a specific environmental benefit for each business line broken down by purpose	FS8	X	148-152
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Percentage and number of companies held in the institution portfolio with which there is interaction on environmental or social issues	FS10	X	36
Percentage of assets subjected to positive and negative environmental or social screening	FS11	X	151
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¹ In Italy, donations to political parties, trade unions, institutions and Public Administration officers, are regulated by the L. Decree 231/01

² Consolidated Financial Statements 2008, pagg. 357-360, group.intesasanpaolo.com 

³ No incidents of this kind

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Publisher

Intesa Sanpaolo S.p.A.

Graphic design and layout

Susanne Gerhardt, Milan

Print

MA e MA, Arese
printed in July 2010

Intesa Sanpaolo is the most widespread bank in Italy. Its leadership stems not only from its size but also thanks to its ability to interpret and respond to the needs of the areas in which it is present. This commitment can be seen in the choice of maintaining and enhancing all the banks in the group, since it is they that allow Intesa Sanpaolo to present itself to the market as a fully-fledged citizen of every place in which it operates. This is the reason the illustrations chosen for this report have been inspired by the rich cultural heritage of Italian cities. They show the steeples of greatest importance to the cities where our registered offices are located and which appear in the names of our local Banche dei Territori. It is a tribute to Italian tradition and history. But it is also emblematic of the willingness to communicate and establish relationships that distinguishes the people at Intesa Sanpaolo and the banks in the Group.



1. Milano
Steeple, Basilica of Sant' Ambrogio



2. Torino
Steeple, San Carlo Church



3. Napoli
Steeple, Santa Chiara Monastery



4. Trento
Steeple, Duomo of Trento



5. Forlì
Steeple, Piazza Vittorio Emanuele



6. Bologna
Steeple, San Francesco Church



7. Venezia
Steeple, Piazza San Marco



8. Padova
Steeple, Basilica of Sant' Antonio



9. Narni
Steeple of San Giovenale



10. Rieti
Steeple, Duomo dell'Assunta



11. Spoleto
Steeple, Palazzo Montevercchio



12. Bolzano
Steeple, San Giovanni in Villa Church



13. Civitavecchia
Steeple, Chiesa dell'Orazione e Morte



14. Foligno
Steeple, Cathedral



15. Pistoia
Steeple, Piazza del Duomo



16. Terni
Steeple, San Francesco Church



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



18. Ascoli Piceno
Steeple, Santi Vincenzo e Anastasio Church



19. Viterbo
Steeple, Ex Chiesa degli Almadiani



20. Pescia
Steeple, Santa Maria Assunta Cathedral



21. Città di Castello
Steeple, Duomo



22. Pesaro
Steeple, San Giacomo Church



23. Gorizia
Steeple, Sant'Ignazio Church



24. Cagliari
Steeple, Sant'Anna Church



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

Credits

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